

CAPITAL MARKETS AND SERVICES ACT 2007
CAPITAL MARKETS AND SERVICES
(AMENDMENT OF SCHEDULES 5, 6, 7 AND 8) ORDER
2015

IN exercise of the powers conferred by section 380 of the Capital Markets and Services Act 2007 [*Act 671*], the Minister, on the recommendation of the Commission, makes the following order:

Citation and commencement

1. (1) This order may be cited as the **Capital Markets and Services (Amendment of Schedules 5, 6, 7 and 8) Order 2015**.

(2) This Order comes into operation on 15 June 2015.

Amendment of Schedule 5

2. The Capital Markets and Services Act 2007, which is referred to as the “principal Act” in this Order, is amended by substituting for Schedule 5 the following Schedule:

“SCHEDULE 5

[Subsection 212(8)]

Proposals not requiring approval, authorization or recognition

Categories of transactions not subject to the requirements of subsections 212(2), (3), (4) and (6), and paragraph 212(5)(a).

Part 1

Proposal under Lodge and Launch Framework

1. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase:

- (a) securities except shares, to a person specified in Part I of Schedule 6 or 7; or
- (b) debentures or sukuk exclusively to persons outside Malaysia,

provided that the making available of, offering for subscription or purchase of, or issuance of an invitation to subscribe for or purchase such securities, complies with the Lodge and Launch Framework as may be specified by the Commission, including requirements relating to lodgement of documents and information, payment of fees and timeline.

Part 2

A. Securities

General

2. Any proposal, scheme, transaction, arrangement or activity, or issuance of securities, or offer for subscription or purchase of securities, or issuance of an invitation to subscribe for or purchase securities, in relation to—
 - (a) the listing or quotation of securities issued or guaranteed by the Federal Government or Bank Negara on a stock market of the stock exchange;
 - (b) the listing or quotation of securities issued or guaranteed by the Corporation as defined in the International Islamic Liquidity Management Corporation Act 2011 [Act 721];
 - (c) the listing of and quotation for structured warrants on a stock market of the stock exchange, provided that the issuer of the structured warrants complies with eligibility requirements specified by the Commission;

- (d) an acquisition or disposal of assets which results in a significant change in the business direction or policy of a corporation whose shares are listed on the alternative market of the stock exchange except where such acquisition or disposal is carried out in conjunction with paragraph 212(2)(b);
 - (e) a disposal of assets which results in a significant change in the business direction or policy of a corporation whose shares are listed on the main market of the stock exchange that is not part of any other proposal that requires approval from the Commission; or
 - (f) the listing and quotation of securities of a corporation on a stock market as a result of a restructuring exercise involving a transfer of the listing status of a corporation to the first-mentioned corporation except where it forms part of a proposal falling under paragraph 212(2)(d) or subsection 212(3).
- 3. Any proposal, scheme, transaction, arrangement or activity, or issuance of securities, or offer for subscription or purchase of securities, or issuance of an invitation to subscribe for or purchase securities, where a corporation whose shares are listed on the stock exchange distributes securities that it holds in another corporation or a unit trust scheme to its own members.
- 4. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase—
 - (a) securities issued or guaranteed by the Federal Government or Bank Negara;
 - (b) securities issued or guaranteed by any State Government;
 - (c) securities issued or guaranteed by the Corporation as defined in the International Islamic Liquidity Management Corporation Act 2011;

- (d) securities of a company to existing members of the company within the meaning of section 270 of the Companies Act 1965;
 - (e) securities of any entity established or registered under the laws applicable in Labuan—
 - (i) exclusively to persons in Labuan or outside Malaysia; or
 - (ii) to another entity established or registered under the laws applicable in Labuan.
5. Invitation or offering to underwrite or subunderwrite securities pursuant to an underwriting agreement in relation to the listing and quotation of securities on a stock market of the stock exchange.
6. Issuance or allotment of securities to an underwriter or subunderwriter pursuant to an underwriting agreement in relation to the listing and quotation of securities on a stock market of the stock exchange.

Shares

7. Any proposal, scheme, transaction, arrangement or activity, or issuance of shares, or offer for subscription or purchase of shares, or issuance of an invitation to subscribe for or purchase, shares, in relation to the listing or quotation of shares of a corporation on an alternative market of the stock exchange.
8. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase—
- (a) shares of a private company;

- (b) shares of a public company whose shares are not listed on the stock exchange and is not seeking for its shares to be listed on the main market of the stock exchange;
- (c) shares of a foreign corporation whose shares are listed on an exchange outside Malaysia pursuant to—
 - (i) an employee share or employee share option scheme;
 - (ii) a bonus issue;
 - (iii) a distribution of shares in lieu of dividends;
 - (iv) a rights issue;
 - (v) the exercise of a warrant, option or transferable subscription right, conversion of a convertible note or preference share, or the exchange of an exchangeable note;
 - (vi) an entitlement in respect of a warrant, option or right without consideration;
 - (vii) a subdivision or consolidation of shares; or
 - (viii) any other corporate exercise as may be specified by the Commission;
- (d) shares held by a foreign corporation whose shares are listed on an exchange outside Malaysia pursuant to a distribution of shares in lieu of dividends;
- (e) shares pursuant to a take-over offer of a foreign corporation;

