



## CONSULTATION PAPER

NO. 1/2009

### PROPOSED EQUITY AND EQUITY-LINKED SECURITIES GUIDELINES FOR THE UNIFIED BOARD

The Securities Commission invites your written comments on the issues set out in this Consultation Paper by **27 February 2009** via:

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Respondents to this Consultation Paper are requested to use the reply format in the respective appendices.

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## **1 INTRODUCTION**

### **1.1 Unified Board and New MESDAQ**

#### **1.1.1 Preamble**

In March 2008, the Prime Minister, Yang Amat Berhormat Dato' Seri Abdullah bin Haji Ahmad Badawi, announced at the Invest Malaysia 2008 Conference a number of measures aimed at enhancing the competitiveness and efficiency of the Malaysian equity market.

The measures comprise, amongst others, the following:

- (a) Streamlining of the current two boards on Bursa Malaysia Securities Berhad (Bursa Malaysia) to a new board by combining the Main Board and Second Board to form a unified board (UB) for more established corporations;
- (b) Expansion of the roles and objectives of the MESDAQ Market to facilitate growth corporations to raise funds from the capital market (New MESDAQ); and
- (c) Adoption of a market-based regulatory approach for listing and fund-raising on the UB and New MESDAQ, premised on adequacy of disclosures and corporate conduct of the corporations and promoters.

#### **1.1.2 Background**

The current regulatory framework for issuance of securities in Malaysia requires applicants, other than those exempted under Schedule 5 of the Capital Markets & Services Act 2007 (CMSA), to obtain the prior approval from the Securities Commission (SC) under Section 212 of the CMSA.

Generally, the SC adopts the assessment and declaratory approaches in approving these proposals. Under the assessment approach, the SC would undertake a review on the suitability and viability of the corporate proposals. Applicants and principal advisers are also required to submit declarations that the corporate proposals comply with the relevant requirements of the SC and ensure that full and meaningful disclosures are made in public documents, while the SC would review the standards of disclosures made by the applicants in the public documents.

Corporate proposals by public listed companies would also require the approval of Bursa Malaysia for the listing and quotation of these securities.

In our concerted efforts to give effect to the policy announcement by the Prime Minister to enhance the competitiveness and efficiency of the Malaysian equity market, we have worked hand-in-hand with market practitioners in undertaking a broad-spectrum review of the existing regulatory framework.

A high level Industry Working Group (IWG) was established in May 2008 to obtain feedback and identify issues affecting the fund-raising regime in Malaysia as well as to assist the SC and Bursa Malaysia in reviewing the regulatory framework for listings and equity fund-raising. Members of the IWG comprise practitioners and experts from a broad segment of the capital market. We have also held several focus group meetings with identified industry players to discuss the appropriate framework and requirements. In addition, extensive benchmarking studies were conducted to ensure key proposed changes to the requirements are comparable with those of the regional markets.

With the above, we have identified four overriding principles as our basis to review and restructure the current regulatory framework:

- (a) The UB will be a board for the listing of established corporations in terms of track record or size;
- (b) The New MESDAQ will be an alternative market to act as a fund-raising platform for corporations from all business and economic sectors to raise capital, with the roles and responsibilities of sponsors expanded to include the assessment of quality and suitability of corporations seeking listing;
- (c) Bursa Malaysia to be positioned as a preferred listing and fund-raising destination for both Malaysian and foreign corporations; and
- (d) Shifting of our review approach from assessing suitability of proposals to ensuring that standards of disclosures in prospectuses and other public documents are upheld by the issuers, with focus on the areas of corporate governance, conflicts of interests and public interest.

### **1.1.3 Proposed Regulatory Framework for UB**

The proposed framework for UB represents yet another milestone in the progress and development of our capital market.

The proposed UB regulatory framework will have the following key features:

- (a) The SC will retain Section 212 of the CMSA for listings and back-door listings (BDLs)/reverse take-overs (RTOs), i.e. the entry of new corporations, new assets or new controlling shareholders into the market, or a major change in the board of directors of listed corporations. This permits the SC to continue its gate-keeping function at entry point to safeguard market interests;

- (b) Upon corporations passing the “entry test” and being admitted to the official list of Bursa Malaysia, subsequent equity fund-raising proposals such as rights issues and placement exercises, disposal of assets and acquisition of assets that does not change the core businesses of listed corporations, would no longer require the approval of the SC under Section 212 of the CMSA;
- (c) Going forward, our respective assessment of these proposals would focus on the following key areas:
  - (i) Compliance with minimum requirements;
  - (ii) Public interest;
  - (iii) Corporate governance;
  - (iv) Conflicts of interests; and
  - (v) Adequacy of disclosures to enable investors to make informed investment decisions.
- (d) SC’s statutory responsibilities on the registration of prospectuses under Sections 232 and 237 of the CMSA will remain in order to ensure that standards of disclosures made by issuers are upheld; and
- (e) Principal advisers will be responsible for assessing the quality and suitability of corporations seeking listing, particularly with regard to commercial viability and growth prospects of the corporations.

#### **1.1.4 Proposed Regulatory Framework for New MESDAQ**

The MESDAQ Market was first introduced to facilitate fund-raising in Malaysia for high-growth and technology-based companies. Based on market needs and jurisdictional studies, the New MESDAQ will be made accessible to local and foreign corporations from all business and economic sectors to raise funds.

The proposed changes are as follows:

- (a) New MESDAQ to be a fund-raising platform accessible to both local and foreign corporations of all business and economic sectors;
- (b) Save for debt securities issues, corporations seeking listing on New MESDAQ and subsequent proposals of New MESDAQ corporations would not require the SC’s approval under Section 212 of the CMSA. Requirements for New MESDAQ proposals will be governed under the Listing Requirements of Bursa Malaysia (Listing Requirements);
- (c) The SC retains its statutory responsibility on the registration of prospectuses to ensure that the standards of disclosures by New MESDAQ issuers are upheld; and

- (d) The roles and responsibilities of the sponsors will be significantly enhanced to include the assessment on the quality and suitability of corporations seeking listing on the New MESDAQ. The new framework will empower sponsors with greater flexibility and certainty to advise prospective corporations on access to the capital market both at the time of listing and subsequently through further fund-raising exercises. We further acknowledge that corporations listed on the New MESDAQ would require a reasonable period of continuous guidance in complying with the ongoing obligations as a listed corporation. Hence, we propose that the sponsor remains with the corporation for a minimum sponsorship period of three full financial years after admission.

## 1.2 Introduction of Regulatory Framework for Special Purpose Acquisition Companies (SPACs)

- 1.2.1 The SC intends to allow the listing of SPACs on Bursa Malaysia with a view to promoting private equity (PE) activities, spurring corporate transformation and encouraging mergers and acquisitions to enhance the depth, breadth and competitiveness of the Malaysian capital market.
- 1.2.2 A SPAC is basically a shell company that has no operations but goes public with the intention of merging with or acquiring operating companies or businesses with the proceeds of its initial public offering (IPO). It is observed that SPACs listed abroad are usually formed by a small group of professional managers with relevant PE, corporate finance and/or industry experience. A SPAC can be regarded as a pooled investment vehicle that allows public investors to invest in PE-type transactions which ordinarily are the domain of PE players and hedge funds. Essentially, investors would be relying on the management team's experience in a certain industry, and its ability to identify attractive acquisition targets and secure proprietary deals. Once a SPAC has merged with or acquired an existing operating company/business, it will focus on conducting business for profit.
- 1.2.3 It is observed that there is a growing number of SPACs going public in the United States and Europe. A number of SPACs have been listed on NYSE Alternext U.S. (formerly known as the American Stock Exchange or AMEX) and the Alternative Investment Market of the London Stock Exchange (AIM). Recently, a number of exchanges have opened their doors to SPAC listings, including the New York Stock Exchange, NASDAQ Stock Market LLC, NASDAQ OMX Stockholm and the Toronto Stock Exchange.
- 1.2.4 Modus operandi of SPAC

While the modus operandi and structure of SPACs are not uniform, the following market conventions<sup>1</sup> were observed:

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<sup>1</sup> This encompasses rules of benchmarked exchanges and best practices voluntarily adopted by SPACs.

- (a) Following its formation by the management team, a SPAC will undertake a public offering of its shares, the proceeds of which are held in trust in an escrow/trust account pending a qualifying acquisition<sup>2</sup> and are invested exclusively in permitted investments such as short-term government securities. A small portion of the proceeds may be set aside to fund the IPO expenses and for working capital purposes;
- (b) After completing the IPO exercise, the management team will seek potential businesses or assets to form the qualifying acquisition that typically have an aggregate fair market value equal to at least 90% of the aggregate amount then on deposited in the trust account. The management team must then obtain approval for the qualifying acquisition from the majority of the public shareholders of the SPAC at a general meeting duly called for that purpose. Typically, the management team is not entitled to vote on the qualifying acquisition. Where multiple acquisitions are undertaken to satisfy the aggregate fair market value requirement, the acquisitions must be completed concurrently. Post acquisition, the management team is expected to create value for the SPAC shareholders by providing professional management to and instituting various value creation strategies for the acquired assets; and
- (c) As a special feature of the SPAC, investors who vote against the qualifying acquisition that is subsequently completed may redeem their shares for a pro rata portion of the SPAC's escrowed funds. In addition, if a qualifying acquisition is not completed within the specified timeframe, the SPAC is required to liquidate and return liquidation proceeds to public investors.

