

BURSA MALAYSIA SECURITIES BERHAD

PRACTICE NOTE 31
STAPLED SECURITIES

Details		Cross References
Effective date:	8 May 2013	Paragraphs 4.20 and 4.21
Revision date:	31 December 2015	

1.0 Introduction

- 1.1 This Practice Note clarifies the requirements that must be complied with by applicants seeking admission of stapled securities to the Official List, and the continuing listing obligations of issuers of stapled securities.

2.0 Definitions

- 2.1 For the purpose of this Practice Note, unless the context otherwise requires -
- (a) “**anchor issuer**” refers to the issuer of stapled securities which consolidates or combines the financial statements of the stapled group and issues the stapled group’s financial statements on a consolidated or combined basis; and
- (b) “**other stapled issuer**” refers to the issuer of stapled securities whose financial statements are consolidated or combined with the anchor issuer’s financial statements.

3.0 Admission

- 3.1 Applicants must first consult the SC and obtain approval from SC and other relevant authorities (where applicable) before listing and quotation of stapled securities will be considered by the Exchange.
- 3.2 Applicants seeking admission of stapled securities to the Official List must, individually or collectively comply with the admission requirements set out in Chapters 3, 4, 4A or 4B of the Listing Requirements, as the case may be, in addition to this Practice Note.

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3.3 Applicants seeking admission of stapled securities must disclose the stapling structure in their listing application and supporting documents, and provide a copy of the stapling deed in support of their listing application for the stapled securities.

4.0 Agent or representative

4.1 Applicants/issuers of stapled securities must appoint an agent or representative to be responsible for communication with the Exchange, on behalf of the applicants/issuers of stapled securities.

5.0 Stapling and issuance of securities

5.1 Issuers of stapled securities must ensure that the securities remain stapled at all times after listing.

5.2 Issuers of stapled securities must:

- (a) cooperate with each other to ensure compliance with the stapling provisions in the stapling deed or other constituent documents and the Listing Requirements;
- (b) ensure that any securities issued by an issuer is matched with the issuance of securities of the other issuer in the stapled group;
- (c) issue joint certificates and maintain joint registers; and
- (d) ensure that any corporate action effected will not prejudice the stapling of the securities.

6.0 Provision of financial assistance

6.1 In addition to the provisions of financial assistance allowed under paragraph 8.23(1) of the Listing Requirements, issuers of stapled securities may provide financial assistance within the stapled group subject to compliance with paragraph 8.23(1) of the Listing Requirements.

7.0 Immediate announcements on amendments to stapling deed

7.1 In addition to the disclosure requirements set out in Chapter 9 of the Listing Requirements, issuers of stapled securities must immediately announce to the Exchange any proposed amendments and subsequent amendments to their stapling deed or constituent documents.

8.0 Quarterly report

8.1 For purposes of complying with paragraph 9.22 of the Listing Requirements, the anchor issuer of stapled securities must announce to the Exchange the quarterly report of the stapled group on a consolidated or combined basis.

9.0 Issue of annual report

- 9.1 For purposes of complying with paragraph 9.23(1) of the Listing Requirements, the issuers of stapled securities must comply with the following:
- (a) the anchor issuer must issue its annual reports that include annual audited financial statements of the stapled group on a consolidated or combined basis, as the case may be, together with the auditors' and directors' reports of the stapled group; and
 - (b) if the other stapled issuer issues annual reports, it must also announce its annual reports to the Exchange.
- 9.2 [Deleted]

10.0 Transactions

- 10.1 For the purposes of calculating the percentage ratios applicable in Chapter 10 of the Listing Requirements, issuers of stapled securities must first consult the Exchange. Generally, the Exchange will require the issuers to calculate the percentage ratios of a transaction based on the stapled group's financial statements prepared either on a consolidated or combined basis, as the case may be.
- 10.2 If the percentage ratio relates to net profits, the calculation will be based on net profits of the stapled group (i.e. the aggregate net profits attributable to the anchor issuer and other stapled issuer).
- 10.3 A related party of each issuer of stapled securities includes a related party of the other issuer in the stapled group.
- 10.4 The Exchange may waive compliance with the rules on transactions between issuers in the stapled group, where appropriate.

11.0 Other continuing listing obligations

- 11.1 All the other continuing listing obligations of the Listing Requirements apply to the issuers of stapled securities, either individually or collectively and their directors or officers, where applicable and with the necessary modifications.

12.0 Financial condition and level of operations of issuers of stapled securities

- 12.1 The Prescribed Criteria set out in Practice Note 17 are applicable to issuers of stapled securities with the necessary modifications, having regard to the types of securities involved and subject to prior consultation with the Exchange.

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- 12.2 Generally, when assessing whether the issuers of stapled securities trigger the Prescribed Criteria set out in Practice Note 17, the Exchange will take into account the following considerations:
- (a) in relation to sub-paragraph 2.1(a), the assessment will be made based on the equity attributable to the securities holders of both the anchor issuer and the other stapled issuer; and
 - (b) in relation to sub-paragraphs 2.1(b), (c), (d), (e), (f), (g) and (h), the assessment will be made based on the consolidated or combined financial statements of the stapled group.

13.0 De-listing

- 13.1 In addition to the powers of the Exchange as set out in Chapter 16 of the Listing Requirements, the Exchange may de-list any or all of the securities from the Official List if the securities are no longer stapled.