

MAICSA CONFERENCE 2022

Listing Requirements - Recent Developments & Trends

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BURSA MALAYSIA BERHAD

Agenda

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Recent Amendments to Listing Requirements

- ACE One-Stop Centre
- Director Appointment and Independence
- Enhanced Sustainability Disclosures

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Trend

- Observation
- What's Next?

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Recent Amendments to Listing Requirements

ACE One-Stop Centre

Fit and Proper Policy

Woman Director on Board

Independent Director

Enhanced Sustainability Disclosures



ACE One-Stop Centre

ACE One-Stop Centre

Key Amendments

Enhancing the ACE Market IPO framework and prescribing prospectus requirements

Enhancing the sponsorship framework predicated on a market and outcome-based approach in ensuring quality submissions and disclosures

ACE One-Stop Centre: Background

2009:

Approving authority for ACE Market IPO; Secondary fund raising and issuance of new securities by ACE Market PLC (except for debt securities)

2014:

Review of ACE Market admission requirement, provide greater clarity to the admission criteria and suitability assessment undertaken by a Sponsor.

July 2020:

The SC had announced the enhancements to the Main Market IPO framework which are also applicable for submissions of RTO and liberalization of the adviser requirements for submission of RTO applications & Migration of the entire ACE Market framework including prospectus review and registration functions to the Exchange.

1 Jan 2022:

Establishment of ACE One-Stop Centre including the Exchange to assume the ACE Market prospectus review and registration functions from the SC

ACE One-Stop Centre: Objectives

MARKET EFFICIENCY

Greater market efficiency and efficacy through the enhanced regulatory framework, with the Exchange as the **single approving authority** for admission to the ACE Market

PARITY & CONSISTENCY

Ensure parity and consistency in the regulatory approach between the Main and ACE Market, through streamlined IPO/ RTO processes, prospectus disclosure requirements, conduct of advisers and enforcement framework, to **avoid any regulatory arbitrage**



