**MINORITY SHAREHOLDER WATCHDOG GROUP**

*BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD*

(Incorporated in Malaysia – Company No. 524989-M)

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# Bursa mulling bigger IPO retail tranche

## MSWG highlights protest by investors on token sum of shares allocated for public ballot

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KUALA LUMPUR: Bursa Malaysia Bhd may consider looking at ways to increase the proportion of IPO shares allocated to retail investors, said its top executive, acknowledging feedback from third parties, including the Minority Shareholder Watchdog Group (MSWG).

"There are some valid reasons [from retail investors]. The board will need to discuss the matter and we have not sat down to do so... I cannot say Bursa will definitely make changes [but] it is something worthy for us to consider," Bursa Malaysia CEO Datuk Tajuddin Atan told *The Edge Financial Daily*.

In a note dated July 19, MSWG CEO Rita Benoy Bushon described retail investors as being "systematically discriminated by companies undergoing IPOs" — highlighting a long-standing protest by retail investors on the token sum of IPO shares allocated for public ballot.

MOHD IZWAN MOHD NAZAM

Tajuddin: The board will need to discuss the matter and we have not sat down to do so.

The Singapore Exchange (SGX) had said it "will look to increase the proportion of IPO tranches allocated to retail investors, particularly for listings which draw high retail subscription".

Existing regulations give investment bankers a free hand to allocate and place out the bulk of IPO shares to institutional investors and well-heeled private clients.

For instance, only 2% of the enlarged share base of Malaysia's two hottest IPOs this year — IHH Healthcare Bhd and Felda Global Ventures Holdings Bhd — was allocated for retail public ballot in Malaysia.

The 2% is the minimum threshold that companies with an enlarged paid-up capital of more than RM200 million must offer to the general public for IPOs in Malaysia, according to the Securities Commission (SC) Malaysia's guidelines for equity offerings. The threshold is 5% for companies whose enlarged paid-up capital is less than RM200 million.

The minimum threshold is to "uphold public interest and to promote wealth sharing by providing an opportunity for the general public to participate in a new IPO scheme", the SC said.

Singapore currently does not have a rule governing retail participation levels in IPOs, a SGX spokesperson said. "If there's any rule change, we will consult the public as is our usual practice," she added.

Singapore retail investors will have to wait and see just how much better off they will be with the SGX's stance, given that nothing has been finalised yet.

To be sure, the matter at hand is more complex than it seems.

On the one hand, the small number of shares allocated for public ballot has nudged some investors to apply for more IPO shares to boost chances of allocation — a practice seen to have contributed to high "oversubscription" rates in the public portion. The rates, however, may not necessary reflect the actual demand for the stock.

Yet, market watchers say companies and bankers cannot be blamed for ensuring the success of the IPOs by bringing on board cornerstone investors that will provide some stability, especially amid weak market conditions.

They added that what exacerbated the issue was the tendency of companies to bring on board a string of investment bankers to handle IPOs in recent years, all with different portfolio of clients to please.

For Bursa's part, there is the desire to give retail investors wider access to IPOs. But any change of rules or recommendation will take into consideration the interests of all stakeholders as Bursa moves to becoming a more attractive and competitive marketplace for investors and issuers in the region.