



PUBLIC RESPONSE PAPER

No. 1/2026

Market Segmentation Review

The Securities Commission Malaysia (SC) is issuing this Public Response Paper with the proposed amendments to the *Equity Guidelines* in response to the feedback received pursuant to the Public Consultation Paper on the Market Segmentation Review dated 12 November 2025.

This Public Response Paper is dated 28 May 2026

CONTENTS

I	Executive Summary	1
II	Feedback on Proposals relating to the MAIN Market	
	A. Increasing the profit requirements	5
	B. Relaxing the positive operating cash flow requirement	11
	C. Flexibility under the infrastructure project corporation test	13
III	Feedback on Proposals relating to the ACE Market	
	D. Reinforcing the ACE Market's sponsor-driven framework	17
	E. Streamlining public offering requirement for ACE Market	23
IV	Implementation of Amendments to Equity Guidelines and ACE Market Listing Requirements	24
	GLOSSARY OF TERMS	25

I Executive Summary

Background

- 1.1 On 12 November 2025, the Securities Commission Malaysia (SC) published a Consultation Paper on Market Segmentation Review (Consultation Paper) inviting public feedback on various proposals to enhance the value propositions of the public market.
- 1.2 The proposals from the SC and Bursa Malaysia seek to ensure that the public markets are clearly defined with fit-for-purpose frameworks as below:

Market segment	Enhanced value proposition
MAIN Market	Premier market for larger, more established corporations
ACE Market	Market for small and mid-sized corporations as a stepping-stone to the MAIN Market
LEAP Market	Feeder market to ACE Market and MAIN Market and fundraising platform for micro, small and medium enterprises

- 1.3 Proposals under the Consultation Paper included:
- (i) Increasing the minimum profit requirements under the profit test route for the MAIN Market;
 - (ii) Relaxing the mandatory requirement on positive cash flow from operating activities for the MAIN Market;
 - (iii) Allowing the aggregation of renewable energy infrastructure projects to meet the project cost criteria under the infrastructure project corporation route for the MAIN Market;
 - (iv) Introducing a minimum listing period on the ACE Market prior to a transfer to the MAIN Market and aligning the listing requirements with the ACE Market's sponsor-driven framework; and
 - (v) Streamlining the requirement relating to offerings to the general public in conjunction with a listing on the ACE Market.
- 1.4 The Consultation Paper was open for public feedback for one and a half months from 12 November 2025 to 31 December 2025, and the SC received responses until 7 January 2026.

Market feedback

- 1.5 The SC received written feedback from 18 respondents,¹ comprising corporate finance firms, financial institutions, professional bodies, industry associations, the exchange and individuals. The SC thanks all respondents for submitting a response and providing feedback on the proposals.
- 1.6 A majority of the respondents expressed strong support for most of the proposals. Key feedback from the respondents on the proposals, together with the SC's response, are presented in the following sections of this response paper.
- 1.7 This response paper should be read together with the Consultation Paper. Unless otherwise defined, all terms used in this response paper shall have the same meaning as defined in the Consultation Paper.

Proposals adopted

- 1.8 Having considered the feedback received on the proposals, the majority of the proposals set out in the Consultation Paper will be adopted broadly as proposed, with some modifications and refinements as set out in this response paper.
- 1.9 Key proposals to be adopted are summarised below:

No.	Existing requirements	Proposals to be implemented
Equity Guidelines		
1.	Profit requirements	
(a)	Uninterrupted profit of three to five full financial years with–	▪ Revise profit requirements:
(i)	aggregate after-tax profit of at least RM20 million; and	(i) Aggregate after-tax profit of at least RM30 million for the most recent three full financial years; and
(ii)	after-tax profit for the most recent financial year of at least RM6 million.	(ii) After-tax profit for the most recent financial year of at least RM15 million.

¹ All responses were submitted by distinct parties and there were no duplicate responses received. However, not all respondents provided feedback to all the proposals. Some respondents did not provide comments, or the substance of the feedback showed indifference or a neutral response. As such, references to all respondents shall refer to respondents that had provided an adequate response to the proposal.

No.	Existing requirements	Proposals to be implemented
2. Financial position and liquidity		
(a)	-	▪ Require unmodified audit opinion and no material uncertainty related to going concern: The accountants' report or auditors' report, as the case may be, must contain an unmodified opinion and no statement of material uncertainty related to going concern.
(b)	An applicant must have positive cash flow from operating activities– (i) if listing is sought under the profit test, over the profit track record period; or (ii) if listing is sought under the market capitalisation test, in the most recent financial year.	▪ Revise positive operating cash flow requirement: The SC will, in its assessment of the applicant's healthy financial position, take into account whether the applicant has positive cash flow from operating activities over the most recent three full financial years, or since the commencement of its operations, if less than three full financial years.
3. IPC test		
(a)	An applicant must have the right to build and operate an infrastructure project with project costs of not less than RM500 million.	▪ Allow aggregation of renewable energy infrastructure projects to meet IPC test: For purpose of satisfying the project costs of not less than RM500 million, the SC may consider the aggregation of project costs for renewable energy infrastructure projects, provided that each individual infrastructure project has a project cost of not less than RM100 million.
4. Transfer of listing from ACE Market to MAIN Market		
(a)	-	▪ Require minimum listing period on ACE Market: Applicant must be listed on the ACE Market for at least two full financial years, prior to submission to the SC for a transfer of listing to the MAIN Market.