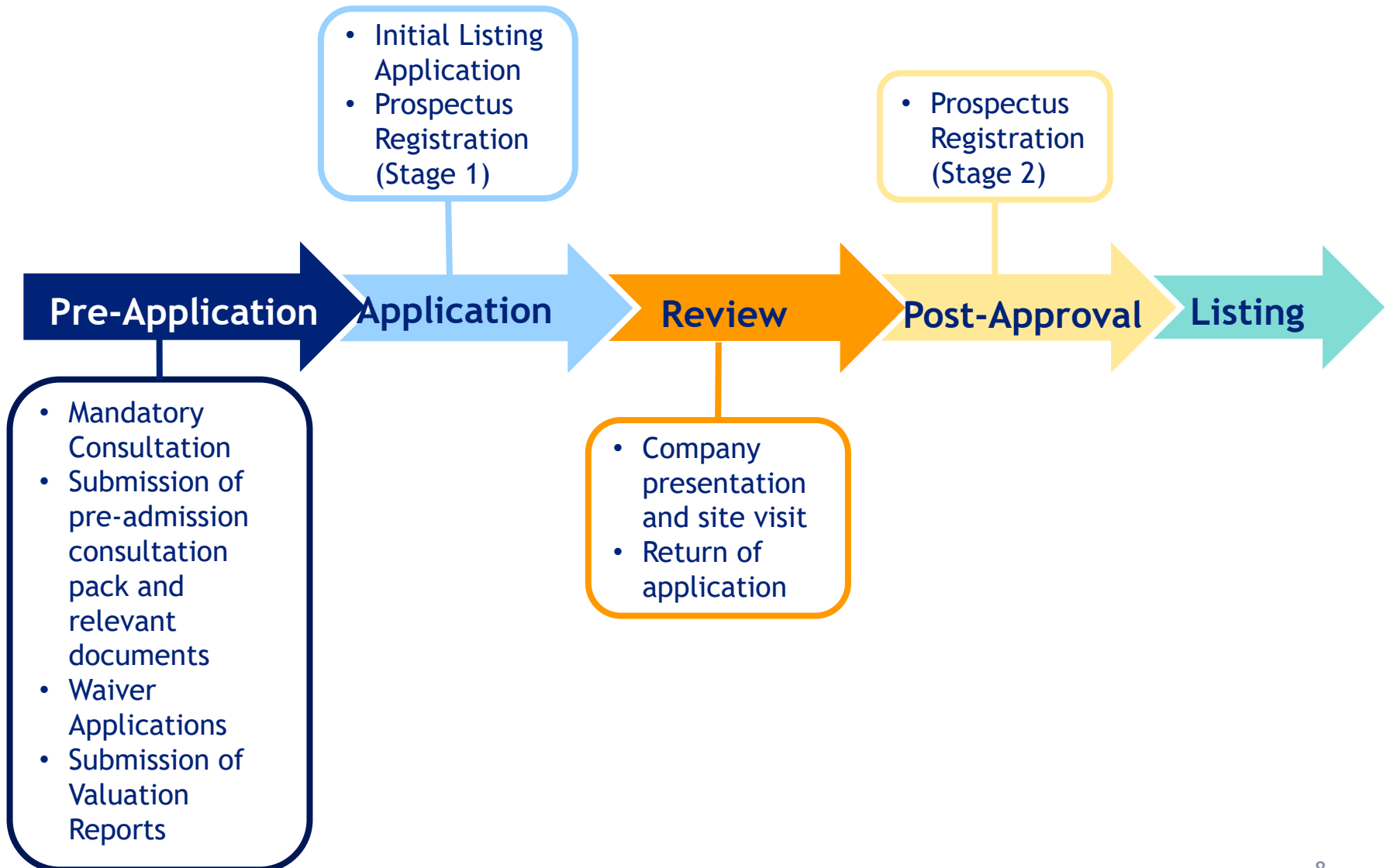
UPHOLD INVESTOR PROTECTION

Uphold investor protection through **adequate and quality disclosures** in an ACE Market IPO application and **prospectus**, as well as enhanced enforcement regime under the ACE LR

SPONSORSHIP REGIME

More **effective and value-added sponsorship regime** on the ACE Market, with quality and responsible Sponsors and officers

ACE One-stop Centre: Overview of New IPO Structure





Director Appointment and Independence

Director Appointment and Independence

Overview

Fit and Proper Policy

Publication on listed issuer's website
- By 1 July 2022

Nominating Committee Statement
- Annual report issued from FYE 31/12/2022 onwards

One (1) Woman Director on Board

Market Cap of RM2 billion and above
- By 1 Sept 2022

Others (Market Cap of RM2 billion and below)
- By 1 June 2023

Independent Director

Tenure of an independent director of not more than a cumulative period of 12 years

All long tenure independent director must resign/ be redesignated

- By 1 June 2023

Director Appointment and Independence

Objective



Board Quality
and Promoting
greater
transparency



Diversity in
Boardroom



Board
Renewal

← Director Appointment and Independence →

Key Amendments to LR (19 Jan & 25 May 2022)

Directors' Fit and Proper Policy

Fit and Proper Policy w.e.f. 1 July 2022

- Publication of the Directors' Fit and Proper Policy for the appointment and re-election of directors of the listed issuer and its subsidiaries, on the listed issuer's website.
- Policy must address board quality and integrity and will aid the listed issuer with paragraph 2.20A of the LR.

Disclosures Annual reports issued from FYE 31 Dec 2022 onwards

- Disclosure of the application of the listed issuer's Fit and Proper Policy in the Nominating Committee Statement relating to the nomination and election of its directors, how the requirements set out in paragraph/ rule 2.20A including information on:
 - a. Policy on the board composition having regard to the mix of skills, independence and diversity;
 - b. Board nomination and election process;
 - c. Assessment undertaken in respect of the performance of its board, committees and individual directors and its criteria used for such assessment.

Key Amendments to LR (19 Jan & 25 May 2022)

One (1) Woman Director on Board

Market Cap of RM2 bn.
and above w.e.f. 1 September 2022

- Listed issuers with market capitalization of RM2 billion and above as at 31 December 2021.

Others w.e.f. 1 June 2023

- All listed issuers other than those mentioned above.

