



Snapshot

by Capital Markets & Accounting Advisory Services (CMAAS)

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SC's Revised Equity Guidelines

The Securities Commission Malaysia ("SC") recently issued the revised Equity Guidelines ("Guidelines") which provides guidance on (a) issues and offerings of equity securities which falls under Section 212 of the CMSA; (b) listings of corporations and quotations of securities on the Main Market for Bursa Malaysia ("Main Market"); and (c) proposals which result in a significant change in the business direction or policy of corporations listed on the Main Market.

The revised Guidelines are effective 1 January 2021.



Key amendments made to the Guidelines

- Introduction of the Enhanced Initial Public Offerings ("IPO") Framework ("Enhanced IPO Framework");
- Change in requirements for chain-listing proposals; and
- Further clarity and guidance on existing requirements



Enhanced IPO Framework

- Introduction of a new mandatory pre-submission holistic consultation between the SC and key stakeholders including the applicant, principal advisers, lawyers, reporting accountants and valuers. This is to facilitate discussions of any material issues and concerns prior to the submission of the application
- To facilitate the mandatory pre-submission holistic consultation, a preliminary application pack accompanied by a fee of RM50,000 must be submitted to the SC at least one month prior to submission of the application. If submission of the application is not made within 3 months, a new preliminary application pack must be submitted to the SC.
- Prior to the mandatory pre-submission holistic consultation, an applicant and its advisers are encouraged to consult with the SC on material issues or concerns which may affect the applicant's suitability for listing or application on the Guidelines. This could take place early in an IPO proposal, as and when the need arises.

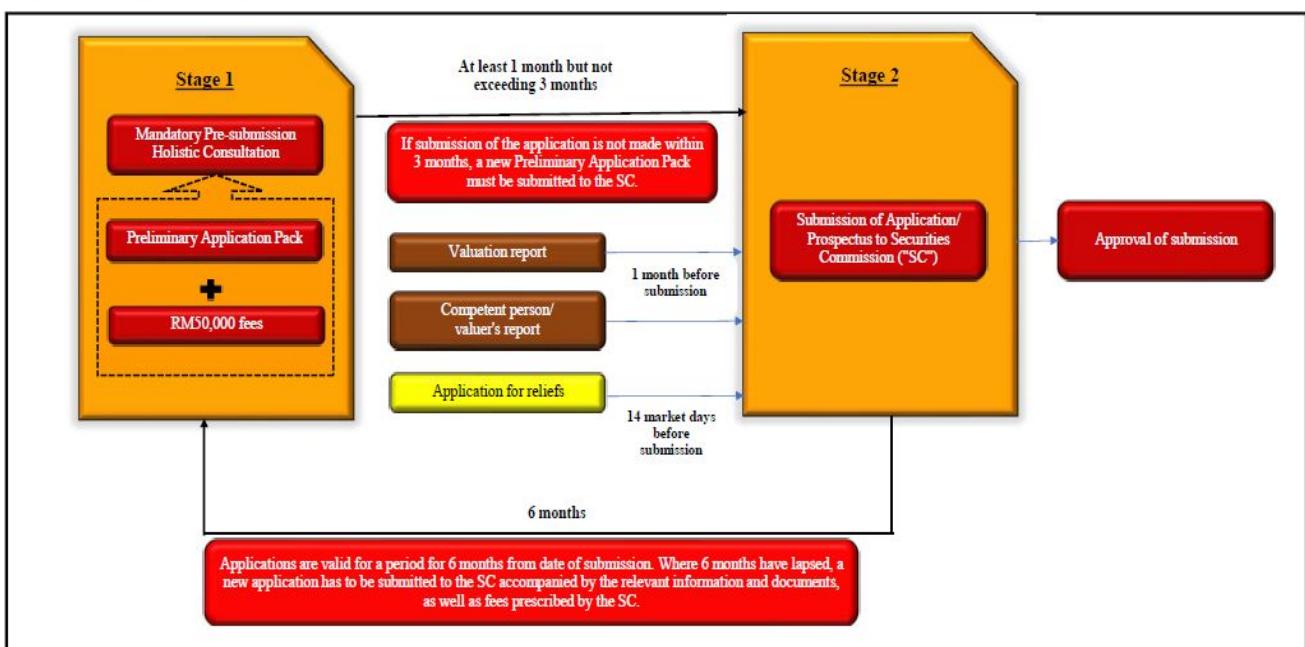


Enhanced IPO Framework (continued)

- Applications submitted to the SC after the mandatory pre-submission holistic consultation for implementation of the proposals are valid for a period for 6 months from date of submission. Where six months have lapsed, a new application has to be submitted to the SC accompanied by the relevant information and documents, as well as fees prescribed by the SC, if the applicant intends to proceed with the proposal. A preliminary application pack must also be submitted at least one month prior to the submission of the new application. This also applies to transfer of listing, secondary listing and cross listing proposals.
- Where there has been any material change in circumstances or development in circumstances that may impact the application, the SC must be immediately informed. Where applicable, the preliminary application pack must also be updated.
- The Guidelines also provide that where applicable, a valuation report, competent person's report or competent valuer's report, must be submitted to the SC one month before the submission of application for the proposal.
- Should the applicant wish to apply for reliefs from complying with some of the requirements of the Guidelines, the application for reliefs must be submitted to the SC at least 14 market days prior to the submission of application for the proposal.

The following flowchart summarises the process:

FLOWCHART FOR SUBMISSION OF APPLICATION TO SC





Changes in requirements for chain-listing proposals

- A chain listing is when a subsidiary or a holding company of a corporation listed on the Main Market or the ACE Market seeks to list on its own accord.
- Previously, to maintain its listing status, the already-listed corporation must after excluding its interest in the applicant, meet the profit test requirements as set out in paragraph 5.02(a)(i).
- The revised Guidelines provides an alternative whereby other than the profit test, the already-listed corporation can now apply the market capitalisation test as set out in paragraph 5.02(b)(i) instead.
- Where the already-listed corporation has to satisfy the market capitalisation test, the already-listed corporation **must cease its control** over the applicant or the applicant **must cease its control** over the already-listed corporation. The principle of control is in accordance with MFRS 10 Consolidated Financial Statements.



Clarity on factors to consider in working capital sufficiency statements

The SC sets out that in making the working capital sufficiency statement for inclusion in the prospectus, the applicant must consider the following:

- (a) capital structure including the level of indebtedness;
- (b) future plans including projected levels of capital expenditure and other investment plans; and
- (c) any intention for the declaration or payment of dividends.



For further details, please refer to [Summary of Amendments](#) and [FAQ](#) issued by the SC

Do you need further information on this topic?

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