No.	Existing requirements	Proposals to be implemented
ACE MARKET LISTING REQUIREMENTS		
5.	Exemptions granted on sponsorship and moratorium requirements	
(a)	Sponsorship period– At least three full financial years after its admission to the ACE Market or at least one full financial year after it has generated operating revenue, which is later.	Remove granting exemptions, if the ACE Market corporation meets the quantitative criteria for admission to the MAIN Market.
(b)	Moratorium on shares– - Specified shareholders' entire shareholdings for six months from the date of admission. - Subsequently, at least 45% must be retained for another six months and thereafter, further sell down is allowed on a staggered basis over a period of three years.	Remove granting exemptions, if the ACE Market corporation or IPO applicant meets the quantitative criteria for admission to the MAIN Market.
6.	Offering of shares	
(a)	Offer of shares made to the general public must comply with the balloting procedures disclosed in the prospectus.	Impose minimum balloting portion: (i) At least 5% of the enlarged issued shares, for an applicant with enlarged issued share capital of less than RM200 million; and (ii) At least 2% of the enlarged issued shares, for an applicant with enlarged issued share capital of RM200 million and above.

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II Feedback on Proposals relating to the MAIN Market

A. Increasing the profit requirements

1. Revising the profit requirements

Proposal

- 1.1 The SC proposed to increase the profit requirements to an aggregate after-tax profit of RM30 million for the past three full financial years and a most recent after-tax profit of RM15 million. The SC also proposed to remove the 'uninterrupted' profit requirements for the profit track record period.

Question 1: (a) Do you agree that the current level of after-tax profit under the profit requirements should increase for applicants seeking to list on the MAIN Market via the profit test? Please provide reasons for your answer.

(b) If you agree with Question 1(a), do you also agree with our proposal to increase the minimum aggregate after-tax profit to RM30 million based on the past three (3) full financial years only and the minimum after-tax profit of the most recent financial year to RM15 million? If not, please provide your reasons, and indicate what alternative thresholds may be more appropriate for either the aggregate after-tax profit or most recent after-tax profit, along with any supporting evidence.

Question 2: Do you agree with our proposal to reduce the profit track record from three (3) to five (5) full financial years to just three (3) full financial years preceding submission to the SC under the profit requirements? Please provide reasons for your answer.

Question 3: Do you agree with our proposal to remove the 'uninterrupted' profit requirement under the increased profit requirements over the track record period of three (3) full financial years prior to submission to the SC? Please provide reasons for your answer.

Public comments

Increase the after-tax profit thresholds

- 1.2 All respondents strongly supported the proposal to increase the current level of after-tax profits under the profit requirements, noting that the revision would strengthen the market segmentation, reinforce the positioning of MAIN Market, and better reflect current market conditions.
- 1.3 A significant majority of respondents agreed with the proposed after-tax profit thresholds, based on the rationale as explained in the Consultation Paper.

- 1.4 A few respondents suggested a lower threshold for the after-tax profit of the most recent financial year, with suggestions ranging between RM9 million and RM12 million. These respondents considered that a more moderate increase would provide better balance, noting that the proposed threshold places disproportionate emphasis on the latest financial year, which may–
- (i) not adequately accommodate issuers with more gradual growth profiles despite meeting the proposed aggregate after-tax profit of RM30 million;
 - (ii) incentivise aggressive short-term growth; or
 - (iii) result in over-reliance on the most recent financial year's result.
- 1.5 One respondent suggested an alternative threshold comprising an aggregate after-tax profit of between RM30 million and RM36 million over the past three financial years, together with a minimum after-tax profit of RM12 million to RM15 million for the most recent financial year.
- 1.6 Another respondent suggested for the SC to consider a grace period or phased implementation, to mitigate potential adverse impact on listing applicants that are already in the process at the time the revised requirements take effect.

Reduce the profit track record period

- 1.7 Only one respondent disagreed with revising the profit track record to just three full financial years, on the basis that a longer profit track record offers a more reliable measure of earnings sustainability and that a three-year window may be skewed by 'one-off' macroeconomic events such as the COVID-19 pandemic.

Remove the 'uninterrupted' profit requirement

- 1.8 One respondent suggested that the requirement for 'uninterrupted' profits be maintained but for exceptions to be granted by the SC in circumstances of cyclical fluctuations due to the nature of industry or business.

