
CHAPTER 3 ADMISSION**PART A – ADMISSION****3.01 Admission**

- (1) The Exchange will exercise discretion over the admission and continued listing of securities on the LEAP Market and may approve or reject applications for listing, as it deems fit.
- (2) An applicant must be a public company incorporated in Malaysia and apply for admission to the LEAP Market through an Approved Adviser.
- (3) An applicant must be suitable for listing on the LEAP Market as assessed by an Approved Adviser appointed by the applicant in accordance with Rule 4.10.
- (4) The applicant, Approved Adviser or other persons accepting responsibility for all or any part of the information and documents submitted to the Exchange in relation to an initial listing application must exercise due diligence and comply with the SC's Guidelines on Due Diligence Conduct for Corporate Proposals.
- (5) Where a listed corporation undertakes a corporate proposal which will result in a significant change in the business direction or policy of a listed corporation, the Exchange will treat such listed corporation as if it were a new applicant seeking admission to the LEAP Market. In such instance, the listed corporation must comply with the requirements under this Chapter, where applicable.
- (6) Where any document submitted to the Exchange contains reference to a financial estimate, forecast or projection, the listed corporation and its Approved Adviser must ensure that the financial estimate, forecast or projection is prepared with reasonable bases and assumptions, reviewed and reported by the external auditors or reporting accountants, as the case may be.

3.02 Core Business

- (1) An applicant must have a clearly identifiable core business.
- (2) An applicant must not be considered as suitable for listing if it is –
 - (a) a subsidiary or holding company of a corporation currently listed on the Main Market or ACE Market of the Exchange and the listing of such applicant will result in the existing listed corporation within the group ceasing to have a separate autonomous business of its own and not be capable of sustaining its listing in the future;
 - (b) an investment holding corporation with no immediate or prospective business operations within its group; or
 - (c) an incubator, including a technology incubator which may apply for admission to the Main Market only.

3.03 Shareholding spread

An applicant must have at least 10% of the total number of ordinary shares for which listing is sought in the hands of public shareholders at admission.

3.04 Listing of securities

An applicant may issue and list ordinary shares, preference shares and convertible securities on the LEAP Market. For issues of convertible securities, the applicant must comply with the requirements set out in Part F of Chapter 5.

PART B – METHODS OF OFFERING OF SECURITIES

3.05 General

- (1) An applicant seeking listing on the LEAP Market may –
 - (a) issue new securities by way of an excluded issue; or
 - (b) list its existing securities by way of introduction.
- (2) An applicant which makes an excluded issue may distribute its securities either by way of a public offer, placement or book building, or a combination of these methods.
- (3) An offer for sale by the promoters of the applicant is not allowed, unless –
 - (a) the applicant has generated 1 full financial year of operating profit based on its latest audited financial statements;
 - (b) the promoters are corporations undertaking venture capital or private equity activity and registered with SC pursuant to the SC's Guidelines on the Registration of Venture Capital and Private Equity Corporations and Management Corporations; and
 - (c) the applicant is able to ensure that the promoters' shareholding to be placed under moratorium will amount to at least 45% of the enlarged number of issued shares of the applicant at the date of admission to the LEAP Market.

3.06 Placement of securities

- (1) The Approved Adviser must avoid any conflict of interest in an exercise of placement of securities.
- (2) An Approved Adviser must not allow placement of securities to be made to nominee corporations unless the names of the ultimate beneficiaries are disclosed.

3.07 Moratorium on promoter's shares

- (1) A moratorium will be imposed on the sale, transfer or assignment of shares held by promoters of an applicant as follows:
 - (a) The moratorium applies to the entire shareholdings of the promoters of an applicant for a period of 12 months from the date of admission to the LEAP Market.
 - (b) Upon the expiry of the 12-month period stated above, the listed corporation must ensure that the promoters' aggregate shareholdings amounting to at least 45% of the total number of issued shares of the listed corporation remain under moratorium, for another period of 36 months.
 - (c) Thereafter, subject to sub-Rule (d) below, the promoters may sell, transfer or assign the shares held under moratorium.