Key Amendments to LR (19 Jan & 25 May 2022)

Independent director (1 of 7)

Tenure

w.e.f. 1 June 2023

- Limiting tenure of an ID to not more than a cumulative period of 12 years from first appointment as ID.
- Long serving directors of more than 12 years must resign or be re-designated as non-ID

Appointment

w.e.f. 1 June 2023

- Justification for appointment of ID, as to why there is no other eligible candidate, if such individual observed the requisite 3-year cooling off period after serving the listed issuer and/ or its related corporations for more than 12 years.

Affected long-serving IDs

A.s.a.p. before 1 June 2023

- Long-serving IDs of more than 20 years are strongly encouraged to expedite the replacement or re-designation a.s.a.p. before 1 June 2023.
- If the affected long-serving IDs are retained, disclosure in annual reports for FYE 31 Dec 2022, justification for retention and explanation why there is no other candidate apart from the affected long-serving ID who can be appointed as an ID.

Key Amendments to LR (19 Jan & 25 May 2022)

Independent director (2 of 7)

- 1.1 A director who is appointed to act as an “independent director” of an applicant or a listed issuer must satisfy the definition of “independent director” set out in paragraph 1.01 of the Listing Requirements (“**said definition**”). The said definition reads as follows:

“independent director” means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed issuer. Without limiting the generality of the foregoing, an independent director is one who -

- (a) ~~is not an executive director of the applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as “said Corporation”);~~[deleted]
- (b) is not, and has not been within the last 3 years, an officer ~~(except as an independent director)~~ of the ~~said Corporation~~ applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as “said Corporation”). For this purpose, “officer” has the meaning given in section 2 of the Companies Act but excludes a director who has served as an independent director in any one or more of the said Corporations for a cumulative period of less than 12 years;
- (c) is not a major shareholder of the said Corporation;
- (d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
- (e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation (this paragraph is referred to as “**paragraph (e)**”);

Key Amendments to LR (19 Jan & 25 May 2022)

Independent director (3 of 7)

- (f) *has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange (this paragraph is referred to as “paragraph (f)”); ~~or~~*
- (g) *has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange (this paragraph is referred to as “paragraph (g)”)-; or*
- (h) *has not served as an independent director in any one or more of the said Corporations for a cumulative period of more than 12 years from the date of his first appointment as an independent director.*

Paragraph 1.1(b) of PN13

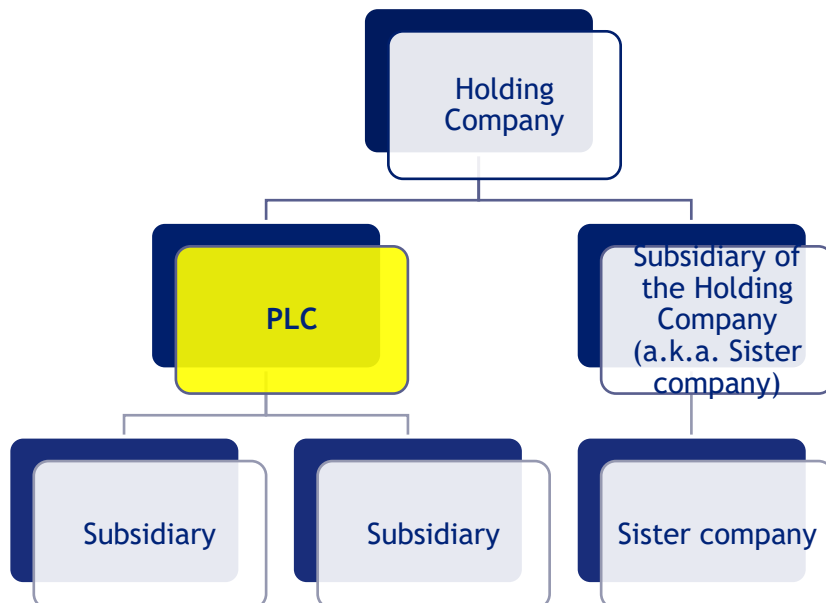
Independent director (4 of 7)

Independent director has not **within the last 3 years**, hold any of the following position

Including **listed issuer** and its **related corporation**

related corporation means corporation which is -

- (a) The holding company of another corporation
- (b) A subsidiary of another corporation
- (c) A subsidiary of the holding company of another corporation