The SC's response

- 1.9 In view of the majority support received from respondents, the SC will proceed to adopt the proposals as consulted (refer to paragraph 1.1 above in this section).
- 1.10 While the SC notes some respondents expressed concern that the proposed after-tax profit of RM15 million for the most recent financial year represents a significant increase of 150% from the current threshold, the SC considers that the proposed threshold remains appropriate and aligned with current market environment, the scale of MAIN Market corporations and regional benchmarks.

- 1.11 The SC also views that standardising the profit track record to three full financial years remains a meaningful measure in assessing an issuer's financial performance. Extending the track record period beyond the three full financial years would risk diluting the intended positioning of the MAIN Market. In assessing compliance with the profit requirements, the SC will take into account and aggregate profits and losses recorded over the entire track record period.
- 1.12 In addition, the SC considers the removal of the 'uninterrupted' profits over the track record period, with the proposed safeguard that the audited financial statements contained in the accountants' report must not contain any modification of opinion, provides a more pragmatic and proportionate framework for assessing an issuer's suitability for listing. This approach also enhances regulatory clarity and transparency to the market by removing exemptions considered by the SC on a case-by-case basis.
- 1.13 The SC will apply the revised profit requirements uniformly across all proposals under the *Equity Guidelines* to ensure policy consistency and prevent regulatory arbitrage. This encompasses IPOs, back-door listings and reverse take-overs (RTO/BDLs), chain listings, qualifying acquisitions undertaken by special purpose acquisition companies (SPACs), as well as transfers of listing from the ACE Market to the MAIN Market.
- 1.14 Furthermore, the SC has considered the suggestion but does not propose to provide transitional or grandfathering arrangements. The revised profit requirements will apply uniformly from the effective date to ensure consistent application and comparability among applicants. ACE Market remains an alternative listing option for issuers unable to meet the revised profit requirements. The SC considers this approach appropriate in maintaining clear market segmentation and orderly implementation.

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2. Unmodified audit opinion

Proposal

- 2.1 The SC proposed that the accountants' report in respect of the audited financial statements for the profit track record period must not contain any modified opinion. Accordingly, the audited financial statements for the track record period must not be subject to a qualified opinion, an adverse opinion, or a disclaimer of opinion by the reporting accountants.

- Question 4:**
- (a) Do you agree with our proposal that the audited financial statements must not contain any modified opinion for applicants seeking to list on the MAIN Market via the profit test route? Please provide reasons for your answer.
 - (b) If you agree with Question 4(a), do you also agree with our proposal that the audited financial statements must not contain any modified opinion in respect of the profit track record period for three (3) full financial years? If not, please provide your reasons, and indicate what alternative period may be more appropriate.
 - (c) If you agree with Question 4(a), do you also agree that our proposal should extend to an applicant seeking listing via the market capitalisation test route in respect of the most recent financial year and transfer of listing from the ACE Market to the MAIN Market? Please provide reasons for your answer.

Public comments

Unmodified audit opinion

- 2.2 A significant majority of respondents expressed strong support for the proposal, noting that an unmodified audit opinion is fundamental to financial reporting quality and reliability, which is essential for strengthening market integrity and investor confidence.
- 2.3 A few respondents called for targeted flexibility accorded to the following circumstances where—
- (i) the modified opinion arose from technical disagreements, interpretational differences or events beyond the applicant's control; and
 - (ii) the underlying matters which resulted in the modification of opinion had been satisfactorily resolved, resulting in an unmodified opinion in the accountants' report.
- 2.4 One supporting respondent commented that immaterial emphasis of matter (EOM) disclosures should be permitted to avoid inadvertently excluding issuers that are otherwise sound.

- 2.5 Another supporting respondent suggested providing a grace period for applicants who are in the midst of preparing their listing applications for submission.

Over profit track record period for profit test

- 2.6 A few respondents suggested that a modified opinion in earlier financial years within the profit track record period may be acceptable, provided that the latest financial year does not contain a modified opinion.

Latest financial year for market capitalisation test

- 2.7 One respondent generally agreed with the proposal but commented that the inclusion of a requirement for an unmodified audit opinion for the latest financial year may reduce flexibility for applicants seeking a listing on the MAIN Market or a transfer of listing from the ACE Market to the MAIN Market, via the market capitalisation route.

The SC's response

- 2.8 The SC welcomes the strong support from respondents for the proposal to require unmodified audit opinions.
- 2.9 The SC wishes to clarify that for IPOs, RTO/BDLs and qualifying acquisitions by SPACs, the reporting accountants' opinion on the audited financial statements of the applicant or target asset as presented in the accountants' report, must not contain any modification. For all other types of proposals, the requirement for an unmodified audit opinion shall apply to the auditors' report on the audited financial statements.
- 2.10 The SC also acknowledges respondents' concerns that requiring all the historical audited financial statements of the track record period to be free from modified opinions may unduly create rigid barriers for applicants that have since rectified past audit issues. Nevertheless, the SC believe that accepting modified audit opinions within the earlier financial years would undermine the track record integrity and would not demonstrate sustained reporting quality and reliability over time.
- 2.11 In addition, the SC wishes to clarify that the presence of an EOM in the accountants' report or auditors' report would not affect compliance with the requirement, provided that the audit opinion remains unmodified. An EOM draws investors' attention to important matters which are considered fundamental for understanding of the financial statements and does not signify a modification of the audit opinion therein.