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- (d) Where a listed corporation has not generated 1 full financial year of operating revenue based on the latest audited financial statements, the moratorium in sub-Rule (b) will continue to apply until the listed corporation has generated 1 full financial year of operating revenue based on its latest audited financial statements.
 - (e) Where the promoters also own securities which are convertible or exercisable into ordinary shares of the applicant, the promoters' shareholdings to be placed under moratorium must amount to 45% of the enlarged number of issued shares of the applicant assuming full conversion or exercise of such securities owned by the promoters.
- (2) Where the promoter or vendor is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to the Exchange that they will not sell, transfer or assign their securities in the unlisted corporation for the period stipulated in sub-Rule (1) above.

3.08 Prior approval from the Exchange

An applicant must not collect any monies from investors for subscription to its securities or allot new securities to any investor until the Exchange has granted its approval-in-principle for its admission to the LEAP Market.

3.09 Procedures for admission to the LEAP Market

- (1) An applicant and each of its directors must give the Exchange an undertaking to comply with these Requirements in the form prescribed by the Exchange.
- (2) The following procedures apply to the admission of an applicant to the LEAP Market, with the necessary modifications, as may be applicable:
- (a) the applicant issues and deposits the information memorandum containing the information set out in Appendix 3A with the SC and concurrently submits the listing application, the information memorandum and other supporting documents to the Exchange as set out in the form prescribed by the Exchange;
 - (b) the Exchange grants approval-in-principle for the admission of the securities;
 - (c) the applicant announces to the Exchange the indicative timetable of the excluded issue as follows upon the approval for the admission of securities:
 - (i) the opening and closing date of the offer period, if any;
 - (ii) the balloting date, if any;
 - (iii) the allotment date of the securities; and
 - (iv) the tentative listing date;
 - (d) the applicant applies to the Exchange for the prescription of their securities;
 - (e) the applicant issues the securities and notices of allotment;
 - (f) the applicant announces the following to the Exchange immediately upon receipt of the relevant confirmation from the Depository that the securities are ready to be credited into the respective securities accounts:

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- (i) the actual date of listing;
 - (ii) the enlarged share capital of the applicant;
 - (iii) stock short name, stock code and ISIN code; and
 - (iv) market under which the securities will be listed; and
- (g) the securities are admitted to the LEAP Market and quoted on the Exchange.

3.10 Application of monies from subscription of securities paid into a trust account

- (1) All monies received from investors pursuant to a subscription of securities in an applicant must be kept in trust in a trust account opened with a financial institution licensed by Bank Negara Malaysia and jointly operated by both the applicant and a custodian ("**Trust Account**"). For the purpose of this sub-Rule (1), a "**custodian**" means any of the following:
- (a) the applicant's Approved Adviser; or
 - (b) a placement agent or an issuing house appointed by the applicant.
- (2) Both the applicant and the custodian must ensure that the monies deposited in the Trust Account are not withdrawn, until upon the listing date or in accordance with sub-Rule (3) below.
- (3) The applicant and custodian must forthwith repay to the investors, without interest all monies received from the investors if –
- (a) the listing of the applicant does not take place within 6 months from the date the Exchange approves the listing on the LEAP Market or such further extension of time as the Exchange may allow; or
 - (b) the applicant aborts its proposed listing on the LEAP Market.
- (4) The applicant must repay all monies received from investors within 14 days from the end of the period referred to in sub-Rule (3)(a) above, or the date when it notifies the Exchange of its decision to abort its listing plan. In the event an applicant fails to do so, in addition to the liability of the applicant, the directors of the applicant shall be jointly and severally liable to repay such money with interest at the rate of 10% per annum from the end of that period or such other rate as the Exchange may prescribe.

3.11 Notification/Advertisement of securities prescribed by the Exchange to be deposited with the Depository

In relation to the prescription by the Exchange of the securities of the applicant to be deposited with the Depository pursuant to section 14 of the Securities Industry (Central Depositories) Act 1991 ("**Prescription**"), the applicant must submit to the Exchange either one of the following:

- (a) a written confirmation to the Exchange that the information set out in its register including the addresses of its securities holders are updated and accurate as at a date not less than 14 days from the date of submitting the application to the Exchange for the prescription of its securities for the purposes of notification to its securities holders of the Prescription; or
- (b) where the applicant is unable to provide the confirmation set out in sub-Rule (a) above, payment to the Exchange, as prescribed, for the advertisement charges incurred or to be incurred by the Exchange pursuant to section 14(2) of the Securities Industry (Central Depositories) Act 1991 in relation to the Prescription.