### 1.3 Enhanced Efficiency and Greater Certainty

On the whole, the proposed regulatory framework above will enhance the market framework by providing greater certainty and efficiency in the listing process, particularly in the issuance of securities post-listing, as well as providing issuers with greater access to the capital market. The proposed regulatory framework also promotes greater transparency via enhanced disclosures.

With this, we are positive that Bursa Malaysia would gain a stronger footing in terms of competitiveness and attractiveness as a preferred listing and fund-raising destination for both Malaysian and foreign corporations.

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<sup>2</sup> "qualifying acquisition" means the initial acquisition of assets or one or more businesses by a SPAC which meets the aggregate fair market value requirements that is self-imposed or prescribed by the relevant market regulator, and is in line with the business strategy/investment policy disclosed in its IPO prospectus.

## 2 SCOPE OF THE CONSULTATION PAPER

- 2.1 In line with the proposed regulatory framework, we have reviewed all relevant guidelines and regulations as well as the Listing Requirements.
- 2.2 For clarity and convenience of the readers, as well as to facilitate our collation and review of feedback, this consultation paper deals with proposed amendments **specific** to only the SC's **Guidelines on the Offering of Equity and Equity-linked Securities (Equity Guidelines)** and the proposed framework for SPACs (inclusive of the Listing Requirements). For proposed changes to the Listing Requirements (excluding SPACs), kindly refer to Bursa Malaysia's website at [http://www.bursamalaysia.com/website/bm/rules\\_and\\_regulations/public\\_consultation.html](http://www.bursamalaysia.com/website/bm/rules_and_regulations/public_consultation.html)
- 2.3 This consultation paper proposes the following:
- (a) Amendments to the Equity Guidelines on the proposed quantitative requirements for listings on the UB;
  - (b) Amendments to the Equity Guidelines on the proposed quantitative requirements for BDLs/RTOS, i.e. listings of new assets that result in a change in core businesses of a listed corporation or where there is entry of new controlling shareholders or change in board of directors to the corporation listed on the UB; and
  - (c) Introduction of a new set of requirements in the Equity Guidelines and the Listing Requirements on SPACs.

Details of the proposals are provided on pages 7 to 31.

**As the proposals are open to comments and feedback from the public, the final requirements for listings that will be reflected in the Equity Guidelines and the Listing Requirements for SPACs may be different from those stated in this Consultation Paper.**

### 3 DETAILS OF THE PROPOSALS

The issues for consultation relate to the following:

- (a) Section 3.1: Entry Requirements to List on the UB of Bursa Malaysia;
- (b) Section 3.2: Requirements on Back-Door Listings and Reverse Take-Overs; and
- (c) Section 3.3: Other Proposed Amendments.

For your ease of reference, extracts of the relevant provisions of the existing guidelines are provided in Appendix 1.

#### 3.1 Entry Requirements to List on the UB of Bursa Malaysia

##### Proposal 1

Description	Provision Reference in the Guidelines
Profit track record test	Paragraph 5.03(a)

1. At present, an applicant seeking listing via the profit track record route must meet the following requirements, depending on which board it wishes to list on:

Board of listing	Main Board	Second Board
Aggregate after-tax profit over 3 to 5 financial years	≥ RM30 million	≥ RM12 million
After-tax profit for the most recent financial year	≥ RM8 million	≥ RM4 million

2. The SC proposes the following profit track record as entry requirements for listing on UB:

Aggregate after-tax profit over 3 to 5 financial years: ≥ RM20 million

After-tax profit for the most recent financial year: ≥ RM6 million

3. The new entry requirement under the profit test is now more comparable with other markets in the region and, at the same time, would still allow Bursa Malaysia to maintain the quality of corporations seeking listing on the UB.

##### Proposal 1 – Issue for Consultation

**Is the entry requirement under the profit track record test appropriate? Please provide your reasons and your views on what would be an appropriate entry requirement.**

## Proposal 2

Description	Provision Reference in the Guidelines
Market capitalisation/profit test	Paragraph 5.03(b)

1. At present, an applicant seeking listing via the market capitalisation/profit route must have a market capitalisation of at least RM500 million based on the offer price as stated in the prospectus and the enlarged issued and paid-up share capital upon listing, and an after-tax profit of at least RM30 million for the most recent financial year.
2. The SC proposes to remove the profit requirement of RM30 million while retaining the market capitalisation requirement of RM500 million as the entry requirement.
3. The market capitalisation route represents an alternative entry to UB made available for applicants that are of substantially larger size. For corporations seeking listing under this route, the key consideration will be their size and not their profit track record. The rationale for this is that a corporation with a minimum market capitalisation of RM500 million would generally be one that has a considerably strong financial standing.

### Proposal 2 – Issue for Consultation

**Do you agree with the removal of the profit requirement for the latest financial year of RM30 million? Please provide your reasons.**

## Proposal 3

Description	Provision Reference in the Guidelines
Operating history under market capitalisation/profit test	Paragraph 5.03(b)(v)

1. At present, an applicant seeking listing via the market capitalisation/profit route must have been incorporated and operating in the same core business for at least three full financial years.
2. The SC proposes to remove the requirement of having a 3-year operating history for corporations seeking listing under the market capitalisation route given that these are corporations substantially larger in size with stronger financial footing. The proposed removal would provide larger corporations that have been incorporated for less than three years an avenue to list.
3. These listing applicants, however, must at least have substantially the same management since the commencement of its operations to ensure continuity of management.

**Proposal 3 – Issue for Consultation**

**Are there any concerns on the removal of the requirement to have three years of operating history in the same core business for listings under the market capitalisation route? Please provide your views and reasons on your concerns.**

**Proposal 4**

Description	Provision Reference in the Guidelines
Balloting	Paragraph 5.22

1. As part of an initial listing, an issuer is required to undertake an offer of securities to the general public through a balloting process.
2. The SC proposes to remove the requirement for offering of securities to the general public, thus making balloting an optional method of offering based on the needs of the issuers as long as the public spread requirements of Bursa Malaysia are met. In the event that balloting is undertaken, the issuer would be required to disclose its balloting process in the prospectus.
3. The proposed removal would allow issuers greater flexibility in managing the distribution of their securities based on their respective needs.

**Proposal 4 – Issue for Consultation**

**Are there any concerns on having balloting at the option of the issuers and their principal advisers? Please provide your views and reasons on your concerns.**

**Proposal 5**

Description	Provision Reference in the Guidelines
Underwriting	Paragraph 5.38

1. At present, other than securities offered under the National Development Policy, or to shareholders who have given written undertaking to subscribe the securities, or where the securities are made under a book-building exercise, underwriting of securities to be offered is mandatory.
2. The SC proposes to make underwriting arrangements optional. Issuers and their principal advisers would be given the discretion to decide whether or not an issue of securities needs to be underwritten. In the event an underwriting is required, issuers are required to disclose the details of the underwriting arrangement including the amount of securities to be underwritten and the basis for determining that amount, in the prospectus.

3. In addition, the SC also proposes that in the event of an under-subscription of securities and where the minimum level of subscription is not achieved, the listing must be aborted and any consideration received for the purposes of subscription must be immediately returned to all subscribers.
4. The proposed removal allows greater flexibility for the issuers and advisers to manage the equity offerings taking into consideration factors such as market conditions and issuers' funding requirements.

**Proposal 5 – Issue for Consultation**

**Are there any concerns on allowing underwriting arrangements to be optional and at the discretion of the issuers and their principal advisers? Please provide your views and reasons for your concerns.**

**Proposal 6**

Description	Provision Reference in the Guidelines
Moratorium on disposal of shares	Paragraph 5.42

1. At present, moratorium requirements are as follows:
  - (a) The promoters of an infrastructure project corporation (IPC) which seeks listing via the IPC test are not allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up share capital of the corporation for a period of one year from the date of admission to Bursa Malaysia. Fifty percent of these shares may be sold, transferred or assigned once the infrastructure project has generated a full year of operating revenue and the remaining may be uplifted in the subsequent year; or
  - (b) The promoters of corporations which seek listing via the other routes are not allowed to sell, transfer or assign their entire shareholdings for a period of six months from the date of admission to Bursa Malaysia.
2. The SC proposes the following change on moratorium period for corporations seeking listing via the IPC test:

The promoters of an IPC (New IPC) which seeks listing via the New IPC test are not allowed to sell, transfer or assign their entire shareholdings for a period of six months from the date of admission to Bursa Malaysia. Thereafter, the promoters are allowed to sell, transfer or assign shares but must retain 45% of the nominal issued and paid-up share capital of the corporation as moratorium shares until the corporation generates one full financial year of operating revenue. If the corporation had generated one full financial year of operating revenue before or within the six months of moratorium period, the promoters may immediately lift the moratorium on the disposal of the shares at the end of the six-month moratorium period.

3. The proposed change aims to streamline and standardise the moratorium period to a six-month period irrespective of the listing route. For listings of IPCs, however, the lifting of the moratorium period would be dependent on whether or not the infrastructure project has generated one full financial year of operating revenue as the completion risk associated with an infrastructure project is expected to be sufficiently addressed once the project starts to generate operating revenue.
4. The SC proposes to retain the current moratorium requirement for corporations seeking listing via the profit track record or market capitalisation route, i.e., the promoters are not allowed to sell, transfer or assign their entire shareholdings for a period of six months from the date of admission to Bursa Malaysia.