Modification to proposal

- 2.12 In view of the above and having taken into account the feedback from respondents, the SC will adopt the proposal with the following modifications:
- (a) Regardless of the listing route (whether under the profit test or the market capitalisation test), the audited financial statements included in the accountants' report or auditors' report, as applicable, must not contain a modified audit opinion; and
 - (b) There must be no statement of material uncertainty related to going concern in the accountants' report or auditors' report, as applicable.
- 2.13 The above modification will be applied uniformly across all proposals under the *Equity Guidelines* to ensure policy consistency and prevent regulatory arbitrage. In the case of IPOs, RTO/BDLs and qualifying acquisitions by SPACs, the reporting accountants' opinion on the audited financial statements of the applicant or target asset as presented in the accountants' report, must not contain a modified audit opinion and statement of material uncertainty related to going concern. For all other types of proposals, such requirement shall apply to the auditors' report on the audited financial statements.
- 2.14 The SC believes that the integrity and reliability of financial information provided to investors are fundamental, irrespective of the listing route applied. This establishes a clear and consistent baseline for assessing an applicant's financial track record and reporting quality, thereby supporting informed investor decision-making and confidence in the overall market.
- 2.15 The SC also considers it necessary to expressly require the absence of any "statement of material uncertainty related to going concern", as an audit opinion may be unmodified notwithstanding the inclusion of such a statement in the accountants' report or auditors' report. The presence of a "material uncertainty related to going concern" raises fundamental concerns regarding an applicant's financial viability may undermine the reliability of financial disclosures for investor assessment.
- 2.16 The SC also notes the suggestion for a grace period for implementation but does not propose to do so. The proposal was subject to public consultation and were communicated to the industry at an early stage, providing applicants and advisers with sufficient time to prepare. Having further regard to the strong support received for enhancing the quality and reliability of financial reporting, the SC considers it appropriate for the amendments to take effect without transitional arrangements.

B. Relaxing the positive operating cash flow requirement

3. Revising the positive operating cash flow requirement

Proposal

- 3.1 The SC proposed to revise the current mandatory requirement for applicants to demonstrate positive cash flow from operating activities. Instead, this will be treated as one of the factors for consideration of an applicant's healthy financial position.

Question 5: Do you agree with our proposal that positive cash flow from operating activities should be regarded as a factor of consideration for healthy financial position, rather than a mandatory requirement over the profit track record period under the profit test route or most recent financial year under the market capitalisation test route? Please provide reasons for your answer.

Public comments

- 3.2 All respondents strongly supported the proposal to treat positive operating cash flow as a factor in assessing an applicant's financial position, rather than a strict mandatory prerequisite, citing that it appropriately modernises the listing framework to accommodate evolving business models and aligns with the approaches adopted by other regional exchanges.
- 3.3 While one respondent generally supported the enhanced flexibility, it was suggested that an applicant should be required to demonstrate positive operating cash flow in the most recent financial year, to provide a clear and objective indicator of financial sustainability and ability to generate cash from core operations. The respondent also emphasised that an applicant's financial position should be assessed holistically, with any negative operating cash flow appropriately explained. In addition, the same respondent suggested for the SC to provide guidance on its expectation to promote a consistent approach among industry players.

The SC's response

- 3.4 In view of the overwhelming support from respondents, the SC will adopt the proposal as consulted (refer to paragraph 3.1 above in this section).
- 3.5 While positive operating cash flow in the most recent financial year is an important indicator of financial health, the SC is mindful that setting a prescriptive benchmark may not be appropriate given the diversity of business models and operating circumstances.

- 3.6 With regards to the suggestion for SC to provide guidance, the SC wishes to clarify that the SC will assess an applicant's financial health holistically based on all relevant qualitative and quantitative factors over the track record period, including, among others, its business model, earnings quality, cash flow trends, liquidity position and funding sources.

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C. Flexibility under the IPC test

4. Allowing the aggregation of renewable energy infrastructure projects

Proposal

- 4.1 The SC proposed to allow the aggregation of project costs from multiple renewable energy infrastructure projects to satisfy the minimum project cost criteria of not less than RM500 million under the IPC test, provided that each qualifying renewable energy project has a minimum individual project cost of RM100 million and that the projects are contiguous in nature e.g. solar, wind, or hydro.

