

Legal Update: Key Amendments to the ACE Market and Main Market Listing Requirements effective from 1 January 2022

(1) ACE Market One-Stop Centre Amendments

Effective from 1 January 2022, Bursa Malaysia Securities Berhad ("**Bursa Securities**") will be the sole approving authority or one-stop centre for all ACE Market initial public offerings ("**IPOs**"), according to a media release issued jointly by the Securities Commission Malaysia ("**SC**") and Bursa Securities on 20 December 2021 ("**Joint Media Release**"). The Joint Media Release can be accessed [here](#).

This signifies that the prospectus review and registration functions, which were previously undertaken by the SC, is now undertaken by Bursa Securities for the ACE Market. The assumption by Bursa Securities of such functions was made possible via amendments made by the SC to Part III of Schedules 6 and 7 of the Capital Markets and Services Act 2007 ("**CMSA**") in July 2021¹, in an effort to streamline and consolidate the ACE Market listing process for greater efficiency.

To facilitate the aforementioned changes, the ACE Market Listing Requirements ("**ACE LR**") have been amended by Bursa Securities accordingly after considering various feedback and comments received from the public in response to its [Consultation Paper No. 2/2021](#) issued on 3 August 2021. Some of the key amendments made to the ACE LR include:

- Mandatory pre-admission consultation – introducing a mandatory consultation process with Bursa Securities prior to submission of an IPO application ("**pre-admission consultation**"). For purposes of the pre-admission consultation, an applicant is required submit such documents and information as may be specified by Bursa Securities ("**pre-admission consultation pack**") at least 1 month prior to the filing of the IPO application;
- Prospectus requirements – prescribing the requirements in relation to a prospectus, including the contents and standards of disclosure expected in a prospectus. To this end, the [Prospectus Guidelines](#) issued by the SC under Section 377 of the CMSA have also been amended to prescribe Bursa Securities as the relevant authority for the registration of ACE Market prospectus and abridged prospectus with effect from 1 January 2022;
- Moratorium – imposing a 6-month moratorium on all the shares held by a pre-IPO investor (who is not a specified shareholder²) commencing from the date of admission of the applicant to the Official List of the ACE Market if such investor has acquired the shares of the applicant (i) within 12 months from the date of submission of the IPO application to Bursa Securities;

¹ <https://www.sc.com.my/resources/media/media-release/sc-amends-capital-market-laws-to-widen-categories-of-sophisticated-investors-exemption-for-scs-approval-on-corporate-proposals>

² Rule 1.01 of the ACE LR defines a 'specified shareholder' as a controlling shareholder, a person connected to a controlling shareholder, and an executive director who is a substantial shareholder, of the applicant or listed corporation, or any other person as specified by Bursa Securities.

and (ii) at a price lower than the issued price offered to the general public in conjunction with the IPO;

- Enhanced Sponsorship framework – enhancing the Sponsorship framework including (i) liberalising the eligibility requirements; (ii) strengthening the role and duty of care; and (iii) enhancing the accountability of a Sponsor/Adviser. Further, the prescription of how due diligence is to be conducted has been removed to empower Sponsors/Advisers and other relevant parties to undertake due diligence in accordance with the industry's best practices. For this purpose, the Sponsor/Adviser may refer to the [Malaysia Equity Capital Markets Due Diligence Guide](#) and the [Malaysia Debt Capital Markets Due Diligence Guide](#) issued by the Malaysian Investment Banking Association (MIBA). In addition, Sponsors/Advisers and other relevant parties must also make due and careful enquiries and comply with the equivalent obligations and standards imposed under the SC's [Guidelines on Submission of Corporate and Capital Market Product Proposals](#) ("**Submission Guidelines**"), in respect of submission of the proposals to Bursa Securities, as if the submission is made to the SC; and
- Optional IMR Report – making the preparation of an Independent Market Research ("**IMR**") Report (containing information about the industry and market in which the applicant operates that will aid investors' understanding about the applicant's business) optional at the discretion of the applicant to be included in its IPO application and prospectus.

The full details of all amendments made to the ACE LR can be accessed [here](#).

(2) Enhanced Adviser Framework, Submission of Corporate Proposals and Other Amendments

Bursa Securities had also in the Joint Media Release announced that certain amendments have been made to the Main Market Listing Requirements ("**MMLR**"), the amendments of which are effective from 1 January 2022.

The amendments to the MMLR, which were made by Bursa Securities after considering the various feedback and comments received from the public in response to its [Consultation Paper No. 3/2021](#) issued on 11 August 2021, focus fundamentally on aligning the provisions of the MMLR with the recognised principal adviser ("**RPA**") regime under the [Licensing Handbook](#) and the [Submission Guidelines](#), and strengthening the role of a RPA and its key officers to safeguard the interests of investors.

As with the ACE LR, the prescription of how due diligence is to be conducted has also been removed from the MMLR to empower the RPA and other relevant parties to undertake due diligence in accordance with the industry's best practices. In addition, other amendments have been effected to the MMLR for purposes of clarity, including requiring a listing applicant's directors to complete the Mandatory Accreditation Programme (MAP)³ prior to listing.

³ <https://icdm.com.my/mandatory-accreditation-programme>

The full details of all amendments made to the MMLR can be accessed [here](#).

This legal update is for general information only and is not a substitute for legal advice.

Further Information

Should you have any queries as to how these developments may affect your business, please do not hesitate to contact us.



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