**Proposal 6 – Issue for Consultation**

**Are the moratorium periods proposed reasonable? Please provide your views and reasons for what would be a reasonable requirement.**

**Proposal 7**

Description	Provisions Reference in the Guidelines
<b>Additional requirements for the listing of specific corporations</b>	<b>Paragraphs 5.46 - 5.52</b>

1. At present, certain types of corporations seeking listing, such as property development, property investment, construction and trading and retail corporations must comply with additional requirements.
2. The SC proposes to remove all additional requirements for such specific corporations, other than those specific to IPCs.
3. The proposed removal is, in part, a consequence of the proposed creation of the UB and, more importantly, it aligns our requirements to those of the other markets in the region.
4. Moving forward, investor protection will be via adequate disclosures on investment risks of corporations seeking listing. Prospectuses will be a pertinent regulatory tool to ensure investors are fully informed before they make investment decisions.

**Proposal 7 – Issue for Consultation**

**Are there any concerns in removing the specific requirements for corporations involved in activities such as property development, property investment, construction and retail/trading? Please provide your views and reasons for your concerns.**

**Proposal 8**

Description	Provision Reference in the Guidelines
Additional requirements for the listing of IPCs – offer for sale	Paragraph 5.54

1. At present, an offer for sale of shares in an IPC is not allowed unless the infrastructure project has generated two consecutive full financial years of operating revenue prior to submission to SC.
2. The SC proposes to allow offer for sale of shares of an IPC where the infrastructure project has generated one full financial year of operating revenue prior to submission to SC.
3. The rationale behind this proposed change is similar to that of the moratorium period for IPC in that the risk of the IPC would be reduced once it starts to generate operating revenue and hence offer for sale by the promoters could be considered.

**Proposal 8 – Issue for Consultation**

**Are there any concerns in reducing the tenure of operating revenue from two consecutive full financial years to one full financial year before allowing the promoters to undertake an offer for sale of securities in an IPC at its initial listing? Please provide your views and reasons on your concerns.**

**Proposal 9**

Description	Provision Reference in the Guidelines
Additional requirements for the listing of foreign corporations	Paragraph 5.61

1. At present, foreign corporations seeking listing on Bursa Malaysia must prepare financial statements and reports in accordance with approved accounting standards defined in the Financial Reporting Act 1997. A qualified professional accountant under the Accountants Act 1967 who is attached to an international accounting firm is required to confirm that such financial statements comply with the said approved accounting standards.
2. The SC proposes to widen the current definition of “qualified professional accountant” to “a person who is a member of a professional accountancy organisation who has been admitted as a full member of the International Federation of Accountants and has at least three years post qualification experience in accounting or finance”.

3. The proposed change recognises a larger group of qualified professional accountants, in line with other jurisdictions.

**Proposal 9 – Issue for Consultation**

**Are there any concerns in widening the scope for recognised qualified accountants? Please provide your views and reasons on your concerns.**

**Proposal 10**

Description	Provision Reference in the Guidelines
Secondary listings of foreign corporations on Bursa Malaysia	Paragraph 5.68

1. Based on the existing requirements, foreign corporations seeking secondary listing on Bursa Malaysia must have a primary listing on a foreign stock exchange which is a member of the World Federation of Exchanges. In addition, the foreign corporations must fully comply with the listing rules of that exchange as well as have a total market capitalisation of RM1 billion and an after-tax profit of at least RM60 million in the most recent full financial year.
2. The SC proposes to remove the quantitative requirements, i.e. market capitalisation of RM1 billion and an after-tax profit of RM60 million.
3. The proposal removes the current restrictive quantitative requirements focused on allowing only large foreign corporations to enter the Malaysian equity market. The removal allows the market to determine the appropriate type of foreign corporations to be listed on the UB.

**Proposal 10 – Issue for Consultation**

**Are there any concerns in removing the quantitative requirements for secondary listings of foreign corporations on Bursa Malaysia? Please provide your views and reasons for your concerns.**

### 3.2 Requirements on Back-Door Listings and Reverse Take-Overs

#### Proposal 11

Description	Provision Reference in the Guidelines
Definition for “significant change in the business direction or policy of a listed corporation”	Paragraph 7.02

1. Pursuant to Section 212 of the CMSA, a “significant change in the business direction or policy of a listed corporation” arising from an acquisition or disposal of assets (commonly known as “back-door listings or reverse take-overs”) requires the prior approval of the SC.
2. At present, a “significant change in the business direction or policy of a listed corporation” means any of the following:
  - (a) An acquisition of assets such that any one of the percentage ratios is equal to or exceeds 100%, except for an acquisition of current assets or property, plant, machinery and equipment that are used for the existing core business of the listed corporation;
  - (b) A disposal of assets such that any one of the percentage ratios is equal to or exceeds 100%;
  - (c) An acquisition of assets that results in a change in the core business of the listed corporation within 12 months of the completion of the acquisition;
  - (d) An acquisition of assets that results in a change in the controlling shareholder of the listed corporation;
  - (e) An acquisition of assets that results in a change in the board of directors of the listed corporation;
  - (f) A restructuring exercise involving the acquisition of the listed corporation by another corporation together with the transfer of the listed corporation’s listing status and the introduction of new assets to the other corporation; or
  - (g) A restructuring exercise involving the disposal of assets and the transfer of listing status by the listed corporation to another corporation.
3. In relation to subparagraph 2(a) above, percentage ratios are computed as follows:
  - (a) The net assets value of the assets which are the subject of the transaction divided by the net assets value of the listed corporation;

- (b) The after-tax profits attributable to the assets which are the subject of the transaction divided by the after-tax profits of the listed corporation;
  - (c) The aggregate value of the consideration for the subject transaction (including amounts to be assumed by the purchaser, such as the vendor's liabilities) divided by the aggregate market value of all the ordinary shares of the listed corporation; or
  - (d) In the case of an acquisition, the number of new shares issued by the listed corporation as consideration for the acquisition divided by the number of shares in the listed corporation in issue prior to the transaction.
4. In relation to subparagraphs 2(a) and 2(c) above, core business is defined as "the business which provides the principal source of operating revenue and after-tax profits to a corporation on a sustainable basis as a going concern, and which comprises the principal activities of the corporation".
5. Under the proposed UB framework, "significant change in the business direction or policy of a listed corporation" is proposed to be defined as below:
- (a) An acquisition of assets (including equity interests in a corporation) by the listed corporation that triggers the percentage ratios except where the assets to be acquired are in the same core business as the listed corporation;
  - (b) An acquisition of assets by the listed corporation resulting in a change in its—
    - (i) controlling shareholders; or
    - (ii) board of directors within 12 months from the date of acquisition; or
  - (c) A restructuring exercise involving the transfer of the listed corporation's listing status and the introduction of new assets to the other corporation.
6. In relation to subparagraph 5(a) above, we propose the following changes:
- (a) Inclusion of a revenue ratio as part of the percentage ratios

The revenue ratio is computed as the revenue attributable to the assets which are the subject of the transaction divided by the revenue of the listed corporation. The revenue means revenue arising from the principal activities of a corporation and excludes those items of revenue that arises incidentally.

(b) New definition for core business

Core business is proposed to mean “the business which provides the principal source of operating revenue or after-tax profits to a corporation on a sustainable basis as a going concern, and which comprises the principal activities of the corporation”.

7. The new definitions intend to accord more flexibility and regulatory certainty to facilitate mergers and acquisitions of corporations involved in the same core business.
8. In addition, the SC proposes that disposal of assets be exempted from Section 212 of the CMSA. In this regard, the SC expects the shareholders to play a greater role in approving such transactions. Corporations which undertake disposal of assets would have to disclose their plans to utilise the disposal proceeds. Further, in cases where a disposal of assets result in the listed corporation becoming a cash corporation, the corporation will be regulated and closely monitored under the Listing Requirements.

**Proposal 11 – Issue for Consultation**

**Are there any concerns for the proposed definition for “significant change in the business direction or policy of a listed corporation”? Please provide your views and reasons for your concerns.**

**Proposal 12**

Description	Provision Reference in the Guidelines
<b>Profit track record requirements on “significant change in the business direction or policy of a listed corporation”</b>	<b>Paragraph 7.14</b>

1. Based on the existing requirements, for an acquisition of Malaysian-based assets other than infrastructure project assets and specific assets which results in a change in the core business, controlling shareholder or board of directors of the listed corporation, the assets must satisfy one of the following:

(a) Uninterrupted profit track record as below:

Acquisition by	Main Board listed corporation	Second Board listed corporation
Aggregate after-tax profit over 3 financial years	≥ RM18 million	≥ RM8 million

For an acquisition of foreign-based asset, the asset must have an uninterrupted aggregate after-tax profit over 3 financial years of at least RM18 million.

- (b) After-tax profit of at least RM30 million based on the most recent audited financial year.
2. The SC proposes to make the above profit track record requirement the same as the entry requirements for an initial listing. Therefore, in the case where an acquisition results in a significant change in the listed corporation's business direction or policy of a listed corporation, the asset to be injected or the enlarged group must have an uninterrupted profit track record of–
    - Aggregate after-tax profit over 3 to 5 financial years:  $\geq$  RM20 million
    - After-tax profit for the most recent financial year:  $\geq$  RM6 million
  3. An issuer who proposes to acquire an asset that would result in a significant change in the listed corporation's business direction or policy will be treated as if it were a new listing applicant and, therefore, the assets to be acquired or the enlarged group must be able to comply with the initial listing requirements.
  4. This would see a level playing field for all prospective entrants to the equity market to prevent circumvention of the requirements where an under-qualified listing candidate obtains a listing status through the acquisition of a listed shell corporation.