- Question 6:**
- (a) Do you agree with our proposal to allow the aggregation of project costs from renewable energy projects to satisfy the project cost criteria of not less than RM500 million under the IPC test? Please provide reasons for your answer.
 - (b) If you agree to Question 6(a), do you also agree that each qualifying renewable energy project must have a minimum project cost of RM100 million? If not, please provide your reasons, and suggest an alternative threshold that may be more appropriate.
 - (c) If you agree to Question 6(a), do you also agree that each qualifying renewable energy project must be contiguous in nature? If not, please provide your reasons, and suggest any alternative requirement that may be more appropriate.
 - (d) In your view, should the criteria for the remaining concession or licence period of at least 15 years from the date of submission to the SC be changed? If yes, please provide your recommendations and justifications.

Public comments

Aggregation of project costs from renewable energy projects

- 4.2 All respondents supported the proposal to allow aggregation of renewable energy project costs, noting that it better reflects commercial realities and aligns with the objectives under the Malaysia's National Energy Transition Roadmap.
- 4.3 Two supporting respondents further suggested that the proposed aggregation approach should be extended to other types of infrastructure projects.

Minimum project cost

- 4.4 More than half of the respondents supported the prescription of a minimum project cost as an appropriate safeguard to ensure project scale, economic substance and execution viability, with several indicating that a minimum threshold of RM100 million is reasonable to maintain the quality and significance of qualifying projects.

- 4.5 Opposing respondents expressed concerns that a RM100 million minimum excludes smaller-scale yet commercially viable and impactful renewable energy projects. Concerns were raised that a higher minimum cost requirement could restrict innovative small-scale projects and may not fully align with global financing structures where smaller projects can remain financeable once credit risks are appropriately managed.
- 4.6 Two of the opposing respondents proposed a lower threshold of RM50 million, while another suggested not to prescribe a minimum value.
- 4.7 One opposing respondent provided alternative suggestions as follows:
- (a) Capacity-based thresholds, such as projects with at least 25 megawatts;
 - (b) Cost-based thresholds, in the range of RM30 million to RM50 million;
 - (c) Tiered or hybrid approaches, combining capacity and cost criteria; or
 - (d) Financing risk-based assessments based on credit ratios and internal rate of return.

Contiguous in nature

- 4.8 A majority of the respondents generally supported that the renewable energy projects to be aggregated should be contiguous in nature, noting that it ensures among others, operational coherence and a broadly similar risk profile across the projects.
- 4.9 Some supporting respondents suggested that a degree of flexibility be considered. In particular, one respondent proposed allowing closely related hybrid renewable energy projects, such as solar-plus-storage, on the basis that such hybrid systems under a single offtake or concession arrangement are operationally interconnected and financially co-dependent.
- 4.10 Two respondent expressed reservations, highlighting that in practice, renewable energy projects may comprise a mix of different renewable energy sources, such as solar and hydro energy sources, and that renewable energy developers often operate diversified assets across different renewable energy sources. One respondent further suggested that, if aggregation were to be extended to non-contiguous projects, an enhanced safeguard in the form of a higher minimum project cost threshold (for example, RM200 million per project) may be appropriate.
- 4.11 Conversely, two respondents disagreed with the proposal, taking the position that it is unnecessary and that a contiguity requirement may limit the eligibility of projects that are not contiguous but are nonetheless operationally integrated.

Remaining concession or licence period

- 4.12 A majority of respondents agreed that the remaining concession or licence period of 15 years remains relevant to ensure that qualifying projects have sufficient operating tenure to support long-term sustainability.
- 4.13 Those respondents who supported revising the remaining concession or licence period requirement, suggested the following to provide greater flexibility:
- (i) Allowing a shorter remaining concession or licence period of at least 10 years for renewable energy projects;
 - (ii) Aligning the duration requirement to the terms of the power purchase agreements or other concession agreements; or
 - (iii) Assessing the remaining concession period on a case-by-case basis having regard to the concession tenures.

The SC's response

- 4.14 The SC notes the unanimous support from respondents for the proposal to allow the aggregation of renewable energy project costs. While the SC takes note of the suggestions to extend the aggregation approach to other types of infrastructure projects, the current proposal is intended to support broader national energy transition objectives. Accordingly, extension to other infrastructure sectors is not considered at this juncture.
- 4.15 The SC further acknowledges concerns that prescribing a minimum project cost may exclude smaller-scale renewable energy projects, and recognises that project size is not, in isolation, determinative of commercial viability. Nevertheless, for purposes of the IPC test, the SC considers that a minimum project cost threshold of RM100 million remains an appropriate safeguard to ensure sufficient scale and economic substance for overall market quality. The SC is of the view that the proposed threshold strikes a proportionate balance between providing flexibility and maintaining consistent regulatory assessment for admission to the MAIN Market.
- 4.16 Having considered the feedback received, the SC will not adopt the proposal to require aggregated renewable energy projects to be contiguous in nature. The SC notes that renewable energy projects may comprise a mix of different renewable energy sources, and that a rigid contiguity requirement may impose unnecessary constraints on suitable project structures and reduce flexibility in supporting the broader national policy objectives.

