

P R E S S R E L E A S E

Revision to Share holding Spread Requirements for Listing

- 1 The Securities Commission (SC) wishes to announce that it has revised the requirements on shareholding spread for listing on Kuala Lumpur Stock Exchange (KLSE) as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities (Issues Guidelines). The revision is part of the SC's on-going exercise in the review of the Issues Guidelines for the orderly development of the Malaysian capital market. It is part of the SC's plan to undertake a full review of the Issues Guidelines during the second quarter of the year. To ensure that the shareholding spread requirements remain relevant, the SC has, in consultation with KLSE and financial advisers, decided to accelerate this review and adopt the revised requirements now instead of having them as part of the overall review of the Issues Guidelines. The revised requirements will simplify the share-allocation process of initial public offerings (IPOs) and bring the SC's requirements in line with practices in other markets.
- 2 The revised shareholding spread requirements are as follows:-

	Existing requirements	Revised requirements						
Listing on Main Board	<ul style="list-style-type: none"> ● At least 25% of the issued and paid-up capital is in the hands of the public. ● At least a minimum percentage or a minimum amount (whichever is the greater) of the issued and paid-up capital is held by not less than 500 shareholders holding not more than 10,000 shares each and not less than 500 shares each, as follows:- <table border="1" style="margin-left: 20px;"> <tr> <td>Nominal value of issued and paid-up capital</td> <td>Minimum percentage or amount</td> </tr> </table>	Nominal value of issued and paid-up capital	Minimum percentage or amount	<p>At least 25% of the issued and paid-up capital is in the hands of a minimum number of public shareholders holding not less than 1,000 shares each, as follows:-</p> <table border="1" style="margin-left: 20px;"> <tr> <td>Nominal value of issued and paid-up capital</td> <td>Minimum number of shareholders</td> </tr> <tr> <td>Less than RM100 million</td> <td>750</td> </tr> </table>	Nominal value of issued and paid-up capital	Minimum number of shareholders	Less than RM100 million	750
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Nominal value of issued and paid-up capital	Minimum percentage or amount									
Less than RM100 million										
12.5% or RM8 million, whichever is the greater										
RM100 million and above	10% or RM15 million, whichever is the greater									

	Existing Requirements	Revised Requirements
Listing on Second Board	<ul style="list-style-type: none"> ● At least 25% but not more than 50% of the issued and paid-up capital is in the hands of the public. ● At least 15% of the issued and paid-up capital is in the hands of not less than 500 shareholders holding not more than 10,000 shares each and not less than 500 shares each. 	<p>At least 25% but not more than 50% of the issued and paid-up capital is in the hands of a minimum number of 500 public shareholders holding not less than 1,000 shares each.</p> <p>The minimum number of public shareholders shall exclude employees of the company. However, up to 5% of the issued and paid-up capital of the company held by employees is allowed to make up the 25% public</p>

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		shareholding spread.
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- 3 As a comparison, the current shareholding spread requirements in other selected markets are as follows:-

Jurisdiction	Public Shareholding Spread	Small Shareholding Spread
Singapore	At least S\$4,000,000 or 25% of issued and paid-up capital (whichever is the greater) must be in the hands of at least 1,000 shareholders.	
Hong Kong	25% of issued and paid-up capital (for market value of shares not exceeding HK\$4 billion). 10% of issued and paid-up capital (for market value of shares exceeding HK\$4 billion).	Not less than 3 holders for each HK\$1 million of shares, with a minimum of 100 holders.
Australia	-	At least 500 shareholders holding a parcel of shares having a value of at least A\$2,000 each.
United Kingdom	25% of issued and paid-up capital.	-

- 4 The revised requirements are also applicable to infrastructure project companies seeking listing on KLSE and companies listed on the Second Board wishing to transfer to the Main Board of KLSE.
- 5 The existing practice of share application and distribution for IPOs through the issuing houses, member companies of KLSE, members of the Association of Merchant Banks in Malaysia and members of the Association of Banks in Malaysia will remain unchanged. For issues which are over-subscribed, due priority will be given to small investors in the share balloting and allocation process. Concentration of share allocation will continue to be given to those with smaller shareholdings.
- 6 Companies seeking listing are now required to meet the revised requirements prior to



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listing and those which do not meet the revised requirements would not be allowed to proceed with their listing plans.

7 The revised requirements are effective immediately.

SECURITIES COMMISSION
23 January 1998