**Proposal 12 – Issue for Consultation**

**Do you agree with the proposed profit track record requirement for an acquisition of asset which results in a significant change in the business direction or policy of the listed corporation? Please provide your views and reasons.**

**Proposal 13**

Description	Provision Reference in the Guidelines
<p><b>Moratorium period on disposal of securities for an acquisition of assets which results in the significant change in the business direction or policy of the listed corporation</b></p>	<p><b>Paragraph 7.21</b></p>

- At present, the moratorium period imposed on the disposal of consideration securities received by the vendor in relation to an acquisition of assets which results in the significant change in the business direction or policy of the listed corporation is as follows:

	Moratorium period
<b>Acquisition of infrastructure project assets</b>	<p>50% of the consideration securities for one year from the date the securities are listed or from the date of issue if the securities are unlisted.</p> <p>The remaining consideration securities will be under moratorium until the project generates one full financial year of operating revenue, with maximum of 50% per annum (on a straight line basis) to be transferred, sold or assigned upon obtaining SC's approval.</p>
<b>All other acquisitions of assets</b>	<p>50% of the consideration securities for one year from the date the securities are listed or from the date of issue if the securities are unlisted.</p>

- SC proposes to align the moratorium requirements with those imposed on initial listings, as follows:

	Moratorium period
<b>Acquisition of infrastructure project assets</b>	<p>Entire consideration securities for six months from the date the securities are listed or from the date of issue if the securities are unlisted.</p> <p>The consideration securities will continue to be under moratorium until the project generates one full financial year of operating revenue.</p>
<b>All other acquisitions of assets</b>	<p>Entire consideration securities for six months from the date the securities are listed or from the date of issue if the securities are unlisted.</p>

**Proposal 13 – Issue for Consultation**

Are there any concerns on the proposed streamlining of the moratorium period on disposal of consideration securities imposed on vendor(s) in relation to an acquisition of assets which results in a significant change in the business direction or policy of a listed corporation? Please provide your views and reasons on your concerns.

### 3.3 Other Proposed Amendments

#### Proposal 14

Description	Provision Reference in the Guidelines
Proposals by unlisted public companies	Paragraph 2.03 (b)

1. At present, proposals by unlisted public companies will be considered by the SC on a case-by-case basis.
2. The SC proposes to exempt such proposals by unlisted public companies from the SC's approval under Section 212 of the CMSA.
3. This proposal is consistent with our broad objective to streamline the type of corporate proposals that require the SC's approval under Section 212 of the CMSA i.e. new entrants to the equity market such as initial listings and back-door listings. Furthermore, such unlisted public companies would still be required to register their prospectuses in relation to securities under Section 232 of the CMSA if an offer is made to persons not exempted under Schedule 6.

#### Proposal 14 – Issue for Consultation

**Are there any concerns in relation to the proposal to exempt proposals by unlisted public companies under Schedule 5 of the CMSA? Please provide your views and reasons on your concerns.**

#### Proposal 15

Description	Provision Reference in CMSA
Equity offerings by listed foreign corporations to "sophisticated investors"	Section 212(2)(a)

1. At present, all equity offerings by listed foreign corporations to investors require approval under Section 212 of the CMSA.
2. To enable fund managers in Malaysia to have a wider access to international offerings and hence promote a more vibrant fund management market, the SC proposes to exempt equity offerings by listed foreign corporations to sophisticated investors namely persons falling under paragraphs 7, 8, 9, 10, 11, 12, 13 or 14 of Schedule 6 from the SC's approval under Section 212 of the CMSA.
3. Nevertheless, for these proposals, an information memorandum is required to be deposited with the SC pursuant to Section 229 of the CMSA.

**Proposal 15 – Issue for Consultation**

**Are there any concerns to exempt the equity offerings by listed foreign corporations to sophisticated investors offerings under Schedule 5 of the CMSA? Please provide your views and reasons on your concerns.**

**Proposal 16**

Description	Provision Reference in the Guidelines
<b>Proposals by a distressed listed corporation</b>	<b>Chapter 8</b>

1. At present, all proposals undertaken by a distressed listed corporation must be approved by the SC.
2. Under the proposed new framework, approval from the SC will be required for corporate proposals undertaken by a distressed listed corporation if the proposal results in a significant change in the business direction or policy of the corporation. This is in line with our regulatory objectives under the new framework to regulate entry of new corporations, new assets and new controlling shareholders into the capital market.

**Proposal 16 – Issue for Consultation**

**Are there any concerns for the SC to regulate proposals by distressed listed corporations only when such proposals result in a significant change in the business direction or policy of the listed corporation? Please provide your views and reasons on your concerns.**

**Proposal 17**

Description	Provision Reference in the Guidelines
<b>Valuation requirements for property investment and property development corporations</b>	<b>New requirement proposed</b>

1. The SC proposes that property investment and property development corporations must appoint an independent valuer to carry out a valuation on all the real estates in such corporations. The valuation and information on these real estates are to be disclosed in the prospectus and other public documents.
2. The requirement to value all real estates and disclose them in the prospectus and public documents is to enable investors to make informed investment decisions.

**Proposal 17 – Issues for Consultation**

- (a) **Is the additional requirement on property investment and property development corporations reasonable? Please provide your views and reasons.**
- (b) **Is the proposal to value all real estates reasonable? Please provide your views and reasons.**

**Proposal 18**

Description	Provision Reference in the Guidelines
<b>Moratorium shares allowed to be utilised for the purpose of price stabilisation mechanism</b>	<b>New requirement proposed</b>

1. The SC proposes a new requirement to facilitate applicants who undertake price stabilisation mechanism as part of their listing schemes.
2. The promoter’s shares which are under moratorium period are allowed to be borrowed by the Stabilising Manager to facilitate over-allotment of shares.
3. For shares that are borrowed, the SC proposes that the Stabilising Manager and the applicant submit a written confirmation that such shares are returned to the promoter and placed in the moratorium account within three market days after the–
  - (a) last day on which the over-allotment option may be exercised; or
  - (b) day on which the over-allotment option is exercised in full,
 whichever is earlier.

**Proposal 18 – Issue for Consultation**

**Is three market days reasonable to facilitate the return of borrowed shares under the price stabilisation mechanism? Please provide your views and reasons.**

#### 4 PROPOSED INTRODUCTION OF REGULATORY FRAMEWORK FOR SPACs

The issues for consultation relate to the following:

- (a) Section 4.1: Proposed IPO requirements;
- (b) Section 4.2: Proposed post-listing requirements prior to completion of a qualifying acquisition;
- (c) Section 4.3: Proposed requirements on a qualifying acquisition; and
- (d) Section 4.4: Proposed Listing Requirements in relation to SPACs.

##### 4.1 Proposed IPO Requirements

###### Proposal 19

Description	Provision Reference in the Guidelines
Provision for incorporation	New requirement

1. To ensure that all Malaysian laws are enforceable on SPACs for investor protection, it is proposed that SPACs seeking listing on Bursa Malaysia be locally incorporated.

**Proposal 19 – Issue for Consultation**

**Do you agree that only locally-incorporated SPACs be allowed listing on Bursa Malaysia? If not, why and what should be the appropriate jurisdiction(s)? Kindly provide reasons for the alternative jurisdiction(s) suggested.**

###### Proposal 20

Description	Provision Reference in the Guidelines
Provisions on offering of securities	New requirement

1. To ensure availability of sufficient funds to facilitate a qualifying acquisition, it is proposed that SPACs raise a minimum of RM150 million at IPO.

**Proposal 20 – Issue for Consultation**

**Is the minimum amount of RM150 million appropriate? Please provide your reasons and, in your view, the appropriate amount, should the amount proposed be considered inappropriate.**

**Proposal 21**

Description	Provision Reference in the Guidelines
Provisions on offering of warrants	New requirement

1. To preserve shareholders’ rights and pro-rata interest in the escrowed funds, it is proposed that SPACs be allowed to issue only shares and warrants at IPO. Warrants issued–
  - (a) may not be exercisable until after the qualifying acquisition has been approved by shareholders, and the exercise proceeds are to be utilised to finance the qualifying acquisition and/or defray related costs; and
  - (b) must expire on the earlier of the maximum tenure under the terms of the warrants issue and the deadline for a qualifying acquisition if no acquisition is completed.

**Proposal 21 – Issue for Consultation**

**Is the proposed holding period and deadline for expiry of warrants appropriate? Please provide your reasons and, in your view, the appropriate period, should the period proposed be considered inappropriate.**

**Proposal 22**

Description	Provision Reference in the Guidelines
Provisions on escrowing of proceeds	New requirement

1. To ensure that sufficient proceeds are available for the qualifying acquisition and also to protect shareholders by limiting their downside risks, it is proposed that a minimum of 90% of the IPO proceeds be deposited in a trust account. The deposit may not be withdrawn unless it is–
  - (a) to be applied towards financing a qualifying acquisition;

- (b) to be returned to shareholders as liquidation proceeds should a qualifying acquisition not be made within the stipulated timeframe; or
  - (c) to fulfill requests for redemption by shareholders who vote against a qualifying acquisition that is subsequently completed.
2. The SPAC may only invest the funds in the trust account into specific permitted investments to be determined by the SC.

**Proposal 22 – Issues for Consultation**

- (a) **Is 90% of the IPO proceeds an appropriate minimum amount to be deposited into the trust account? If not, why and what should be the appropriate amount?**
- (b) **Should the SPAC be permitted to invest the monies in the trust account in securities? If so, why and what should the permitted securities be?**
- (c) **Should the interest from the trust account be allowed to be utilised for the SPAC’s operating expenses subject to disclosure in the prospectus?**

**Proposal 23**

Description	Provision Reference in the Guidelines
<b>Provisions to align interest of management with public investors’</b>	<b>New requirement</b>

1. To ensure the management team’s continued interest in and commitment to the SPAC, it is proposed that the management team holds an aggregate equity interest of at least 10% in the SPAC upon IPO with embedded restriction on voting on the qualifying acquisition and participating in liquidation distribution.