- 4.17 The SC has also considered suggestions for greater flexibility in relation to the remaining concession or license period requirement. By retaining the existing 15-year remaining concession or licence period requirement, the SC believes it provides a clear, objective safeguard for infrastructure projects to demonstrate longer term revenue visibility and earnings sustainability.

Refinement to proposal

- 4.18 The SC wishes to reiterate that the MAIN Market is intended for issuers with sufficient scale, substance and track record. In view of the above, the SC will adopt the proposal to aggregate project costs for renewable energy infrastructure projects, provided that each individual project has a project cost of not less than RM100 million.
- 4.19 Notwithstanding, any aggregation involving non-contiguous renewable energy projects will be considered following prior consultation with the SC at an early stage.

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III Feedback on Proposals relating to the ACE Market

D. Reinforcing the ACE Market's sponsor-driven framework

5. Minimum listing period on ACE Market

Proposal

- 5.1 The SC proposed to require issuers to remain listed on the ACE Market for a minimum period of two full financial years, commencing from the date of listing to the date of submission to the SC for transfer of listing.

- Question 7:**
- (a) Do you agree that an ACE Market listed corporation should be required to remain on the ACE Market for a minimum period before being eligible to seek a transfer to the MAIN Market? Please provide reasons for your answer.
 - (b) If you agree with Question 7(a), do you also agree with our proposal to set the minimum period at two (2) full financial years, measured from the date of listing until the date of submission to the SC for the transfer? If not, please provide your reasons and suggest what minimum period may be more appropriate, along with any supporting evidence.
 - (c) If you disagree with Question 7(a), should new issuers that satisfy either the profit test or the market capitalisation test be required to list on the MAIN Market? Please provide reasons for your answer.

Public comments

Minimum listing period

- 5.2 A significant majority of respondents supported the proposal, noting that it reinforces clearer differentiation between the ACE Market and the MAIN Market.
- 5.3 Two respondents disagreed with the proposal, taking the view that a transfer of listing from the ACE Market to the MAIN Market should be a commercial decision determined by the management of the listed corporation, rather than being contingent on the length of time the corporation was listed on the ACE Market.
- 5.4 Among respondents who supported the proposal, most agreed with the minimum period of two full financial years. However, a few opposing respondents suggested a shorter minimum period of 12 months on the premise that a two-year lock-in period may delay the transition of companies that demonstrate high growth and strong financial performance.
- 5.5 One supporting respondent suggested that flexibility be granted in exceptional circumstances.

Issuer's choice of market segment

- 5.6 There was no respondent that supported mandating MAIN Market listing based on an issuer meeting the profit test or the market capitalisation test. One respondent commented that an issuer's readiness is influenced by broader considerations beyond financial metrics, including governance maturity and market strategy.

The SC's response

- 5.7 In view of the majority support received from respondents for the proposal to introduce a minimum listing period as well as feedback on issuer's choice of market segment, the SC will proceed to adopt the proposal for a minimum listing period of two full financial years as consulted (refer to paragraph 5.1 above in this section). Additionally, the SC does not intend to adopt the proposal to mandate MAIN Market listing based on an issuer's ability to meet the profit test or market capitalisation test under the MAIN Market.
- 5.8 The SC wishes to clarify that the existing Accelerated Transfer Process remains available for qualified large-sized corporations with market capitalisation of above RM1 billion that demonstrate strong growth and financial performance. Under this accelerated process, such corporations may apply for a transfer of listing after a minimum period of 12 calendar months from the date of listing until the date of submission of the transfer application.
- 5.9 For clarity, the requirement for "two full financial years" is to be computed after the date of listing on the ACE Market. Financial periods prior to listing would not be considered for the purpose of satisfying this requirement. By way of illustration, where a corporation had listed on the ACE Market on 20 August 2025 with a financial year end of 31 December, the first full financial year would be the financial year ending 31 December 2026, followed by the second full financial year ending 31 December 2027.
- 5.10 The SC considers that the minimum listing period provides smaller issuers with a reasonable runway period to benefit from post-listing support on the ACE Market by sponsor oversight and to demonstrate their ability to operate sustainably as a listed entity. Most importantly, it also enables the market to assess the issuer's post-listing stability and resilience, including its ability to deliver consistent financial performance over two full financial years.
- 5.11 Allowing pre-listing financial periods to be counted towards the eligibility requirements for a transfer to the MAIN Market would undermine the policy intent of the minimum listing period. Such an approach would result in an overlap with the financial record at the point of initial admission to the ACE Market, thereby limiting the demonstration of meaningful post-listing performance and diluting the objective of ensuring that transfers to the MAIN Market are underpinned by an observable post-listing track record.