- (f) shares of a foreign corporation whose shares are not listed on the stock exchange or an exchange outside Malaysia pursuant to—
 - (i) an employee share or employee share option scheme;
 - (ii) a bonus issue;
 - (iii) a distribution of shares in lieu of dividends; or
 - (iv) a non-renounceable rights issue;
 - (g) shares that are not listed on the stock exchange or an exchange outside Malaysia to their existing shareholders or any other person as may be specified by the Commission in any guideline issued under section 377; and
 - (h) shares of a corporation whose shares are listed on the alternative market of the stock exchange other than a proposal falling under paragraph 212(2)(b).
9. In relation to subsection 212(4), any proposal to make available, offer for subscription or purchase of, or issue an invitation to subscribe for or purchase, outside Malaysia, shares of a public company or a corporation whose shares are listed on the stock exchange, other than a proposal to list its shares on an exchange outside Malaysia through—
- (a) an initial public offering; or
 - (b) a cross-listing of such shares, whether directly or indirectly.
10. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase, shares, except shares in a closed-end

fund, that are listed or approved for listing and quotation on an exchange outside Malaysia, to—

- (a) a closed-end fund approved by the Commission;
- (b) a holder of a Capital Markets Services Licence;
- (c) a person who acquires shares, as principal, for a consideration of not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise;
- (d) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds three million ringgit or its equivalent in foreign currencies, excluding the value of the primary residence of the individual;
- (e) an individual who has a gross annual income exceeding three hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months;
- (f) an individual who, jointly with his or her spouse, has a gross annual income exceeding four hundred thousand ringgit or its equivalent in foreign currencies per annum in the preceding twelve months;
- (g) a corporation with total net assets exceeding ten million ringgit or its equivalent in foreign currencies based on the last audited accounts;
- (h) a partnership with total net assets exceeding ten million ringgit or its equivalent in foreign currencies;
- (i) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010 [Act 704];

(j) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 [Act 705]; or

(k) any other person as may be specified by the Commission,

provided that such exchange is specified by the Commission and the distribution of such shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.

11. In respect of a corporation whose shares are listed on the main market of the stock exchange, making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase, shares pursuant to—

(a) the exercise of a warrant, option or transferable subscription right, conversion of a convertible note or preference share, or the exchange of an exchangeable note;

(b) an entitlement in respect of a warrant, option or right without consideration;

(c) a subdivision or consolidation of shares;

(d) an employee share or employee share option scheme;

(e) a bonus issue;

(f) a rights issue;

(g) a private placement exercise;

(h) a distribution in lieu of dividends;

- (i) an acquisition of securities or assets that does not result in a significant change in the business direction or policy of that corporation; or
- (j) any other corporate exercise under the rules of the stock exchange as may be specified by the Commission,

except where it forms part of a proposal under paragraph 212(2)(d) or subsection 212(3).

Unit trust schemes and prescribed investment schemes

- 12. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase, units in a unit trust scheme or prescribed investment scheme by a personal representative, liquidator, receiver or trustee in bankruptcy or liquidation, as the case may be, in the normal course of realization of assets.
- 13. Any proposal, scheme, transaction, arrangement or activity, or issuance of, or offer for subscription or purchase of, or issuance of an invitation to subscribe for or purchase, units in a unit trust scheme or prescribed investment scheme in relation to an acquisition or disposal of assets which results in a significant change in the business direction or policy of a unit trust scheme or prescribed investment scheme that is listed on the main market of the stock exchange other than a business trust.
- 14. In respect of a unit trust scheme or prescribed investment scheme that is listed on the main market of the stock exchange, the issuance and subsequent listing and quotation of its units on the main market pursuant to a bonus issue or a rights issue.

Debentures and sukuk

- 15. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase, debentures or sukuk by a corporation to its related corporation where such debentures or sukuk include a term that prohibits the transfer of such debentures or sukuk, as the case may be, to any other person.

16. In the case of a public company where its debentures or sukuk have been approved by the Commission, a proposal for the listing of the debenture or sukuk on an exchange outside Malaysia.
17. Any proposal, scheme, transaction, arrangement or activity, or issuance of shares, or offer for subscription or purchase of shares, or issuance of an invitation to subscribe for or purchase shares, in relation to an acquisition or disposal of assets which results in a significant change in the business direction or policy of a corporation where only its debentures or sukuk are listed on a stock market of the stock exchange.
18. All secondary transactions of debentures or sukuk.