**Proposal 23 – Issue for Consultation**

**Is 10% equity interest an appropriate minimum amount to be held by the management team? Please provide your reasons and, in your view, the appropriate threshold for the management team’s shareholdings, should the threshold proposed be considered inappropriate.**

**Proposal 24**

Description	Provision Reference in the Guidelines
Provisions on moratorium on disposal of shares	New requirement

1. To ensure the management team’s continued participation in and commitment to the SPAC, it is proposed that the management team places its entire shareholdings upon listing under moratorium where the shares are to be released in stages within 2 years after the completion of a qualifying acquisition.

**Proposal 24 – Issue for Consultation**

Do you agree with the proposal for the shareholdings under moratorium to be released in stages within 2 years after the completion of the qualifying acquisition? Please provide your reasons and, in your view, the appropriate timeframe for release, should the timeframe proposed be considered inappropriate.

**4.2 Proposed Post-Listing Requirements Prior to Completion of a Qualifying Acquisition**

**Proposal 25**

Description	Provision Reference in the Guidelines
Provisions on compensation arrangements	New requirement

1. To ensure that the management team is not prematurely rewarded and to prevent dilution of shareholders’ interests prior to completion of a qualifying acquisition, it is proposed that security-based compensation arrangements for the management team be prohibited prior to completion of the qualifying acquisition, after which shareholder approval will be required.

**Proposal 25 – Issue for Consultation**

Do you agree with the restriction on security-based compensation arrangements for the management team? Please provide your views and reasons.

**Proposal 26**

Description	Provision Reference in the Guidelines
Provisions on additional financing	New requirement

1. To curtail dilution of shareholders’ interest prior to completion of a qualifying acquisition and to prevent alteration of the shareholders’ pro-rata share of the proceeds held in the trust account, it is proposed that a SPAC be prohibited from obtaining any form of debt financing or issuing any securities unless by way of a rights issue of shares until the completion of the qualifying acquisition.

**Proposal 26 – Issues for Consultation**

(a) Do you agree with the general prohibition on SPACs from sourcing any form of debt or equity financing prior to the completion of a qualifying acquisition? If not, why?

(b) Do you agree that a rights issue of shares is the most appropriate avenue for a SPAC to raise additional funds prior to the completion of a qualifying acquisition? If not, why and what would be the appropriate means to do so?

**4.3 Proposed Requirements on a Qualifying Acquisition**

**Proposal 27**

Description	Provision Reference in the Guidelines
Provisions on aggregate fair market value of a qualifying acquisition	New requirement

1. To ensure that a sizeable asset/business is acquired to sustain SPACs’ listing status and the bulk of the IPO proceeds is applied for SPACs’ intended purpose, it is proposed that the businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount deposited in the trust account. In other words, at least 80% of the amount held in the trust account must be utilised for the purpose of the qualifying acquisition.

**Proposal 27 – Issue for Consultation**

Do you agree with the minimum threshold of 80%? Please provide your reasons and, in your view, what would be an appropriate threshold to impose, should the threshold proposed be considered inappropriate.

**Proposal 28**

Description	Provision Reference in the Guidelines
Provisions on timeframe for completion of qualifying acquisition	New requirement

1. To ensure that the management team efficiently seeks out potential acquisition targets, it is proposed that a SPAC completes its qualifying acquisition within 30 months from the close of its public offering, or 36 months if it enters into a letter of intent, agreement in principle or definitive agreement with a prospective target and obtains shareholders’ approval to extend the timeframe to 36 months.

**Proposal 28 – Issue for Consultation**

**Is the timeframe imposed appropriate? Please provide your reasons and, in your view, what would be a suitable timeframe, should the timeframe proposed be considered inappropriate.**

**Proposal 29**

Description	Provision Reference in the Guidelines
Provisions on approval for qualifying acquisition	New requirement

1. Public shareholders who vote against a qualifying acquisition that is subsequently completed would be allowed to redeem their shares for a pro rata portion of the SPAC’s escrowed funds. To ensure that there are sufficient funds for the acquisition of a sizeable asset/business after setting aside the requisite amounts to be refunded to dissenting shareholders, it is proposed that SPACs be prohibited from consummating the qualifying acquisition should more than 20% of its public shareholders vote against the qualifying acquisition.

**Proposal 29 – Issue for Consultation**

**Do you agree that a SPAC be required to abort the proposed qualifying acquisition if more than 20% of its public shareholders vote against the qualifying acquisition? Please provide your reasons and, in your view, what would be a suitable threshold, should the threshold proposed be considered inappropriate.**

#### 4.4 Proposed Listing Requirements in Relation to SPACs

##### Proposal 30

Description	Provision Reference in the Listing Requirements
Provisions on reporting requirement	New requirement

1. Given that a SPAC which has not completed a qualifying acquisition may not have active business activities, we do not intend to require such a SPAC to submit its financial report to Bursa Malaysia on a quarterly basis.
2. Instead, we propose that such a SPAC be required to announce its unaudited or audited financial statements on a consolidated basis within two months after the close of the half year of the SPAC's financial year (Half-Year Report). The contents of the Half-Year Report will be similar to the quarterly report of a listed issuer, including a statement on whether there is any abnormal circumstance that has affected or will affect the business and financial position of the SPAC.

##### Proposal 30 – Issues for Consultation

- (a) Do you agree with the proposal to disapply the quarterly reporting requirement and only require a Half-Year Report from a SPAC which has not completed a qualifying acquisition? Please provide your reasons.
- (b) Are there any other information which you think a SPAC should include in its Half-Year Report? If yes, what are they and why?

##### Proposal 31

Description	Provision Reference in the Listing Requirements
Provisions on additional disclosure requirements	New requirement

1. To ensure that the public shareholders are duly informed of any material development involving a SPAC, we propose to impose additional disclosure requirements on a SPAC.
2. Besides the existing disclosure requirements under Chapter 9 of the Listing Requirements which will be made applicable to a SPAC, a SPAC is required to immediately announce to Bursa Malaysia upon the occurrence of the following:

- (a) Any material change to the information disclosed in the prospectus including the change of custodian of its trust account or any change in the permitted investments; and
- (b) Upon the SPAC becoming aware that it will not be able to complete its qualifying acquisition within the 30 or 36 month period, including the relevant steps taken to complete within the deadline and the reasons for the inability to complete its qualifying acquisition.

**Proposal 31 – Issue for Consultation**

**Are there any other additional disclosure requirements which you think should be imposed on a SPAC? If yes, what are they and why?**

**Proposal 32**

Description	Provision Reference in the Listing Requirements
Provisions on the disapplication of other continuing listing obligations on a SPAC which has not completed a qualifying acquisition	New requirement

1. Upon completion of a qualifying acquisition, a SPAC will be treated as a normal listed issuer and is subjected to the same continuing listing obligations as those applicable to other listed issuers.
2. However, before a SPAC completes a qualifying acquisition, it does not have an operating business like other listed issuers. Hence, it may not be appropriate to subject such a SPAC to the full continuing listing obligations currently imposed on a listed issuer.
3. As such, we propose to disapply certain continuing listing obligations or modify the existing listing requirements to a SPAC which has not completed a qualifying acquisition. All other continuing listing obligations, apart from those mentioned below, are proposed to be applicable and these include minimum public spread and corporate governance requirements. The proposed modifications are as follows:
  - (a) Part F of Chapter 8: Sponsorship of American Depository Receipt (ADR) or a Global Depository Receipt (GDR)

ADR and GDR are not applicable to a SPAC which has not completed a qualifying acquisition. As such, the entire Part F of Chapter 8 of the Listing Requirements which is in relation to an ADR and GDR is not relevant and we propose to disapply this Part F to a SPAC which has not completed a qualifying acquisition.

(b) Paragraph 8.23: Provision of financial assistance

For investors’ protection, a SPAC which has not completed a qualifying acquisition is not allowed to provide any financial assistance to any third party. As such, we propose to disapply paragraph 8.23 of the Listing Requirements which allows a listed issuer to provide financial assistance to certain category of persons unless prohibited under the law, to a SPAC which has not completed a qualifying acquisition. We will further clarify in the Listing Requirements that such a SPAC is not allowed to provide any financial assistance to any other persons.

(c) Chapter 12 : Share Buy-Backs

We propose to disallow a SPAC which has yet to complete a qualifying acquisition from undertaking share buy-backs. The IPO proceeds should be conserved for purposes of a qualifying acquisition by SPAC.

**Proposal 32 – Issue for Consultation**

- (a) Do you agree that a SPAC which has completed a qualifying acquisition should be subjected to similar continuing listing obligations imposed on other listed issuers?
- (b) Do you agree with the proposal to disapply or modify certain post listing obligations or listing requirements for a SPAC which has not completed a qualifying acquisition as mentioned in paragraphs 3(a) and 3(c) above?
- (c) Is there any additional continuing listing obligation which you think should be imposed on or exempted for a SPAC–
  - (i) which has completed a qualifying acquisition?
  - (ii) which has not completed a qualifying acquisition?

Please state the reasons for your answer.