Paragraph 1.1(b), PN13

Officer - s2
CA2016

ID of > 12 years

Director/
secretary/
employee

Director =

Person occupying position as director, by whatever name called

A person in accordance with whose directions or instructions the majority of directors are accustomed to act

Alternate/
substitute director

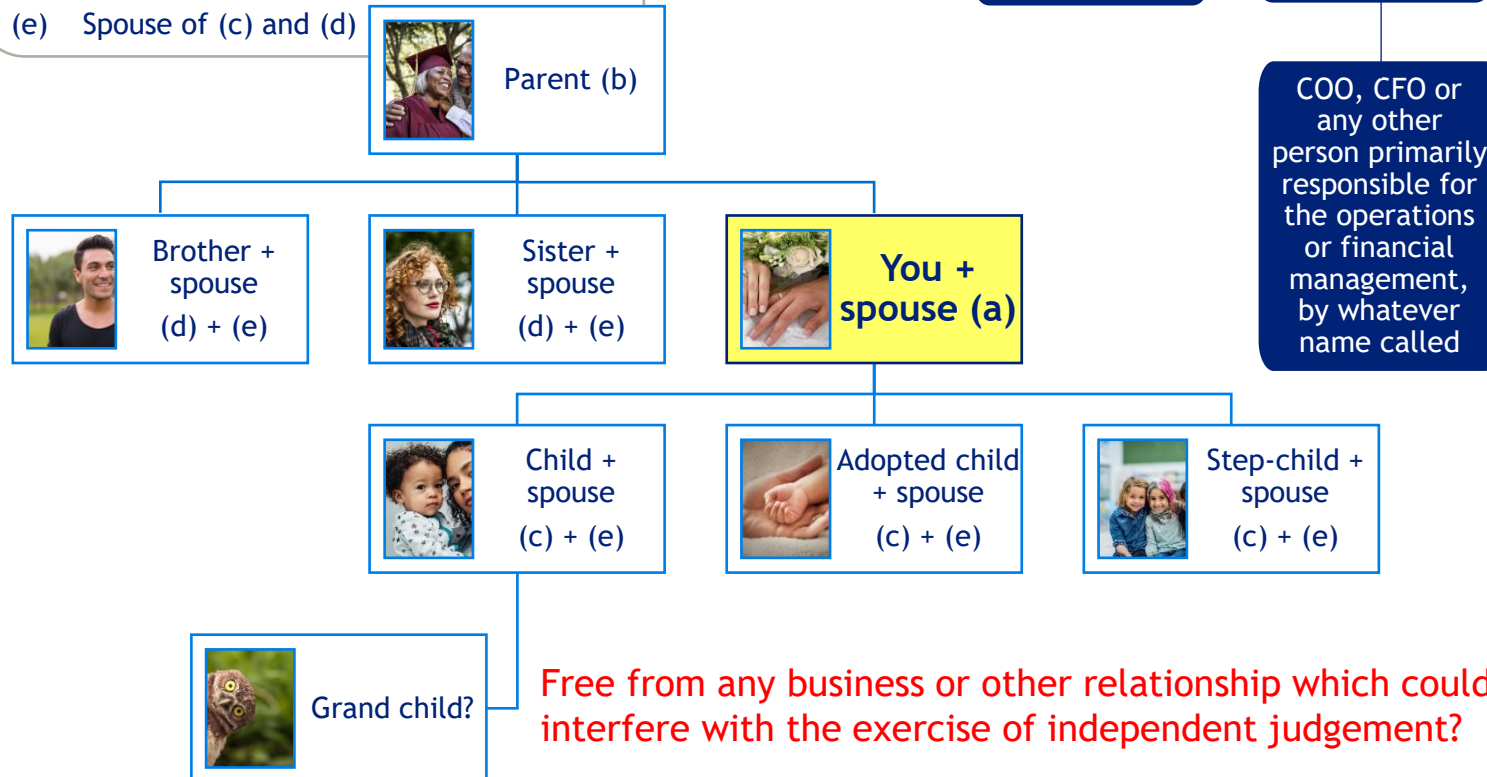
Paragraph 1.1(d) of PN13

Independent director (5 of 7)

Independent director must not be a **family member** of any **executive director, officer or major shareholder** of the said Corporation

