

BURSA MALAYSIA ENHANCES MAIN MARKET LISTING REQUIREMENTS

On 27 March 2023, Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") amended Main Market Listing Requirements ("**Listing Requirements**") to enhance disclosures in announcements and periodic reports of listed Islamic real estate investment trusts ("**REITs**") and exchange-traded funds ("**ETFs**") with *waqf* feature approved by the Securities Commission Malaysia ("**SC**") and are in compliance with the SC's Guidelines on Islamic Capital Market Products and Services.

Waqf is Islamic endowment in accordance with the Shariah. According to the book titled "*WAQF ASSETS: DEVELOPMENT, GOVERNANCE AND THE ROLE OF ISLAMIC CAPITAL MARKET*[1]" published by the SC, the waqf concept started off as a simple endowment during the time of Caliph Umar al Khattab (RA), but it was only during the time of the Ottomans that through innovations, waqf management became more clarified and, in a way, regulated. The concept and structure of waqf changed into self-sustaining business models that generated income utilised not just for upkeep and maintenance of the assets or properties, but also other philanthropic activities.

On 12 November 2020, SC launched a framework to facilitate the offering of Islamic unit trust and wholesale funds with waqf features. The said framework provides the public access to such Islamic unit trust and wholesale funds that allow unit holders to channel all or part of the income distribution received for waqf purposes[2]. In November 2022, the said framework was expanded to include Islamic REITs and ETFs listed on the Main Market of Bursa Malaysia[3].

Subsequent to the aforesaid expansion, Bursa Malaysia made amendments to Chapter 9 [*Continuing Disclosure*] of the Listing Requirements. Such amendments are effective from 3 April 2023.

The key amendments introduced to Chapter 9 [*Continuing Disclosure*] of the Listing Requirements are as follows:

No.	Paragraph No. of Listing Requirements	Summary of Amendments/Insertions	Purpose/Reason Provided by Bursa Malaysia
1.	Immediate announcement to Bursa Malaysia: Paragraphs 9.43(1)(q) and 9.47(1)(n)*	Management company of REIT /ETF must immediately announce to Bursa Malaysia: (i) any change of the Shariah adviser appointed by the management company; And (ii) if the Islamic REIT/ETF has a waqf feature, any change in the waqf arrangement including the waqf initiatives and waqf recipient(s), together with the reasons for the change.	To enhance the immediate announcement requirement to promote greater transparency on and ensure unit holders are kept apprised of any changes to the specific key matters in a timely manner.
2	Contents of quarterly report of REIT / Contents of semi-annual report of ETF: Paragraph 9A of Part D, Appendix 9B and Paragraph 4(h) of Part E, Appendix 9B	The management company must include in the quarterly report of REIT with waqf feature / semi-annual report of ETF with waqf feature, the breakdown of the total amount (together with the percentage) distributed to – (a) waqf recipient(s) and where applicable, further breakdown of payment to each waqf recipient; and (b) unit holders, if any.	To enhance contents of periodic reports to facilitate access to meaningful and value-add information by unit holders.
3	Contents of annual report of REITs and ETFs: Paragraph 17 of Part E, Appendix 9C and Paragraph 14 of Part F, Appendix 9C	The management company must ensure that the contents of the annual report include the following additional Information in relation to Islamic ETF/REIT with waqf feature: (a) name of the waqf recipient; (b) the waqf initiatives; and (c) how investors can obtain more information on the waqf recipient and progress of the waqf initiatives.	
4	Contents of distribution statements of REIT: Paragraph 9.45(3) read together with Paragraph 2A of Appendix 9D	A management company must forward every distribution statement to the unit holders of Islamic REIT with waqf feature and Bursa Malaysia accompanied by a report as to the state of the REIT which includes the information on, among others, the total income distribution for the financial period, net amount per unit (after allowing for charges and adjustments) recommended to be distributed to unit holders and waqf recipient(s) respectively, together with the gross equivalent attributable to the distribution period.	To enhance the contents of the distribution statement of a REIT and to provide unit holders comprehensive insight into their distribution entitlement by including the net amount per unit recommended to be distributed to unit holders and waqf recipient(s) respectively

Bursa Malaysia has also provided “*Questions and Answers*” in relation to the amendments to the disclosure requirements applicable to the listed Islamic REITs and ETFs with waqf feature:

1. What is considered a change to the waqf arrangement which warrants an immediate announcement under paragraphs 9.43(1)(q)(ii) and 9.47(1)(n)(ii) of the Listing Requirements?

Details of the waqf arrangement are disclosed in the prospectus, disclosure document, information memorandum or product highlights sheet (“**disclosure documents**”). Hence, any change to the details of the waqf arrangement as set out in the disclosure documents must be immediately announced and they may include the following: (i) changes to the distribution policy such as the amount and percentage of the distributions to be channelled

for waqf purposes; (ii) changes to the waqf initiatives such as the identified projects or sectors to which the waqf distributions will be channeled; and (iii) changes to the waqf recipient(s), the policies and processes relating to the selection of the waqf recipient(s), or the criteria for selection and the circumstances where the listed issuer will remove, replace or add additional waqf recipient. The announcement of such changes must include the reasons for the changes.

2. Where can an investor obtain further information on the waqf recipient(s) or progress of the waqf initiatives?

An investor can refer to the annual report of the Islamic REIT or ETF with waqf feature to find out how to obtain further information on the waqf recipient(s) and progress of the waqf initiatives. Further, an investor can also find the details of the waqf recipient and the hyperlink to the waqf recipient's website on the management company's website.

As reported by TheEdge on 27 March 2023[4], Bursa Malaysia's chief executive officer Datuk Muhamad Umar Swift said that *"Bursa Malaysia is particularly pleased to be part of the ecosystem providing an effective instrument to support our nation's socio-economic development. The enhancements will also promote the growth of waqf and sustainable and responsible investment assets, further cementing the exchange's [Bursa Malaysia's] position as a leading global Islamic finance marketplace."* The amendments brought about by Bursa Malaysia in relation to REITs and ETFs with waqf feature are indeed welcomed push towards buoyant social development alongside commercial returns.

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1. <https://www.sc.com.my/api/documentms/download.ashx?id=a0b2d65d-07ac-4932a956-70004a93650c>.
 2. <https://www.sc.com.my/resources/media/media-release/sc-introduces-new-framework-to-facilitate-offering-of-islamic-funds-with-waqf-features>.
 3. <https://www.sc.com.my/resources/media/media-release/sc-issues-consolidatedguidelines-on-islamic-capital-market-products-and-services>.
 4. <https://www.theedgemarkets.com/node/660879>.

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