



## Key Amendments to Listing Requirements and Corporate Disclosure Guide

The sustainability of a capital market, to a great extent, hinges on its ability to maintain and improve the quality of its market which entails timely disclosure of material information and maintaining investor confidence.

Against this backdrop, in September 2011, Bursa Malaysia Securities Berhad (“Bursa Securities”) announced some key amendments to the **Main Market Listing Requirements (“Main LR”)** and **ACE Market Listing Requirements (“ACE LR”)**. Concurrently, Bursa Securities also introduced the **Corporate Disclosure (CD) Guide** to give a further boost to the Malaysian capital market.

Disclosure by listed issuers should provide shareholders and investors with comprehensive, accurate and quality information on a timely and even basis, and not merely meeting the minimum requirements under the LR.

In this regard, the CD Guide is issued to assist listed issuers elevate their standards of disclosure which emphasises on both timeliness and quality of disclosure. Previously, in July 2004, Bursa Securities had issued a document on Best Practices in Corporate Disclosure. This latest CD Guide also incorporates the applicable best practices recommended in July 2004 and also clarifies and illustrates the application of the disclosure requirements under the LR. The CD Guide does not in any way amend or vary a listed issuer’s obligations under the LR.

The key amendments to the Main LR are on:

**1) *Enhancing Financial Reporting and Continuing Disclosure Obligations of Listed Issuers.***

These include disclosure of detailed analysis instead of review of the performance of all operating segments of the group, in quarterly reports and minimum disclosures in the statements of comprehensive income and cash flows.

**2) *Providing Greater Flexibility to Listed Issuers and Promoting Greater Transparency.***

Enhancements were made to the employee share scheme framework and payments of dividends allowed through “Dividend Reinvestment Scheme”.

**3) *Promoting Greater Efficiency in the Market.***

Buy-back of odd lot shares through Direct Business Transaction or in other manner as may be approved by Bursa Securities.

4) ***Other Key Amendments aimed at providing greater clarity and certainty to the market include:***

- (a) Requiring a listed issuer to ensure that each director, chief executive or chief financial officer has certain attributes and time to discharge his/her respective role.
- (b) Requiring a listed issuer to amend its Articles of Association on proxies.
- (c) Requiring listed issuers to provide a summary of the terms of reference of the audit committee (opposed to the entire terms of reference prescribed currently), or the key functions, roles and responsibilities.

The CD Guide is divided into 6 chapters.

Chapters 1 to 4 set out the guidance on listed issuers' continuing disclosure obligations and the corporate disclosure policy.

Chapter 1 which covers **immediate disclosure of material information** provides guidance relating to assessment on materiality and when to make the announcement. The timing of the release of an announcement is also crucial. A listed issuer must be mindful of the overriding principle that material information must be announced immediately and not delayed or deferred.

The second Chapter on **"Contents of Announcements or Circular"** emphasizes on compliance of disclosure obligations in substance rather than in form and prescribes the minimum content to be included in certain announcements. Hence, a listed issuer must be mindful and ensure that the information contained in its announcement or circular is accurate and complete.

Under Chapter 3, **"Corporate Disclosure Policy"** sets out Bursa Securities' expectations on the application of the Corporate Disclosure Policy in the LR. There are also principles prescribed on maintaining confidentiality of information, clarification, confirmation or denial of rumours or reports, unusual market activity, equal access to material information and responsibility for compliance and internal disclosure controls.

Chapter 4 on **Other Disclosure Guidance** sets out guidance on what a listed issuer should do to comply with its disclosure obligations, in relation to certain specific events or circumstances such as for profit guidance, fraud/financial irregularity, announcement by external parties/authorities, announcement of material information for a listed issuer with multiple listings and disclosure of purpose and utilization of a general mandate.

Chapters 5 and 6 set out guidance on financial disclosures.

Chapter 5 on “**Quality of Financial Disclosures**” amplifies the role of the board of directors in ensuring that financial statements are prepared in a timely manner and represent a true and fair view of the state of affairs of the listed issuer. These include disclosures of financial highlights and financial indicators, detailed analysis of the Group’s operating segments and details of major components in the statement of cash flows.

Chapter 6 on “**Presentation and Content of the Management Discussion and Analysis (“MD&A”)**” advocates inclusion of the MD&A in the annual reports. General guidance is provided on the content of MD&A to include overview of business and operations, objectives and strategies, review of financial results and operating activities. There should also be forward looking statements in the MD&A providing analysis of the group’s future performance as well as for each principal business segment.

MSWG welcomes such periodic updates/amendments to the LR supplemented by the CD Guide as it augers well for the Malaysian capital market. Besides maintaining confidence, a strong disclosure regime will also help attract capital to the capital market. These will undoubtedly have to be complemented by effective monitoring and enforcement by the regulators in order to bring our capital market to greater heights.

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