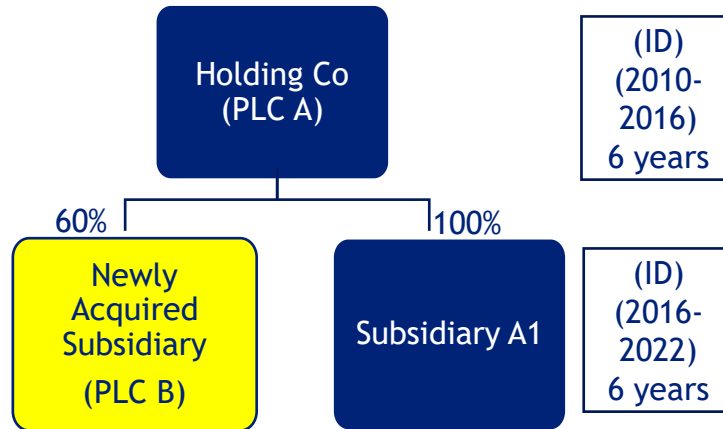
Family means:

- (a) Spouse
- (b) Parent
- (c) Child, adopted child and step-child
- (d) Brother or sister
- (e) Spouse of (c) and (d)

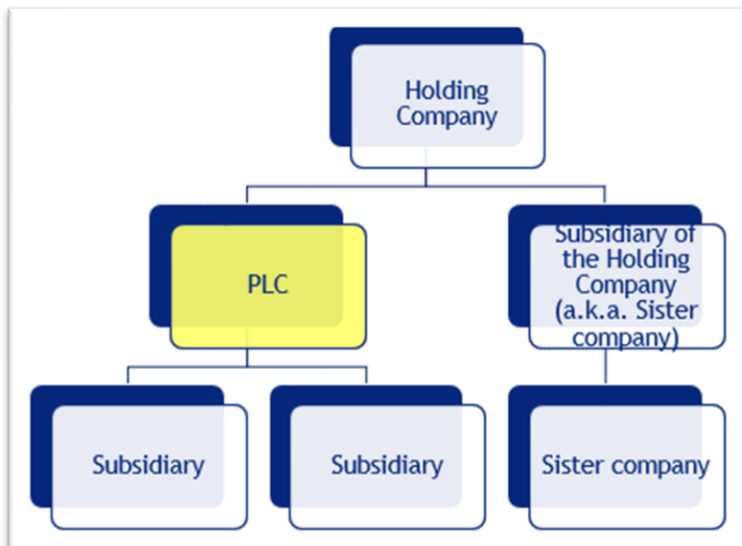


Case Study

Independent director (6 of 7)



Related corporation:



Can Mr X be appointed as ID of PLC B in 2023?

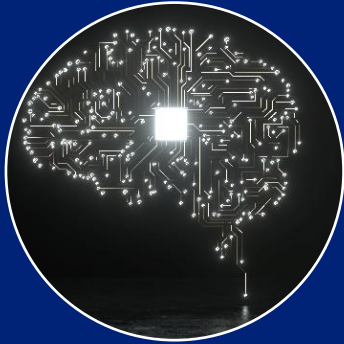
Cumulatively, Mr X had served as ID in PLC B's related corporation for 12 years.

Mr X can only be designated as an ID of newly acquired subsidiary, PLC B -

- (i) After he observes a cooling-off period of 3 years as prescribed in paragraph (b) of the said definition; and*
- (ii) He meets the other independence criteria stipulated in the said definition.*

Key Amendments to LR (19 Jan & 25 May 2022)

Independent director (7 of 7)



**NINED to
INED¹**



**ID for
more than
12 years²**



**ED to
INED³**

3-year cooling off period

Qualitative + Quantitative test

¹ FAQ1.2(ii)

² Paragraph 1.01(h)/ paragraph 1.1(h), PN13

³ Paragraph 1.01(b)/ paragraph 1.1(b), PN13



Enhanced Sustainability Disclosure

Enhanced Sustainability Disclosures

Objective

Elevate sustainability practices and quality of disclosures

Enhance comparability across listed issuer and enable benchmarking by stakeholders to seek meaningful sustainability information and data

Serve as springboard to propel listed issuers to adopt international best practices

Increase inflow of funds / investments with a sustainability focus into Malaysian capital market



Enhanced Disclosure Requirements for Main Market PLCs

Enhanced Disclosure Requirements for Main Market PLCs

- Common Sustainability Matters** and accompanying **Common Indicators** - deemed material for all Main Market PLCs regardless of size or sector.

