



Snapshot

by Capital Markets & Accounting Advisory Services (CMAAS)

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Enhanced Rights Issue Mandate for Eligible Listed Issuers

The Securities Commission Malaysia ("SC") and Bursa Malaysia ("Bursa") has recently announced a temporary relief measure allowing eligible public listed companies ("PLCs") and real estate investment trusts ("REITs") (PLCs and REITs collectively "eligible listed issuers") to issue new rights shares or units to their existing securities holders on a pro rata basis, up to 50% of the total number of issued shares or issued units ("Enhanced Rights Issue Mandate"). The relief measure, which is aimed at expediting fund raising to assist eligible listed issuers affected by the COVID 19 pandemic, is available till 31 December 2021.



Background

- This temporary relief measure is in addition to the interim measure announced in April 2020 to increase the general mandate limit of issuance of new shares from the existing 10% under paragraph 6.03 of the MMLR to not more than 20% of the total number of issued shares (excluding treasury shares) ("20% General Mandate"), subject to compliance with certain conditions which is also applicable till 31 December 2021.
- Eligible listed issuers can apply the Enhanced Rights Issue Mandate in addition to the 20% General Mandate, irrespective of whether they have previously obtained or utilized the 20% General Mandate.



Key requirements to qualify for the relief measure

Key aspect	Details of requirement
Eligible listed issuers	Applicable to PLCs/REITs with controlling share/unit holders (defined as <i>shareholders entitled to exercise or control the exercise of more than 33.3% of the listed issuer's voting share/unit or who are in a position to control the composition of a majority of the board of directors of listed issuer</i> in para 1.01 of the Main Market Listing Requirement ("MMLR"))
Issuance type and limit	(i) Only for ordinary shares/units (ii) New issue of shares/units must not exceed 50% of total number of issued shares/units



Key requirements to qualify for the relief measure (continued)

Key aspect	Details of requirement
Approvals and relevant legal requirements	<p>The eligible listed issuer must</p> <ul style="list-style-type: none"> (i) Procure approval of the share/unit holders for the Enhanced Rights Issue Mandate at a general meeting (ii) Comply with all relevant applicable legal requirements including its constitution, deed or relevant constituent document; and (iii) In addition to existing disclosures as per para 6.03(3) of the MMLR, the Board of Directors ("BOD") is required to include the BOD's views as to whether the Enhanced Rights Issue Mandate is in the best interest of the listed issuer and the basis for such views
Pricing	The new shares/units more not be priced at more than 30% discount to the theoretical ex-rights price
Commitment from controlling shareholders	Controlling share/unit holders must issue irrevocable letter of undertaking to subscribe for their entitlements in full
Other requirements on new issuance of securities	Listed companies are required to comply with all existing requirements for new issue of securities under the MMLR including announcement of the rights issue with the relevant information as prescribed in Appendix 6A of the MMLR.



For further details, please refer to [Enhanced Rights Issue Mandate](#)

Do you need further information on this topic?

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