

Ref. No.: RPA/ISS/TAC/RO(cxy)/003/23 [SW Amendments]

19 January 2023

Industry Associations

Via Email

Dear Sir/ Madam,

**AMENDMENTS TO THE MAIN MARKET LISTING REQUIREMENTS (“MAIN LR”) IN RELATION TO THE STRUCTURED WARRANTS FRAMEWORK**

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**A. INTRODUCTION**

1. Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Malaysia Securities Berhad (“**the Exchange**”) has amended the Main LR to further enhance and liberalise the structured warrants framework (“**SW Amendments**”).

**B. BACKGROUND AND KEY SW AMENDMENTS**

2. As part of the Exchange’s continuous pursuit to promote vibrancy and competitiveness in the capital market, as well as to widen the investment avenues and options for investors, we have reviewed and enhanced the structured warrants framework under the Main LR. In doing so, we considered the various feedback and comments received in response to the industry consultation paper issued on 20 June 2022.
3. The Exchange believes the SW Amendments would, among others -
  - (a) facilitate issuers of structured warrants (“**SW issuers**”) to tap into a wider pool of underlying financial instruments while still safeguarding investor protection;
  - (b) provide more investment opportunities for investors;
  - (c) ensure requirements remain fit for purpose; and
  - (d) improve clarity and ensure certainty of the requirements.

## AMENDMENTS TO THE MAIN MARKET LISTING REQUIREMENTS IN RELATION TO THE STRUCTURED WARRANTS FRAMEWORK

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4. The key SW Amendments are as follows:

- (a) revising the market capitalisation requirements for underlying shares and exchange-traded funds (“ETFs”) listed on the Exchange as follows:
  - (i) for underlying shares, to revise the market capitalisation downward from RM1 billion to RM500 million; and
  - (ii) for underlying ETFs, to remove the market capitalisation requirements;
- (b) excluding leveraged ETF<sup>1</sup> and inverse ETF<sup>2</sup> (“L&I ETFs”) as eligible underlying financial instruments of structured warrants;
- (c) removing the option for issuance of put warrants together with call warrants of the same size and tenure based on underlying shares that are not part of Approved Securities<sup>3</sup>;
- (d) shortening the minimum tenure of index-based structured warrants from 6 months to 3 months; and
- (e) making other miscellaneous amendments as follows:
  - (i) clarifying that for index-based structured warrants which are settled in cash, the final settlement price settling the corresponding index futures contract on the market day before the expiry date of the structured warrants will be used, if the contract is settled in a time zone that is behind Malaysian time;
  - (ii) clarifying the requirement to announce the unaudited half yearly financial statements and annual audited financial statements of an SW issuer; and
  - (iii) incorporating other editorial amendments.

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<sup>1</sup> A leveraged ETF aims to provide amplified returns of the daily performance of the index.

<sup>2</sup> An inverse ETF aims to provide return or performance that is the opposite of the daily performance of the index.

<sup>3</sup> Approved Securities are securities prescribed by the Exchange under Rule 8.22(5) of the Rules of Bursa Malaysia Securities Berhad for purposes of Regulated Short Selling and Permitted Short Selling.

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### C. FULL TEXT OF THE SW AMENDMENTS

5. The full text of the SW Amendments is attached as Appendix 1. For ease of reference, the amendments are reflected in the following manner:
- portions underlined are text newly inserted/added into the existing rules
  - portions struck through are text deleted.

### D. IMPLEMENTATION

6. The SW Amendments take effect immediately.

### E. ADDITIONAL INFORMATION

7. In addition, we have also provided “Questions and Answers” as set out in Appendix 2 to facilitate better understanding of, and compliance with, the SW Amendments. We have also taken this opportunity to update some of the existing Questions and Answers as well.
8. The circular to listed issuers on the SW Amendments as well as the respective Appendices are also available at Bursa Malaysia Berhad’s website at [https://www.bursamalaysia.com/regulation/listing\\_requirements/main\\_market/amendments\\_to\\_listing\\_requirements](https://www.bursamalaysia.com/regulation/listing_requirements/main_market/amendments_to_listing_requirements).

The above is for information only. Thank you.

Yours sincerely,



**REGULATION**

Encl. (2)