**Proposal 33**

Description	Provision Reference in the Listing Requirements
Provisions on related party transaction	New requirement

1. Under the Listing Requirements, "related party" means a director, major shareholder or person connected with such director or major shareholder. On the other hand, the SPAC's management team includes also persons other than the "related party" of the Listing Requirements i.e. a chief financial officer, chief operating officer and any other person primarily responsible for the operations or financial management of a SPAC.
2. As such, there may be circumstances where a qualifying acquisition involves the interest of the management team member who is not considered a related party within the ambit of the current Listing Requirements.
3. In view of the critical roles played by the management team in a SPAC, we propose to extend the definition of "related party" to include all members of a management team for a SPAC. This means, any transaction undertaken by a SPAC (including a qualifying acquisition) which involves the interest, direct or indirect, of its management team member, will be subjected to the related party transaction requirements under Chapter 10 Part E of the Listing Requirements.

**Proposal 33 – Issue for Consultation**

**Do you agree that a transaction involving the interest, direct or indirect, of its management team member, should be subjected to the related party transaction requirements under Chapter 10 of the Listing Requirements? Please provide your reasons.**

## EXTRACTS OF THE RELEVANT EXISTING GUIDELINES/CMSA

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA									
<p><b><u>Proposal 1</u></b>  <b>Profit track record test</b></p>	<p><b>5.03 An applicant must satisfy one of the following tests:</b></p> <p><b>(a) Profit Track Record Test</b></p> <p><b>(i) Profit track record</b></p> <p>The applicant (either at the company or group level) must have an uninterrupted profit track record of three to five full financial years based on audited financial statements prior to submission to the SC, with the following amounts of profits:</p> <table border="1" data-bbox="671 869 1382 1178"> <thead> <tr> <th data-bbox="671 869 922 913">Board of listing</th> <th data-bbox="922 869 1126 913">Main Board</th> <th data-bbox="1126 869 1382 913">Second Board</th> </tr> </thead> <tbody> <tr> <td data-bbox="671 913 922 1066">Aggregate after-tax profit over 3 to 5 financial years</td> <td data-bbox="922 913 1126 1066">At least RM30 million</td> <td data-bbox="1126 913 1382 1066">At least RM12 million</td> </tr> <tr> <td data-bbox="671 1066 922 1178">After-tax profit for the most recent financial year</td> <td data-bbox="922 1066 1126 1178">At least RM8 million</td> <td data-bbox="1126 1066 1382 1178">At least RM4 million</td> </tr> </tbody> </table> <p><i>Note: Government-owned companies are exempted from the requirement for "uninterrupted" profit track record. A Government-owned company is defined as a company in which the Minister of Finance, by virtue of the Minister of Finance (Incorporation) Act 1957, holds a "Golden Share" at the point of listing, and has equity ownership of more than 50% held directly or indirectly.</i></p> <p><b>(ii) Proforma accounts</b></p> <p>Where a group of companies is seeking listing, at least one company (which is the qualifying company) within the group must fulfil the profit track record requirements. If no company is able to fulfil the profit track record requirements, listing based on the strength of the group's proforma accounts may be considered provided that the companies within the group which collectively fulfil the profit track record requirements—</p> <ul style="list-style-type: none"> <li>• are involved in the same core business;</li> <li>• have common directors; and</li> </ul>	Board of listing	Main Board	Second Board	Aggregate after-tax profit over 3 to 5 financial years	At least RM30 million	At least RM12 million	After-tax profit for the most recent financial year	At least RM8 million	At least RM4 million
Board of listing	Main Board	Second Board								
Aggregate after-tax profit over 3 to 5 financial years	At least RM30 million	At least RM12 million								
After-tax profit for the most recent financial year	At least RM8 million	At least RM4 million								

