

NEWS ALERT

Bursa Malaysia Announces Listing Requirements and Rules for New LEAP



KEY DEVELOPMENTS

On 15 June 2017, Bursa Malaysia announced the issuance of new Listing Requirements (LR) and various amended rules for the Leading Entrepreneur Accelerator Platform (LEAP) Market. The newly established market aims to provide small and medium-sized enterprises (SMEs) with fund raising access and visibility through the capital market.

The new LEAP LR and amended rules have been approved by the SC and will take effect on 16 June 2017.

In finalising the rules for the LEAP Market, the Exchange considered all industry and market views received from two public consultations and various focus group meetings conducted in September and November 2016 respectively. The new rules are premised on three key underlying principles, namely

- ▶ cost efficiency;
- ▶ balanced and proportionate regulation and;
- ▶ a qualified market for Sophisticated Investors.

All the existing 14 principal advisers and sponsors who are eligible to act on the Main Market and ACE Market are automatically admitted to the Register of Advisers of the LEAP Market. The Exchange also invites and welcomes all suitably qualified corporate finance advisers licensed by the SC to apply to the Exchange to act as an Approved Adviser or Continuing Adviser on the LEAP Market.

KEY TAKEAWAYS

- ▶ The newly established market aims to provide fund raising access and visibility through the capital market for
 - Small and medium-sized enterprises (SMEs)
- ▶ Trading on the LEAP Market is limited to qualified investors, mainly those who fall within
 - Part I of Schedule 6 or 7 of the Capital Markets and Services Act 2007 (Sophisticated Investors).

This affords them with an opportunity to broaden their investment options in SMEs in a transparent and regulated environment.



What are the Listing Requirements (LR) of the LEAP Market

- ▶ It is open to all Malaysian SMEs which are public companies. No profit track record and operating history is required. For its submission, an information memorandum will suffice. No prospectus is needed.
- ▶ The public spread of the shares must be equal to or more than 10% at listing. There is no requirement to maintain any minimal public spread post-listing.
- ▶ Trading on the LEAP market is limited only to qualified investors - mainly those that are known as sophisticated investors. This includes a venture capital corporation, venture capital management corporation, private equity corporation and private equity management corporation registered with the Securities Commission.
- ▶ The issuer of the company must have an identified core business. It cannot be an investment holding corporation with no immediate or prospective business operations or an incubator company.
- ▶ Admission of the company to the LEAP board will be via fundraising or introduction.
- ▶ For the first year, the entire shareholdings of the promoters are under moratorium. Starting from year two, the promoters must at least maintain a 45% stake.

Source: <http://www.thestar.com.my/business/business-news/2017/06/19/a-leap-for-smes/#UIUvgicJOB6xG2L1.99>

HOW CAN BDO HELP?

BDO is well poised to be your trusted adviser as one of the 14 principal advisers and sponsors. Our recent experience includes local and foreign businesses in diverse industries, with combined **enterprise values exceeding RM11 billion** for the past two years.

We understand the requirements and challenges needed to take your organisation to that next level.

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References

For more information on the LEAP LR and amended rules, please go to

<http://www.bursamalaysia.com/market/regulation/rules/listing-requirements/leap-market/listing-requirements>

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