6. Exemptions granted on sponsorship and moratorium requirements

Proposal

- 6.1 The SC proposed to remove exemptions granted to ACE Market issuers and its specified shareholders², where applicable, from continued compliance with the following requirements if the issuer meets the quantitative criteria for admission to the MAIN Market:
- (i) Sponsorship period of at least three full financial years after its admission to the ACE Market or at least one full financial year after it has generated operating revenue, whichever is later³; and
 - (ii) A moratorium shall apply to the entire shareholdings of the specified shareholders for a period of six months from the date of admission to the Official List. Subsequently, the specified shareholders' aggregate shareholdings amounting to at least 45% of the issuer's total number of issued shares (assuming full conversion or exercise of the securities) must remain under moratorium for the next six months, with the remaining shares released gradually thereafter, capped at one-third per annum on a straight-line basis⁴.

Question 8: Do you agree with our proposal that ACE Market listed corporations that meet the MAIN Market quantitative criteria for admission to the MAIN Market should be subject to continued compliance with the sponsorship requirement, and that no exemption should be granted by Bursa Malaysia? Please provide reasons for your answer.

Question 9: Do you agree with our proposal that ACE Market IPO applicants and listed corporations that meet the MAIN Market quantitative criteria for admission to the MAIN Market should be subject to continued compliance with the moratorium requirement, and that no exemption should be granted by Bursa Malaysia? Please provide reasons for your answer.

² Specified shareholder means a controlling shareholder, a person connected to a controlling shareholder and an executive director who is a substantial shareholder, of the applicant or listed corporation, or any other person as specified by Bursa Malaysia.

³ Currently, a listed corporation may apply to Bursa Malaysia to be exempted from continued compliance with the sponsorship requirement, if (a) a period of one full financial year has lapsed since its admission to the Official List; and (b) it meets the quantitative criteria for admission to the MAIN Market, as confirmed by the listed corporation's sponsor.

⁴ The specified shareholder of a listed corporation may apply to Bursa Malaysia to be exempted from continued compliance with the moratorium requirement if the listed corporation meets the quantitative criteria for admission to the MAIN Market after admission to the Official List, as confirmed by the listed corporation's sponsor. A similar exemption is also available to a specified shareholder of an ACE Market IPO applicant that has met the MAIN Market quantitative criteria as at the date of submission of the listing application to Bursa Malaysia, as confirmed by the listing sponsor.

Public comments

Sponsorship requirement

- 6.2 All respondents generally supported the proposal, noting that sponsors play a critical role in providing oversight and guidance to ACE corporations prior to their transition to the MAIN Market.
- 6.3 While one respondent generally agreed with the proposal, it suggested that an exemption mechanism be made available to listed corporations after one full financial year following listing.

Moratorium requirement

- 6.4 Almost all respondents supported the proposal, noting that reinforcing the moratorium requirements aligns with the value proposition of the ACE Market.
- 6.5 Two respondents disagreed with the proposal, taking the view that an exemption mechanism should be retained and considered on a case-by-case basis, particularly for corporations that are able to demonstrate strong financial performance.

The SC's response

- 6.6 In view of the majority support received from respondents for the proposals to remove exemptions granted on sponsorship and moratorium requirements, the SC will proceed to adopt the proposals as consulted (refer to paragraph 6.1 above in this section).

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7. SC vested with power to direct transfer of listing

Proposal

- 7.1 The SC proposed to be vested with the power to direct an ACE Market-listed corporation to seek a transfer to the MAIN Market, where such transfer is deemed appropriate to preserve the distinct roles and purposes of each market segment. This power may be exercised once the listed corporation has remained listed on the ACE Market for a minimum period of three full financial years and has met the eligibility criteria under the accelerated transfer process as prescribed under the SC's *Equity Guidelines*. These criteria include, among others, achieving daily market capitalisation of at least RM1 billion over the past six months and satisfying the profit requirements.

- Question 10:**
- (a) Do you agree with our proposal that the SC be vested with the power to transfer an ACE Market listed corporation to the MAIN Market, if such listed corporation meets the quantitative criteria for admission to the MAIN Market? Please provide reasons for your answer.
 - (b) If you agree to Question 10(a), do you agree with our proposal that the SC may exercise this discretionary power to transfer an ACE Market listed corporation that met the eligibility criteria under the accelerated transfer process as prescribed under the SC's *Equity Guidelines*, which include, among others, achieving daily market capitalisation of at least RM1 billion over the past six (6) months and satisfying the Profit Requirements? If not, please provide your reasons and suggest what alternatives may be more appropriate, along with any supporting evidence.
 - (c) If you agree to Question 10(a), do you agree with our proposal that the SC may exercise this discretionary power once the listed corporation has remained on the ACE Market for a minimum period of three (3) full financial years? If not, please provide your reasons and suggest what minimum period may be more appropriate, along with any supporting evidence.