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
<p><b>Proposal 2</b>  <b>Market capitalisation/ profit test</b></p>	<ul style="list-style-type: none"> <li>• have common controlling shareholders, over the profit track record period.</li> </ul> <p><b>(iii) Operating history</b></p> <p>The applicant or the qualifying company (in the case where the qualifying company is used by the applicant for the purpose of meeting the profit track record requirements) must have been incorporated and operating in the same core business during the profit track record period prior or longer to submission to the SC. Where listing is sought based on the strength of group proforma accounts, the company which is the single largest contributor to the profits of the group on an average basis for the past three full financial years must satisfy these requirements.</p> <p><b>(b) Market Capitalisation/Profit Test</b></p> <p><b>(i) Board of listing</b></p> <p>The applicant must be seeking listing on the Main Board of Bursa Securities.</p> <p><b>(ii) Market capitalisation</b></p> <p>The applicant’s ordinary or voting shares must have a total market capitalisation of at least RM500 million based on the offer price as stated in the prospectus and the enlarged issued and paid-up share capital upon listing.</p> <p><b>(iii) Profit record</b></p> <p>The applicant must have an after-tax profit of at least RM30 million based on audited financial statements for the most recent full financial year prior to submission to the SC.</p> <p><b>(iv) Proforma accounts</b></p> <p>Where a group of companies is seeking listing, at least one company (which is the qualifying company) within the group must be able to fulfil the profit requirement. If no company is able to fulfil the profit requirement, listing based on the strength of the group’s proforma accounts may be considered</p>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
<p><b><u>Proposal 3</u></b>  <b>Operating history under market capitalisation/ profit test</b></p>	<p>provided that the companies within the group which collectively fulfil the profit requirement–</p> <ul style="list-style-type: none"> <li>• are involved in the same core business;</li> <li>• have common directors; and</li> <li>• have common controlling shareholders,</li> </ul> <p>over a minimum period of three full financial years prior to submission to the SC.</p> <p><b><i>(v) Operating history</i></b></p> <p>The applicant or the qualifying company (in the case where the qualifying company is used by the applicant for the purpose of meeting the profit requirement) must have been incorporated and operating in the same core business for at least three full financial years prior to submission to the SC. Where listing is sought based on the strength of group proforma accounts, the company which is the single largest contributor to the profits of the group for the most recent financial year must satisfy these requirements.</p>
<p><b><u>Proposal 4</u></b>  <b>Balloting</b></p>	<p>5.22 An applicant is required to, as part of its listing scheme, undertake an offering of securities to the general public. In relation to this, the shares offered under the (balloted) public offer portion should constitute at least–</p> <ul style="list-style-type: none"> <li>(a) 5% of the applicant’s enlarged issued and paid-up capital or an aggregate of RM3 million in nominal value, whichever is the higher, for applicants with an enlarged issued and paid-up capital size of below RM200 million in nominal value; or</li> <li>(b) 2% of the applicant’s enlarged issued and paid-up capital or an aggregate of RM10 million in nominal value, whichever is the higher, for applicants with an enlarged issued and paid-up capital size of RM200 million and above in nominal value.</li> </ul>
<p><b><u>Proposal 5</u></b>  <b>Underwriting</b></p>	<p>5.38 Underwriting arrangements must be in place before the offering of securities is made, except for those securities for which–</p>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
	<ul style="list-style-type: none"> <li>(a) allocations have been made to Bumiputera investors to comply with the NDP requirements;</li> <li>(b) certain shareholders or investors have given written irrevocable undertakings to subscribe; or</li> <li>(c) the offering is made via a book-building exercise.</li> </ul>
<p><b><u>Proposal 6</u></b>  <b>Moratorium on disposal of shares</b></p>	<p>5.42 A moratorium should be imposed on the disposal of ordinary or voting shares held by the promoters of all applicants, as follows:</p> <ul style="list-style-type: none"> <li>(a) For applicants seeking listing under the infrastructure project company test, the promoters should not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up share capital of the applicant at the date of admission for one year from the date of admission of the applicant to Bursa Securities. This moratorium on disposal of shares should continue to be in force until the infrastructure project has generated one full financial year of operating revenue based on audited financial statements. Once the infrastructure project has generated one full financial year of operating revenue, the promoters may then sell, transfer or assign up to a maximum of 50% per annum (on a straight-line basis) of their respective shareholdings under moratorium upon obtaining written approval of the SC.</li> <li>(b) For all other listing applicants, the promoters should not be allowed to sell, transfer or assign their entire shareholdings in the applicant at the date of admission for six months from the date of admission of the applicant to Bursa Malaysia.</li> </ul>
<p><b><u>Proposal 7</u></b>  <b>Additional requirements for the listing of specific corporations</b></p>	<p>5.46 The following types of applicants are allowed to seek listing only on the Main Board of Bursa Securities:</p> <ul style="list-style-type: none"> <li>(a) Property development companies, property investment companies, construction companies, financial services companies, trading/retailing companies, shipping/transportation companies or infrastructure project companies; and</li> <li>(b) Applicants with predominantly foreign-based operations.</li> </ul>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
	<p>5.47 For the purpose of paragraph 5.46 above,–</p> <p>(a) the following entities would be considered as financial services companies:</p> <ul style="list-style-type: none"> <li>(i) Banking institutions;</li> <li>(ii) Insurance companies;</li> <li>(iii) Stockbroking companies;</li> <li>(iv) Venture capital companies;</li> <li>(v) Asset/fund management companies;</li> <li>(vi) Unit trust management companies;</li> <li>(vii) Discount houses; and</li> <li>(viii) Any other businesses which the SC may specify as financial services companies.</li> </ul> <p>(b) “predominantly foreign-based operations” means a situation where–</p> <ul style="list-style-type: none"> <li>(i) in the case of an applicant seeking listing under the profit track record test, the after-tax profits of the applicant derived from assets and/or operations held outside Malaysia are higher than the after-tax profits derived from assets and/or operations held within Malaysia for the past three full financial years (on an average basis) and/or for the latest full financial year;</li> <li>(ii) in the case of an applicant seeking listing under the market capitalisation/profit test, the after-tax profits of the applicant derived from assets and/or operations held outside Malaysia are higher than the after-tax profits derived from assets and/or operations held within Malaysia for the latest full financial year; or</li> <li>(iii) in the case of an applicant with core business in infrastructure projects, the majority of the infrastructure projects are located outside Malaysia.</li> </ul>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
	<p style="text-align: center;"><b><i>Property Development Companies</i></b></p> <p>5.48 An applicant whose core business is in property development should be a reputable property development company and should, at the time of submission to the SC, have sufficient ongoing and planned property development projects to sustain development and profitability over a period of at least five years after listing.</p> <p style="text-align: center;"><b><i>Property Investment Companies</i></b></p> <p>5.49 An applicant whose core business is in property investment must comply with the following additional requirements at the time of submission to the SC:</p> <ul style="list-style-type: none"> <li>(a) The lettable floor area of the investment properties held must be at least 50% occupied/tenanted;</li> <li>(b) The applicant must have majority ownership of the investment properties held (or majority shareholding in the company which holds the investment properties) to enable the exercise of effective control over the investment properties. In the case of strata units, the applicant must hold more than 50% of the share units of all the parcels in the subdivided building; and</li> <li>(c) There must be mitigation of concentration risks through the diversity of the investment property portfolio held or the tenant mix.</li> </ul> <p>5.50 In justifying and demonstrating the prospects of its business, the applicant must take into consideration the quality of the location/building/site of the investment properties held, the quality of tenants and the remaining length of tenancy agreements outstanding.</p> <p style="text-align: center;"><b><i>Construction Companies</i></b></p> <p>5.51 An applicant whose core business is in construction should be a reputable construction company and should, at the time of submission to the SC, have sufficient contracts-in-hand secured from non-related parties to sustain a reasonable level of profits for at least three years after listing.</p>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
	<p style="text-align: center;"><i>Trading/Retailing Companies</i></p> <p>5.52 An applicant whose core business is in trading/retailing should have sizeable operations dealing in a broad base of products.</p>
<p><b>Proposal 8</b> <b>Additional requirements for the listing of IPCs-Offer for Sale</b></p>	<p>5.54 An applicant seeking listing under the infrastructure project company test is not allowed to undertake an offering of securities by way of offer for sale and/or restricted offer for sale, unless the infrastructure project has generated two consecutive full financial years of operating revenue based on audited financial statements prior to submission to the SC.</p>
<p><b>Proposal 9</b> <b>Additional requirements for the listing of foreign corporations</b></p>	<p>5.61 The applicant must prepare its financial statements and reports in accordance with the approved accounting standards as defined in the <i>Financial Reporting Act 1997</i>, which include the International Accounting Standards. In this regard, a professional accountant qualified under the <i>Accountants Act 1967</i> and an international accounting firm must confirm that the applicant's financial statements comply with the said approved accounting standards.</p>
<p><b>Proposal 10</b> <b>Secondary listings of foreign corporations on Bursa Malaysia</b></p>	<p>5.68 In addition to complying with all the requirements for the listing of foreign corporations as set out in paragraphs 5.55 to 5.67, a foreign corporation seeking a secondary listing on Bursa Securities must comply with the following requirements:</p> <ul style="list-style-type: none"> <li>(a) The applicant must already have a primary listing on a foreign stock exchange (hereinafter referred to as the "home exchange");</li> <li>(b) The applicant must fully comply with the listing rules of its home exchange;</li> <li>(c) The applicant's home exchange must be a member of World Federation of Exchanges and must have standards of disclosure rules at least equivalent to those of Bursa Securities;</li> <li>(d) The applicant's ordinary or voting shares must have a total market capitalisation of at least the equivalent of RM1 billion on its home exchange at the time of application for secondary listing on Bursa Securities; and</li> </ul>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
	<p>(e) The applicant must have an after-tax profit of at least the equivalent of RM60 million based on the audited financial statements for the most recent full financial year prior to the submission of the listing application.</p>
<p><b>Proposal 11</b>  <b>Definition for “significant change in the business direction or policy of a listed corporation”</b></p>	<p>“Significant change in the business direction or policy of a listed corporation” means a situation where a listed company undertakes–</p> <ul style="list-style-type: none"> <li>(a) an acquisition of assets such that any one of the percentage ratios is equal to or exceeds 100%, except for an acquisition of current assets or property, plant, machinery and equipment that are used for the existing core business of the listed company;</li> <li>(b) a disposal of assets such that any one of the percentage ratios is equal to or exceeds 100%;</li> <li>(c) an acquisition or a disposal of assets which results in a change in the core business of the listed company within 12 months of the completion of the transaction;</li> <li>(d) an acquisition of assets which results in a change in the controlling shareholder of the listed company;</li> <li>(e) an acquisition of assets which results in a change in the board of directors of the listed company;</li> <li>(f) a restructuring exercise involving the acquisition of the listed company by another company together with the transfer of the listed company’s listing status and the introduction of new assets to the other company; or</li> <li>(g) a restructuring exercise involving the disposal of assets and the transfer of listing status by the listed company to another company.</li> </ul>
<p><b>Proposal 12</b>  <b>Profit track record requirements on “significant change in the business direction or policy of a listed corporation”</b></p>	<p>7.14 For acquisition of assets other than infrastructure project assets and specific assets, which results in a change in the core business, controlling shareholder or board of directors of the listed company, the assets must satisfy one of the following tests:</p> <ul style="list-style-type: none"> <li>(a) <b>Aggregate profit test</b> <ul style="list-style-type: none"> <li>(i) <i>For acquisition of Malaysian-based assets</i></li> </ul> <p>The assets must–</p> </li> </ul>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA						
	<ul style="list-style-type: none"> <li>• have an uninterrupted profit track record of three full financial years based on audited financial statements prior to submission to the SC, with the following amount of profit:</li> </ul> <table border="1" data-bbox="646 548 1385 757" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th data-bbox="646 548 887 645">Acquisition by</th> <th data-bbox="887 548 1131 645">Main Board listed companies</th> <th data-bbox="1131 548 1385 645">Second Board listed companies</th> </tr> </thead> <tbody> <tr> <td data-bbox="646 645 887 757">Aggregate after-tax profit over 3 financial years</td> <td data-bbox="887 645 1131 757">At least RM18 million</td> <td data-bbox="1131 645 1385 757">At least RM8 million</td> </tr> </tbody> </table> <p style="text-align: center;">; and</p> <ul style="list-style-type: none"> <li>• fulfil the requirements of subparagraphs 5.03(a)(ii) and (iii) of Chapter 5.</li> </ul> <p><b>(ii) For acquisition of foreign-based assets</b></p> <p>The assets must–</p> <ul style="list-style-type: none"> <li>• have an uninterrupted profit track record of three (3) full financial years based on audited financial statements prior to submission to the SC, with an aggregate after-tax profit of at least RM18 million over the said period; and</li> <li>• fulfil the requirements of subparagraphs 5.03(a)(ii) and (iii) of Chapter 5.</li> </ul> <p><b>(b) Latest profit test</b></p> <p>The assets must fulfil the requirements of subparagraphs 5.03(b)(iii), (iv) and (v) of Chapter 5.</p>	Acquisition by	Main Board listed companies	Second Board listed companies	Aggregate after-tax profit over 3 financial years	At least RM18 million	At least RM8 million
Acquisition by	Main Board listed companies	Second Board listed companies					
Aggregate after-tax profit over 3 financial years	At least RM18 million	At least RM8 million					
<p><b><u>Proposal 13</u></b>  <b>Moratorium period on disposal of securities for an acquisition of assets which results in the significant change in the</b></p>	<p>7.21 Where the acquisition of assets results in a change in the controlling shareholder or board of directors of the listed company, a moratorium is to be imposed on the disposal of the consideration securities received by the vendor of the assets, as follows:</p> <p>(a) For acquisition of infrastructure project assets which do not satisfy the aggregate profit test under subparagraph 7.14(a) or the latest profit test under subparagraph 7.14(b), the vendor will not be allowed to sell, transfer or assign 50% of the consideration securities for one year</p>						

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
<p><b>business direction or policy of a listed corporation</b></p>	<p>from the date the securities are listed on Bursa Securities or from the date of issue if the securities are unlisted. This moratorium on disposal of securities will continue to be in force until the infrastructure project assets have generated one full financial year of operating revenue based on audited financial statements. Once the infrastructure project assets have generated one full financial year of operating revenue, the vendor may then sell, transfer or assign up to a maximum of 50% per annum (on a straight-line basis) of the securities under moratorium upon obtaining written approval of the SC; and</p> <p>(b) For all other acquisitions of assets, the vendor will not be allowed to sell, transfer or assign 50% of the consideration securities for one year from the date the securities are listed on Bursa Securities or from the date of issue if the securities are unlisted.</p>
<p><b><u>Proposal 14</u></b>  <b>Proposals by unlisted public companies</b></p>	<p>2.03 In general,–</p> <p>(a) the provisions in Chapters 6, 7, 8 and 9 are not applicable to proposals by foreign corporations having a secondary listing on Bursa Securities; and</p> <p>(b) the provisions in Chapters 5, 6, 7, 8 and 9 are not applicable to proposals by unlisted public companies (excluding proposals for listing). All proposals by unlisted public companies will be considered by the SC on a case-by-case basis. In considering such proposals, the SC will have regard to the applicable general principles as outlined in paragraph 1.04 of Chapter 1.</p>
<p><b><u>Proposal 15</u></b>  <b>Equity offerings by listed foreign corporations to “sophisticated investors”</b></p>	<p>212(2) This section applies to a person who proposes to do any of the following:</p> <p>(a) make available, offer for subscription or purchase, or issue an invitation to subscribe for or purchase securities in Malaysia;</p>

