1. **What are the key changes introduced in the revised Equity Guidelines (Guidelines)?**

   The Guidelines have been revised to facilitate the following:

   (a) The enhanced initial public offerings (IPO) framework (Enhanced IPO Framework), which will take effect on 1 January 2021; and

   (b) Allowing the already-listed corporation to satisfy the market capitalisation test, in respect of a chain listing proposal:

<table>
<thead>
<tr>
<th>Existing requirements</th>
<th>New requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The already-listed corporation must after excluding its interest in the applicant, meet the profit requirements as set out in paragraph 5.02(a)(i).</td>
<td>• The already-listed corporation must after excluding its interest in the applicant, meet the profit test as set out in paragraph 5.02(a)(i) or the market capitalisation test as set out in paragraph 5.02(b)(i).</td>
</tr>
<tr>
<td>• Where the already-listed corporation has to satisfy the market capitalisation test, the already-listed corporation must cease its control over the applicant or the applicant must cease its control over the already-listed corporation.</td>
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</tbody>
</table>

   (c) Provide clarity and consistency by, among others, providing guidance to existing requirements.

2. **How would the SC view control over the applicant or already-listed corporation involving a chain listing proposal, where the already-listed corporation has to satisfy the market capitalisation test?**

   Generally, control over the applicant or already-listed corporation, where applicable, should not result in the consolidation of financial results of the applicant or already-listed corporation.
3. **What is the rationale for the Enhanced IPO Framework?**

The Enhanced IPO Framework has been introduced to promote greater shared responsibility among key stakeholders involved in the submission of an IPO for listing on the Main Market of Bursa Malaysia.

A mandatory holistic consultation between the SC and key stakeholders, including the applicant, principal advisers, lawyers, reporting accountants and valuers, is introduced to facilitate discussions of any material issues or concerns prior to submission of an IPO application. For this purpose, a preliminary application pack which include general information on the applicant, material issues or concerns affecting the applicant and its business, as well as relief sought or to be sought, must be submitted to the SC. In order to enhance the efficiency of the approval process, it is therefore important for due diligence to be substantially completed in order to identify and address material issues or concerns, prior to the mandatory pre-submission holistic consultation.

The Enhanced IPO Framework is also applicable for initial listing proposals and proposals which result in a significant change in the business direction or policy of a listed corporation on the Main Market.

4. **What are the key changes under the Enhanced IPO Framework?**

<table>
<thead>
<tr>
<th>Current IPO Framework</th>
<th>Enhanced IPO Framework</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Not applicable</td>
<td>• Introduction of a new mandatory pre-submission holistic consultation between the SC and key stakeholders including the applicant, principal advisers and other advisers. This is to facilitate discussions of any material issues and concerns prior to the submission of the application.</td>
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<tr>
<td></td>
<td>• To facilitate the mandatory pre-submission holistic consultation, a preliminary application pack accompanied by a fee of RM50,000 must be submitted to the SC at least one month prior to submission of the application.</td>
</tr>
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<td></td>
<td>• If submission of the application is not made within 3 months, a new preliminary application pack must be submitted to the SC.</td>
</tr>
<tr>
<td>• No validity for applications submitted to the SC</td>
<td>• Applications are valid for a period of 6 months from date of submission. Where six months have lapsed, a new application has to be submitted to the SC should the applicant intend to proceed with the proposal.</td>
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<td></td>
<td>• This will also apply to transfer of listing, secondary listing and cross listing proposals.</td>
</tr>
</tbody>
</table>
5. Is an applicant and its advisers allowed to consult the SC prior to the mandatory pre-submission holistic consultation?

Yes. An applicant and its advisers are encouraged to consult with the SC on material issues or concerns which may affect the applicant’s suitability for listing or application on the Guidelines. This could take place early in an IPO proposal, as and when the need arises.

6. Should the valuation report, competent person’s report, competent valuer’s report, and any relief applications involving an IPO proposal be submitted to the SC, prior to submission of the preliminary application pack?

Currently, the Guidelines provide that—

(a) an application for relief from complying with the requirements of the Guidelines must be submitted to the SC at least 14 market days prior to the submission of application for the proposal; and

(b) A valuation report, competent person’s report or competent valuer’s report, must be submitted to the SC one month before the submission of application for the proposal.

The relevant relief application and reports must be submitted to the SC according to the stipulated timeframe above.

7. After the mandatory pre-submission holistic consultation, what happens when a new preliminary application pack is submitted to the SC as submission of the application was not made within 3 months?

The whole process would be repeated, where another mandatory pre-submission holistic consultation would take place approximately 10 market days after receipt of the new complete preliminary application pack accompanied by a fee of RM50,000. The application to the SC should also be made within 3 months from the submission of the new preliminary application pack.

8. After the mandatory pre-submission holistic consultation, should any updates to the preliminary application pack be provided to the SC prior to submission of an IPO application?

Where there has been any material change in circumstances or development in circumstances that may impact the application, the SC must be immediately informed.

Other than the circumstance above, the preliminary application pack or updated preliminary application pack with a summary of the material changes, shall be submitted with the application to the SC.
9. **Given the fees paid with submission of the preliminary application pack, what should be the total amount of fees payable for an IPO proposal upon submission to the SC?**

   The fee of RM50,000 upon submission of a preliminary application pack, shall form part of the relevant fees prescribed by the SC.

   **To illustrate:**

   The total fees for Applicant A’s IPO proposal is computed at RM300,000, in accordance with the *Capital Markets and Services (Fees) Regulations 2012*. Applicant A paid RM50,000 upon submission of the preliminary application pack to the SC.

   Therefore, Applicant A shall pay the remaining RM250,000 of the total payable fees (RM300,000 minus RM50,000) to the SC upon submission of its IPO application.

10. **What happens once six months have lapsed from the date of application for a proposal under the Guidelines?**

   The SC will return the application for the proposal and retain the full amount of fees paid, subject to a maximum of RM200,000 (inclusive of fees for review of asset valuation, if any).

11. **What is required to proceed with a proposal after six months have lapsed from the date of application?**

   Once six months have lapsed since the date of application, a new application must be submitted accompanied by the relevant information and documents, as well as fees prescribed by the SC, if the applicant still wishes to continue with the proposal. A preliminary application pack must also be submitted at least one month prior to the submission of the new application.