Public comments

- 7.2 Respondents expressed divergent views on the proposal to vest the SC with the power to direct the transfer of ACE Market-listed corporations to the MAIN Market.

- 7.3 A majority of respondents disagreed with the proposal, citing that the decision to transfer from the ACE Market to the MAIN Market should remain a commercial and strategic decision of the listed corporation and its board. These respondents emphasised that readiness for transfer is inherently subjective and varies across businesses, which involve considerations such as internal preparedness. Concerns were also raised that a mandatory or regulator-initiated transfer could create uncertainty, impose additional costs, and be perceived as interventionist that undermines the commercial autonomy of listed corporations.
- 7.4 Some opposing respondents suggested alternative or mitigating approaches, such as proactive engagement with eligible ACE Market listed corporations to encourage transfers, relying on the proposed enhancements to the profit requirements and removal of exemptions relating to sponsorship and moratorium requirements, as well as issuing periodic reminders or guidance to encourage ACE Market listed corporations to assess their own readiness for transfer.
- 7.5 Conversely, supporting respondents acknowledged the policy objective of preserving clear market segmentation to enhance clarity for investors. One supporting respondent emphasised that, should such discretionary powers be introduced, they should be guided by clear, transparent and consistent criteria.
- 7.6 Another supporting respondent further cautioned that reliance on quantitative thresholds alone may be overly prescriptive, and suggested that qualitative considerations such as governance standards, compliance track record and overall readiness should also be considered.
- 7.7 One supporting respondent disagreed with the proposal that the SC may exercise this discretionary power once the listed corporation has remained on the ACE Market for a minimum period of three full financial years, expressing the view that such proposal would delay access for high-performing corporations to deeper liquidity and institutional investor participation.

The SC's response

- 7.8 Having carefully balanced the feedback received, the SC will not adopt the proposal to vest the SC with the power to direct transfers from the ACE Market to the MAIN Market.
- 7.9 The SC will instead rely on strengthening the admission criteria to the MAIN Market such as increasing the Profit Requirements.

E. Streamlining public offering requirement for ACE Market

8. Offerings to the general public

Proposal

- 8.1 The SC proposed where an ACE Market IPO includes an offer to the general public, the issuer must undertake such offering through a balloting process. The minimum balloted portion must be based on the issuer's enlarged issued share capital, as follows:

Enlarged issued share capital	Minimum offering to the general public
Below RM200 million	At least 5% of the enlarged number of shares issued
RM200 million and above	At least 2% of the enlarged number of shares issued

- Question 11:** (a) Do you agree with our proposal to impose a minimum balloted portion where an ACE Market IPO includes an offer to the general public? Please provide reasons for your answer.
- (b) If you agree with Question 11(a), do you agree with our proposal to apply similar provisions as the MAIN Market on the minimum public offering thresholds based on the level of enlarged issued share capital? If not, please provide your reasons and indicate what alternative threshold may be more appropriate along with any supporting evidence.

Public comments

- 8.2 All respondents strongly supported the proposal, noting that it codifies existing practice and enhances transparency and consistency across both ACE Market and MAIN Market.

The SC's response

- 8.3 In view of the unanimous support from respondents, the SC will adopt the proposal as consulted (refer to paragraph 8.1 above in this section).

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IV Implementation of Amendments to Equity Guidelines and ACE Market Listing Requirements

9. Implementation of changes

- 9.1 The *Equity Guidelines* would be amended to reflect the proposals that are adopted. Corresponding amendments to the *ACE Market Listing Requirements* would also be published by Bursa Malaysia.
- 9.2 The amendments to both the *Equity Guidelines* and the *ACE Market Listing Requirements* will apply to all applicants submitting proposals to the SC or Bursa Malaysia, as applicable.
- 9.3 No transitional arrangements will be provided. Accordingly, all proposals submitted on or after the effective date of the *Equity Guidelines* and the *ACE Market Listing Requirements* will be assessed strictly in accordance with the revised requirements. Proposals submitted prior to the effective date of the *Equity Guidelines* and the *ACE Market Listing Requirements* will continue to be assessed based on the prevailing requirements in force at the time of submission.

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GLOSSARY OF TERMS

Bursa Malaysia	Bursa Malaysia Securities Berhad
CMSA	<i>Capital Markets and Securities Act 2007</i>
EOM	Emphasis of matter
HKEX	Hong Kong Stock Exchange
IDX	Indonesia Stock Exchange
IPC	infrastructure project corporation
IPO	initial public offering
Listing Requirements	Collectively, MAIN Market Listing Requirements and ACE Market Listing Requirements
MSMEs	micro, small and medium enterprises
RTO/BDLs	back-door listings and reverse take-overs
SC	Securities Commission Malaysia
SET	Stock Exchange of Thailand
SGX	Singapore Stock Exchange
SMEs	small and medium-sized enterprises
SPACs	special purpose acquisition companies