REFERENCE	EXTRACT OF EXISTING EQUITY GUIDELINES/CMSA
<p><b><u>Proposal 16</u></b>  <b>Proposals by distressed listed corporations</b></p>	<p>8.01 In addition to complying with all the applicable requirements of these guidelines for the specific proposals being undertaken, all proposals by a distressed listed company must comply with the following requirements:</p> <ul style="list-style-type: none"> <li>(a) The proposal must be sufficiently comprehensive and capable of resolving all problems, financial or otherwise, faced by the listed company and must enable the company to regularise its condition such that it will cease to be classified as an "Affected Listed Issuer" under the Listing Requirements of Bursa Securities;</li> <li>(b) The listed company must justify and demonstrate that the proposal is fair and reasonable to the company and its shareholders and will increase shareholder value; and</li> <li>(c) Where assets are to be injected as part of a restructuring proposal, such assets must be able to provide immediate and sustainable contributions to the listed company's profit and cash flow.</li> </ul> <p>8.02 In exceptional cases, the SC may allow an interim proposal by a distressed listed company which does not fulfil the requirements of subparagraph 8.01(a), such as a disposal of assets which falls within the ambit of Chapter 7. As the SC views such proposal as being transitory in nature, the distressed listed company must declare to the SC the interim status of the proposal. In such cases, the SC may approve the proposal subject to the condition that the distressed listed company submits a comprehensive proposal which will fulfil the requirements of paragraph 8.01 within the time-frame as stipulated in the Listing Requirements of Bursa Securities. A distressed listed company may only undertake one such interim proposal.</p>

**COMMENTS TO ISSUES RAISED IN THE CONSULTATION PAPER  
ON THE PROPOSED CHANGES TO THE EQUITY GUIDELINES  
(EXCLUDING SPACs)**

Regulatory Services (Primary Markets)  
Office of the General Counsel  
Securities Commission Malaysia  
3 Persiaran Bukit Kiara  
50490 Kuala Lumpur  
Electronic mail: [feedback@seccom.com.my](mailto:feedback@seccom.com.my)  
Facsimile: +603-6201 5218

NAME OF RESPONDENT :

CONTACT PERSON AND CONTACT NUMBER :

EMAIL ADDRESS :

No.	ISSUES	REMARKS
1.	<p><b>Proposal 1</b></p> <p>Is the entry requirement under the profit track record test appropriate?</p>	
2.	<p><b>Proposal 2</b></p> <p>Do you agree with the removal of the profit requirement for the latest financial year of RM30 million?</p>	
3.	<p><b>Proposal 3</b></p> <p>Are there any concerns on the removal of the requirement to have three years of operating history in the same core business for listings under the market capitalisation route?</p>	
4.	<p><b>Proposal 4</b></p> <p>Are there any concerns on having balloting at the option of the issuers and their principal advisers?</p>	

No.	ISSUES	REMARKS
5.	<p><b>Proposal 5</b></p> <p>Are there any concerns on allowing underwriting arrangements to be optional and at the discretion of the issuers and their principal advisers?</p>	
6.	<p><b>Proposal 6</b></p> <p>Are the moratorium periods proposed reasonable?</p>	
7.	<p><b>Proposal 7</b></p> <p>Are there any concerns in removing the specific requirements for corporations involved in activities such as property development, property investment, construction and retail/trading?</p>	
8.	<p><b>Proposal 8</b></p> <p>Are there any concerns in reducing the tenure of operating revenue from two consecutive full financial years to one full financial year before allowing the promoters to undertake an offer for sale of securities in an IPC at its initial listing?</p>	
9.	<p><b>Proposal 9</b></p> <p>Are there any concerns in widening the scope for recognised qualified accountants?</p>	
10.	<p><b>Proposal 10</b></p> <p>Are there any concerns in removing the quantitative requirements for secondary listings of foreign corporations on Bursa Malaysia?</p>	

No.	ISSUES	REMARKS
11.	<p><b>Proposal 11</b></p> <p>Are there any concerns for the proposed definition for "significant change in the business direction or policy of a listed corporation"?</p>	
12.	<p><b>Proposal 12</b></p> <p>Do you agree with the proposed profit track record requirement for an acquisition of asset which results in a significant change in the business direction or policy of the listed corporation?</p>	
13.	<p><b>Proposal 13</b></p> <p>Are there any concerns on the proposed streamlining of the moratorium period on disposal of consideration securities imposed on vendor(s) in relation to an acquisition of assets which results in a significant change in the business direction or policy of a listed corporation?</p>	
14.	<p><b>Proposal 14</b></p> <p>Are there any concerns in relation to the proposal to exempt proposals by unlisted public companies under Schedule 5 of the CMSA?</p>	
15.	<p><b>Proposal 15</b></p> <p>Are there any concerns to exempt the equity offerings by listed foreign corporations to sophisticated investors offerings under Schedule 5 of the CMSA?</p>	

No.	ISSUES	REMARKS
16.	<p><b>Proposal 16</b></p> <p>Are there any concerns for the SC to regulate proposals by distressed listed corporations only when such proposals result in a significant change in the business direction or policy of the listed corporation?</p>	
17.	<p><b>Proposal 17</b></p> <p>(a) Is the additional requirement on property investment and property development corporations reasonable?</p> <p>(b) Is the proposal to value all real estates reasonable?</p>	
18.	<p><b>Proposal 18</b></p> <p>Is three market days reasonable to facilitate the return of borrowed shares under the price stabilisation mechanism?</p>	

**COMMENTS TO ISSUES RAISED IN THE CONSULTATION PAPER  
ON THE PROPOSED FRAMEWORK FOR SPACS**

**Regulatory Services (Primary Markets)**  
**Office of the General Counsel**  
**Securities Commission Malaysia**  
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**Electronic mail: [feedback@seccom.com.my](mailto:feedback@seccom.com.my)**  
**Facsimile: +603-6201 5218**

**NAME OF RESPONDENT :**

**CONTACT PERSON AND CONTACT NUMBER :**

**EMAIL ADDRESS :**

No.	ISSUES	REMARKS
1.	<p><b>Proposal 19</b></p> <p>Do you agree that only locally-incorporated SPACs be allowed listing on Bursa Malaysia?</p>	
2.	<p><b>Proposal 20</b></p> <p>Is the minimum amount of RM150 million appropriate?</p>	
3.	<p><b>Proposal 21</b></p> <p>Is the proposed holding period and deadline for expiry of warrants appropriate?</p>	
4.	<p><b>Proposal 22</b></p> <p>(a) Is 90% of the IPO proceeds an appropriate minimum amount to be deposited into the trust account?</p>	

No.	ISSUES	REMARKS
	<p>(b) Should the SPAC be permitted to invest the monies in the trust account in securities?</p> <p>(c) Should the interest from the trust account be allowed to be utilised for the SPAC's operating expenses subject to disclosure in the prospectus?</p>	
5.	<p><b>Proposal 23</b></p> <p>Is 10% equity interest an appropriate minimum amount to be held by the management team?</p>	
6.	<p><b>Proposal 24</b></p> <p>Do you agree with the proposal for the shareholdings under moratorium to be released in stages within 2 years after the completion of the qualifying acquisition?</p>	
7.	<p><b>Proposal 25</b></p> <p>Do you agree with the restriction on security-based compensation arrangements for the management team?</p>	
8.	<p><b>Proposal 26</b></p> <p>(a) Do you agree with the general prohibition on SPACs from sourcing any form of debt or equity financing prior to the completion of a qualifying acquisition?</p> <p>(b) Do you agree that a rights issue of shares is the most appropriate avenue for a SPAC to raise additional funds prior to the completion of a qualifying acquisition?</p>	

No.	ISSUES	REMARKS
9.	<p><b>Proposal 27</b></p> <p>Do you agree with the minimum threshold of 80%?</p>	
10.	<p><b>Proposal 28</b></p> <p>Is the timeframe imposed appropriate?</p>	
11.	<p><b>Proposal 29</b></p> <p>Do you agree that a SPAC be required to abort the proposed qualifying acquisition if more than 20% of its public shareholders vote against the qualifying acquisition?</p>	
12.	<p><b>Proposal 30</b></p> <p>(a) Do you agree with the proposal to disapply the quarterly reporting requirement and only require a Half-Year Report from a SPAC which has not completed a qualifying acquisition?</p> <p>(b) Are there any other information which you think a SPAC should include in its Half-Year Report?</p>	
13.	<p><b>Proposal 31</b></p> <p>Are there any other additional disclosure requirements which you think should be imposed on a SPAC?</p>	
14.	<p><b>Proposal 32</b></p> <p>(a) Do you agree that a SPAC which has completed a qualifying acquisition should be subjected to similar continuing listing obligations imposed on other listed issuers?</p>	

No.	ISSUES	REMARKS
	<p>(b) Do you agree with the proposal to disapply or modify certain post listing obligations or listing requirements for a SPAC which has not completed a qualifying acquisition as mentioned in paragraphs 3(a) and 3(c) above?</p> <p>(c) Is there any additional continuing listing obligation which you think should be imposed on or exempted for a SPAC–</p> <p>(i) which <u>has</u> completed a qualifying acquisition?</p> <p>(ii) which <u>has not</u> completed a qualifying acquisition?</p>	
15.	<p><b>Proposal 33</b></p> <p>Do you agree that a transaction involving the interest, direct or indirect, of its management team member, should be subjected to the related party transaction requirements under Chapter 10 of the Listing Requirements?</p>	