	Common Sustainability Matters		Common Indicators	Effective Date
1.	Anti-corruption	C1 (a)	Percentage of employees who have received training on anti-corruption by employee category	FYE 31 Dec 2023
		C1 (b)	Percentage of operations assessed for corruption-related risks	
		C1 (c)	Confirmed incidents of corruption and action taken	
2.	Community/ Society	C2 (a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	
		C2 (b)	Total number of beneficiaries of the investment in communities	
3.	Diversity	C3 (a)	Percentage of employees by gender and age group, for each employee category	
		C3 (b)	Percentage of directors by gender and age group	
4.	Energy management	C4 (a)	Total energy consumption	
5.	Health and safety	C5 (a)	Number of work-related fatalities	
		C5 (b)	Lost time incident rate	
		C5 (c)	Number of employees trained on health and safety standards	

Enhanced Disclosure Requirements for Main Market PLCs

- Common Sustainability Matters** and accompanying **Common Indicators** - deemed material for all Main Market PLCs regardless of size or sector.

	Common Sustainability Matters		Common Indicators	Effective Date
6.	Labour practices and standards	C6 (a)	Total hours of training by employee category	FYE 31 Dec 2023
		C6 (b)	Percentage of employees that are contractors or temporary staff	
		C6 (c)	Total number of employee turnover by employee category	
		C6 (d)	Number of substantiated complaints concerning human rights violations	
7.	Supply chain management	C7 (a)	Proportion of spending on local suppliers	
8.	Data privacy and security	C8 (a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	
9.	Water	C9 (a)	Total volume of water used	
10.	Waste management	C10 (a)	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	FYE 31 Dec 2024
11.	Emissions management	C11 (a)	Scope 1 emissions in tonnes of CO ₂ e	
		C11 (b)	Scope 2 emissions in tonnes of CO ₂ e	
		C11 (c)	Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	

Enhanced Disclosure Requirements for Main Market PLCs

2. **Climate-related disclosures which are aligned with the Recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD Recommendations”)** - covering all four pillars: governance, strategy, risk management, and metrics and targets, **in a dedicated section** within the Sustainability Statement.

Recommendations and Supporting Recommended Disclosures				Effective Date
Governance	Strategy	Risk Management	Metrics and Targets	FYE 31 Dec 2025
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

Source: Recommendations of the Task Force on Climate-related Financial Disclosures

Enhanced Disclosure Requirements for Main Market PLCs

3. **3 financial years' worth of data** for **each reported indicator** in the following manner:

No.	Reporting of new indicator	Minimum data disclosures	Effective Date
(a)	In the first year of reporting a new indicator (" said indicator ")	Data for the financial year	FYE 31 Dec 2023
(b)	In the second year of reporting the said indicator	Data for the financial year and the immediate preceding financial year	
(c)	From the third year onwards of reporting the said indicator	Data for the financial year and the 2 immediate preceding financial years	


4. **Performance target(s)** in relation to reported indicators (if such targets are set).

5. A **performance data table** - containing a summary of corresponding data provided for all reported indicators, and performance targets set (if any), throughout its Sustainability Statement.

6. A **Statement of Assurance** - whether the PLC has subjected the Sustainability Statement to internal review by its internal auditor or independent assurance performed in accordance with recognised assurance standards.

Effective Date

FYE 31 Dec 2023



Enhanced Disclosure Requirements for ACE Market PLCs

Enhanced Disclosure Requirements for ACE Market PLCs

1. **Prescribed General Disclosures** - in making the Sustainability Statement, an ACE PLC must include disclosures on the following:
 - (a) the **governance structure** in place to manage the economic, environmental and social risks and opportunities (“sustainability matters”);
 - (b) the **scope** of the Sustainability Statement and **basis for the scope**;
 - (c) **material sustainability matters** and -
 - (i) **how they are identified**;
 - (ii) **why they are important** to the listed issuer; and
 - (iii) **how they are managed** including details on -
 - (aa) policies to manage these sustainability matters;
 - (bb) measures or actions taken to deal with these sustainability matters; and
 - (cc) indicators relevant to these sustainability matters which demonstrate how the listed issuer has performed in managing these sustainability matters together with the data for the last 3 financial years, and performance target(s) in relation to the indicators (if such targets are set).