PART C – CONTINUING ADVISERS**3.12 Continuing Adviser**

- (1) An applicant must secure and maintain the services of a Continuing Adviser for –
 - (a) at least 3 full financial years after its admission to the LEAP Market; or
 - (b) at least 1 full financial year after the applicant has generated operating revenue,whichever is the later.
- (2) The applicant's Approved Adviser who submitted its application for admission to the LEAP Market must act as its Continuing Adviser for at least 1 full financial year following the applicant's admission. During the said period of 1 year, the Adviser cannot resign, neither can the applicant terminate the Adviser's appointment.

[End of Chapter]

APPENDIX 3A**Contents of information memorandum**

(Rule 3.09(2))

- (a) Information on the applicant's principal activities, business model and future plans, including steps taken and to be taken to realise the plans.
- (b) Date of incorporation, registration number and date of commencement of business.
- (c) History of business from the inception date.
- (d) Group structure, where applicable.
- (e) The shareholding structure of the applicant, including the method of offering, the number and indicative price of securities being issued/offered, and the terms of the convertible securities, if any.
- (f) The risk factors in relation to the applicant's business including any dependencies on customers or suppliers and internal control weaknesses, if any.
- (g) Competitive analysis and prospects of the applicant's business.
- (h) The licences and permits held by the applicant.
- (i) The consolidated or combined historical audited financial information of the applicant for the last 2 financial years (or from date of incorporation if incorporated less than 2 financial years) together with management discussion and analysis. The latest consolidated or combined audited financial statement must be audited by an auditor who is registered with the Audit Oversight Board. If the issuance date of the information memorandum is later than 6 months after the end of the most recent financial year, an interim financial report must be provided.
- (j) Any conflict of interest situation involving direct and indirect interest of directors and substantial shareholders.
- (k) Any related party transaction entered or proposed to be entered into by the applicant or its subsidiaries in the last financial year and the subsequent period up to the latest practicable date prior to initial listing application.
- (l) The details of promoters, substantial shareholders, directors and key management of the applicant:
 - (i) name, nationality, age, profession, qualification and past experiences; and
 - (ii) interests outside the group at present and past 3 years.
- (m) A description of the proposed utilisation for the total amount of funds to be raised including the proposed timeframe for such proposed utilisation upon listing.
- (n) Any material agreement including shareholder agreement entered into between the applicant and shareholders.
- (o) The details of moratorium on promoters and other shareholders, where applicable.

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- (p) The name and address of the following parties, where applicable:
- (i) Approved Adviser
 - (ii) Auditor
 - (iii) Solicitor
 - (iv) Principal banker
 - (v) Placement agent
 - (vi) Valuer
 - (vii) Trustee
 - (viii) Custodian
- (q) Approvals required for listing.
- (r) A statement that –
- (i) the applicant undertakes to open a trust account in accordance with Rule 3.10 where all monies received from investors pursuant to subscription of securities will be deposited into a trust account jointly operated by both the applicant and a custodian;
 - (ii) the applicant and custodian undertake that all monies deposited in the trust account will not be withdrawn until the listing date; and
 - (iii) the applicant undertakes to forthwith repay without interest all monies received from the investors if –
 - (aa) the listing of the applicant does not take place within 6 months from the date the Exchange's approval for listing on the LEAP Market or such further extension of time as the Exchange may allow; or
 - (bb) the applicant aborts its proposed listing on the LEAP Market.
- (s) A statement on the mode of communication between the applicant and its securities holders in accordance with Rule 2.12 of these Requirements.
- (t) A statement that the SC and the Exchange take no responsibility for the contents of the information memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the information memorandum. The Exchange does not make any assessment on the suitability, viability or prospects of the applicant. Sophisticated investors are expected to make their own assessment on the applicant or seek appropriate advice before making their investment decisions.
- (u) Any other material information.

[End of Appendix]