B. Derivatives

19. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase—
 - (a) derivatives issued or guaranteed by the Federal Government or Bank Negara;
 - (b) derivatives issued or guaranteed by any State Government;
 - (c) derivatives issued or guaranteed by the Corporation as defined in the International Islamic Liquidity Management Corporation Act 2011;
 - (d) derivatives of any entity established or registered under the laws applicable in Labuan—

- (i) exclusively to persons in Labuan or outside Malaysia; or
 - (ii) to another entity established or registered under the laws applicable in Labuan.
- 20. Making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase, or dealing in, over-the-counter derivatives where—
 - (a) the over-the-counter derivative is proposed to be made available, offered for subscription or purchase to;
 - (b) an invitation to subscribe for or purchase the over-the-counter derivative is made to; or
 - (c) the dealing in the over-the-counter derivative involves,

a person specified in Part I of Schedule 6 or 7.”.

Amendment of Schedule 6

- 3. Schedule 6 to the principal Act is amended—
 - (a) by inserting after paragraph 1 the following paragraph:

“1A. An offer or invitation made to Bank Negara.”;
 - (b) in paragraph 17, by substituting for the word “securities” the word “shares”;
 - (c) by inserting after paragraph 24 the following paragraph:

“24A. An offer or invitation made by or to the Corporation as defined in the International Islamic Liquidity Management Corporation Act 2011.”;

(d) by substituting for paragraph 28 the following paragraph:

“28. An offer or invitation in respect of securities of a foreign corporation or a foreign unit trust scheme having gained admission on an exchange outside Malaysia which is specified by the Commission, made to existing securities holders of such foreign corporation or such foreign unit trust scheme by means of a rights issue, provided that such offer or invitation has been accompanied by a prospectus or disclosure document approved or registered by, or lodged with, the foreign supervisory authority of such foreign corporation or foreign unit trust scheme.”; and

(e) by inserting after paragraph 29 the following paragraph:

“30. An offer or invitation where no consideration (whether in cash or otherwise) is or will be given for the offer or invitation.”.

Amendment of Schedule 7

4. Schedule 7 to the principal Act is amended—

(a) by inserting after paragraph 8 the following paragraph:

“8A. An issue made to Bank Negara.”;

(b) in paragraph 17, by substituting for the word “securities” the word “shares”;

(c) in paragraph 28, by substituting for the words “the securities to which the option, warrant or transferable subscription right converts into are listed securities” the words “the shares to which the note converts into are listed shares”;

(d) by substituting for paragraph 29 the following paragraph:

“29. An issue in respect of shares, or units in a unit trust scheme or prescribed investment scheme, whether inside or outside Malaysia, which are issued in satisfaction of dividends or distributions payable by the issuer to the holders of existing shares or units that were issued pursuant to a prospectus.”;

(e) by substituting for paragraph 31 the following paragraph:

“31. A bonus issue of securities made by a corporation, unit trust scheme or prescribed investment scheme.”;

(f) by substituting for paragraph 32 the following paragraph:

“32. An issue in respect of securities of a foreign corporation or a foreign unit trust scheme whose securities or any class of securities having gained admission on an exchange outside Malaysia which is specified by the Commission, made to existing securities holders of such foreign corporation or foreign unit trust scheme by means of a rights issue, provided that such issue has been accompanied by a prospectus or disclosure document approved or registered by, or lodged with, the foreign supervisory authority of the foreign corporation or foreign unit trust scheme.”;

(g) by substituting for paragraph 33 the following paragraph:

“33. An issue of securities where no consideration (whether in cash or otherwise) is or will be given for the issue of such securities.”;

(h) by inserting after paragraph 33 the following paragraphs:

“34. An issue made by or to the Corporation as defined in the International Islamic Liquidity Management Corporation Act 2011.

35. An issue in respect of securities of a corporation made to existing securities holders of the corporation by means of a non-renounceable rights issue or a rights issue which is renounceable in favour of the existing securities holders only.”.

Amendment of Schedule 8

5. Schedule 8 to the principal Act is amended—

(a) in paragraph 5, by substituting for the word “trades” the word “transactions”; and

(b) by inserting after paragraph 13 the following paragraph:

“14. An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, debenture made by or to the Corporation as defined in the International Islamic Liquidity Management Corporation Act 2011.”.

Pending applications for approval, authorization or recognition

6. An application for an approval, authorization or recognition of any proposal to make available, offer for subscription or purchase of, or issue an invitation to subscribe for or purchase, any capital market product under Part 1 of Schedule 5 as introduced by this Order, that is pending immediately before the effective date of this Order shall be deemed as an application for an approval, authorization or recognition under Division 1A or 3A of Part VI of the Act respectively.

Made 1 June 2015

[KK/SID/P/(S)/483/669/4(2);PN(PU2)662/IX]

DATO' SERI AHMAD HUSNI BIN MOHAMAD HANADZLAH
Second Minister of Finance