Effective Date

FYE 31 Dec 2024

Enhanced Disclosure Requirements for ACE Market PLCs

2. **Common Sustainability Matters** and accompanying **Common Indicators** - deemed material for all ACE Market PLCs regardless of size or sector.

	Common Sustainability Matters		Common Indicators	Effective Date
1.	Anti-corruption	C1 (a)	Percentage of employees who have received training on anti-corruption by employee category	<i>FYE 31 Dec 2025</i>
		C1 (b)	Percentage of operations assessed for corruption-related risks	
		C1 (c)	Confirmed incidents of corruption and action taken	
2.	Community/ Society	C2 (a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	
		C2 (b)	Total number of beneficiaries of the investment in communities	
3.	Diversity	C3 (a)	Percentage of employees by gender and age group, for each employee category	
		C3 (b)	Percentage of directors by gender and age group	
4.	Energy management	C4 (a)	Total energy consumption	
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Enhanced Disclosure Requirements for ACE Market PLCs

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	Common Sustainability Matters		Common Indicators	Effective Date
6.	Labour practices and standards	C6 (a)	Total hours of training by employee category	FYE 31 Dec 2025
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7.	Supply chain management	C7 (a)	Proportion of spending on local suppliers	
8.	Data privacy and security	C8 (a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	
9.	Water	C9 (a)	Total volume of water used	
10.	Waste management	C10 (a)	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	FYE 31 Dec 2026
11.	Emissions management	C11 (a)	Scope 1 emissions in tonnes of CO ₂ e	
		C11 (b)	Scope 2 emissions in tonnes of CO ₂ e	
		C11 (c)	Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	

Enhanced Disclosure Requirements for ACE Market PLCs



3. A **plan to transition towards a low-carbon economy (“transition plan”)**, in a **dedicated section** within the Sustainability Statement, and include the following information:

- (a) the role of the board and senior management in overseeing and executing the transition plan; and
- (b) the strategies and initiatives to reduce climate-related risks and increase climate-related opportunities.

Effective Date

FYE 31 Dec 2026

4. **3 financial years’ worth of data** for **each reported indicator** in the following manner:

No.	Reporting of new indicator	Minimum data disclosures	Effective Date
(a)	In the first year of reporting a new indicator (“ said indicator ”)	Data for the financial year	FYE 31 Dec 2025
(b)	In the second year of reporting the said indicator	Data for the financial year and the immediate preceding financial year	
(c)	From the third year onwards of reporting the said indicator	Data for the financial year and the 2 immediate preceding financial years	

Enhanced Disclosure Requirements for ACE Market PLCs

5. **Performance target(s)** in relation to reported indicators (if such targets are set).
6. A **performance data table** - containing a summary of corresponding data provided for all reported indicators, and performance targets set (if any), throughout its Sustainability Statement.
7. A **Statement of Assurance** - whether the PLC has subjected the Sustainability Statement to internal review by its internal auditor or independent assurance performed in accordance with recognised assurance standards.

Effective Date

FYE 31 Dec 2025

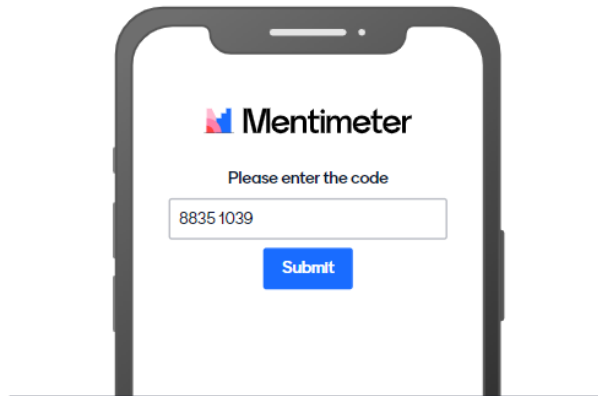
Observations

What's next?

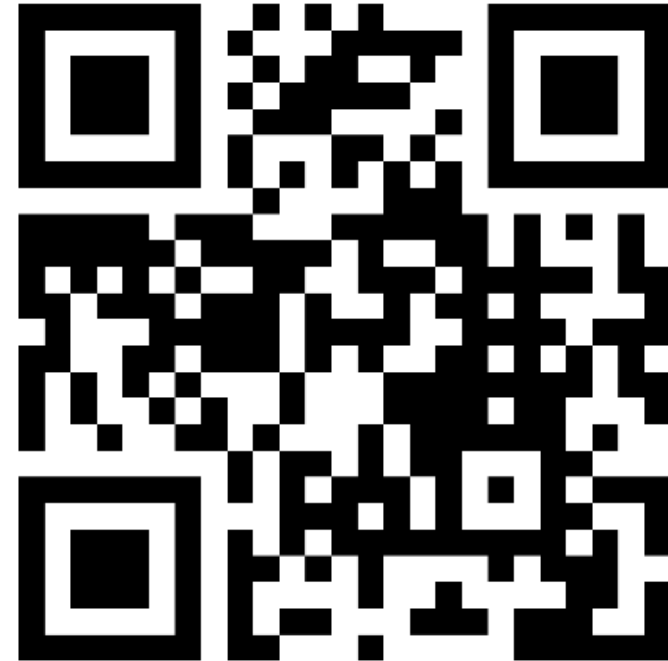
Case Study

Woman Director

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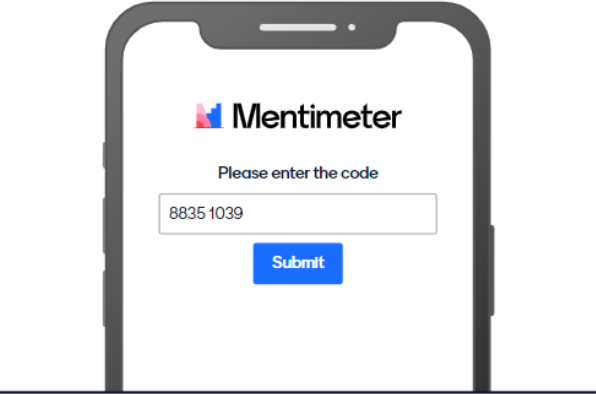


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Case Study

Independent Director - 1

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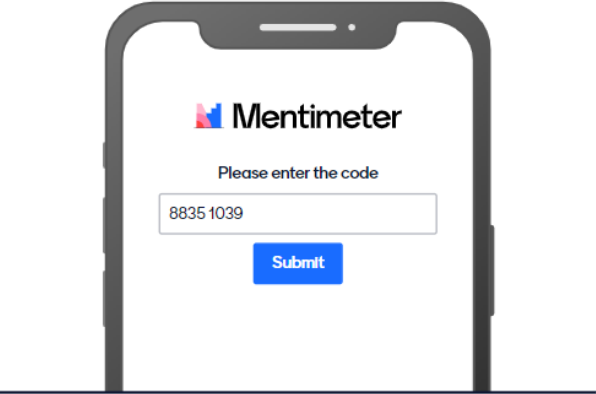


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Case Study

Independent Director - 2

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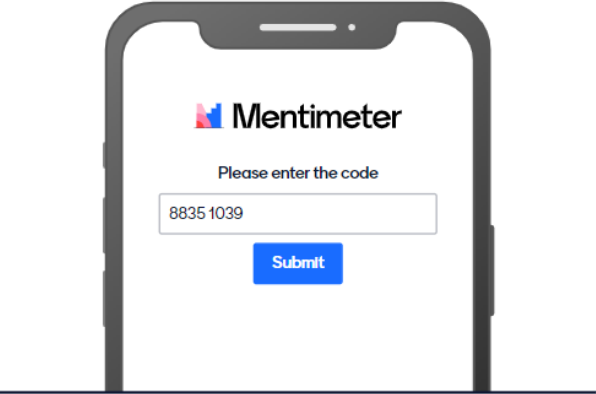


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Case Study

Independent Director - 3

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Q & A

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