LEAP MARKET

TAKING SMEs TO THE NEXT LEVEL

www.bursamalaysia.com
LEADING ENTREPRENEUR ACCELERATOR PLATFORM

LEAP is Bursa Malaysia’s latest listing platform — a fast, efficient and transparent marketplace for entrepreneurial businesses to grow.

For SMEs and companies, it is an alternative platform to raise capital. For Sophisticated Investors, it is a new source of investible companies.

Top 4 Reasons That will make you LEAP

1. A marketplace that provides an efficient and transparent capital formation and price discovery mechanism

2. Facilitative rules & regulations and lower cost of compliance

3. Brings together SMEs, intermediaries, Sophisticated Investors and Advisers onto a single platform to raise funds for SMEs

4. An alternative and complementary platform for Sophisticated Investors to invest in the growth of SMEs
Here’s why more SMEs and companies should take on investors.

Getting investors in your company can be an alternative way of raising funds for further growth and expansion. They believe in you and are therefore willing to share your successes and risks.

Who can list on LEAP?

LEAP welcomes all public companies incorporated in Malaysia with a clearly identifiable core business. This includes locally incorporated companies with foreign operations.

Why do I need an Adviser?

The LEAP Market will be adviser-driven where suitability and commercial viability assessment will be done by the adviser.

Interested? Find an adviser to get listed now!
For a full listing of advisers, please visit www.bursamalaysia.com/market/LEAP

Who can invest?

If you are a Sophisticated Investor, or a high net-worth entity or individual, you are eligible to invest on the companies listed on the LEAP Market. Please approach your nearest broker to check on your eligibility.

Want to know more?

Read our FAQ list on the next page, or find it on our website at www.bursamalaysia.com/market/LEAP

Talk to us at
www.bursamarketplace.com/startLEAP
FAQ

Section A: General Information on the LEAP Market

Q1 What is the LEAP Market?

A A new market offered by Bursa Malaysia which will provide companies, mainly SMEs, with greater fund raising access and visibility via the capital market; and will be accessible only to Sophisticated Investors.¹

The LEAP Market aims to bring together SMEs and companies, intermediaries, Sophisticated Investors and Advisers onto a single platform to create a conducive marketplace to raise funds, a marketplace that provides for efficient and transparent capital formation and price discovery mechanisms compared to a private market.

Q2 What are the objectives of the LEAP Market?

A • Supports the national development agenda of SMEs
• Creates a platform for SMEs and companies to raise funds
• Provides an alternative and complementary platform for Sophisticated Investors to invest in the growth of SMEs and companies
• Provides Sophisticated Investors access to a wider pool of potential investments

Q3 What are the key features of the LEAP Market?

A • An efficient, fast and transparent market
• Facilitative rules & regulations and lower cost of compliance
• Sophisticated Investors (please refer to Q5 for the qualifications)

¹ As prescribed under the Capital Markets and Services Act 2007
**Q4** Which SMEs qualify for listing on the LEAP Market?

**A** All public companies incorporated in Malaysia with a clearly identifiable core business. Locally incorporated companies and SMEs with foreign operations are eligible to list on the LEAP Market.

**Q5** Who can invest in companies listed on the LEAP Market?

**A** Only Sophisticated Investors, as defined under Schedules 6 & 7 of the Capital Markets and Services Act 2007 (“CMSA”) are allowed to invest in companies listed on the LEAP Market. The Sophisticated Investors are categorised as:

- Accredited investors;
- High net-worth entities; and
- High net-worth individuals.

Examples include:

i. an individual whose total net personal assets exceeds RM3,000,000 or equivalent in foreign currencies; or

ii. an individual who has a gross annual income exceeding RM300,000 or equivalent in foreign currencies in the preceding twelve months; or

iii. an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or equivalent in foreign currencies in the preceding twelve months; or

iv. a corporation with total net assets exceeding RM10,000,000 or equivalent in foreign currencies based on last audited accounts; or

v. a partnership with total net assets exceeding RM10,000,000 or its equivalent in foreign currencies; or

vi. a company that is registered as a trust company under the Trust Companies Act 1949 which has assets exceeding RM10,000,000 under management; or
vii. a corporation that is a public company under the Malaysia Companies Act 2016 which is approved by the Securities Commission Malaysia to be a trustee under the Capital Markets and Services Act 2007 and has assets exceeding RM10,000,000 under management.

Q6 What are the value propositions for the LEAP Market?

A For SMEs and companies
- Alternative platform to raise funds
- Facilitative rules & regulations and lower cost of compliance
- Enhanced visibility / profiling
- Early exposure to prepare for a potential listing on the ACE / Main Markets
- Potentially unlock shareholder value
- Price discovery therefore easier to undertake mergers and acquisitions

For Sophisticated Investors
- Greater price discovery / transparency
- Capitalise on the potential growth of a LEAP Market company
- Ease / flexibility of divestment of their investments
- Early investment which may yield high returns when companies on the LEAP Market potentially list on the ACE / Main Market
- Access to a wider pool of potential investments

For Adviser(s)
- Access to additional revenue stream for new segments
- Enhanced visibility / profiling
- Facilitative rules & regulations and lower cost of compliance
- Capitalise on the potential growth of a LEAP Market company
- Ease / flexibility of monetising shareholder value for their clients
- Potential to guide issuers-clients to graduate to the ACE / Main Market

Q7 What are some international examples of the LEAP Market?

A The LEAP Market equivalents can be found in the United States, South Korea, India, China and Taiwan.
Q8  How does the LEAP Market complement other funding options, e.g. Peer-to-Peer Financing Platform, Angel Investors, Equity Crowd Funding, ACE Market, Venture Capitalists?

A  The LEAP Market serves to complete and complement the available funding options provided to SMEs and companies depending on the stage of the company’s growth and funding needs.

Q9  Who is the approving party for listing?

A  Bursa Malaysia is the single approving authority for listing.

Q10  Does the LEAP Market prescribe a time limit for listed SMEs and companies to migrate to other boards?

A  There is no prescribed time limit.

Q11  Will the LEAP Market be a part of Bursa Malaysia?

A  The LEAP Market is a part of Bursa Malaysia and will operate under Bursa Malaysia Securities.

Q12  How will the trading process take place?

A  Trading on the LEAP Market will follow the same trading mechanism as the current ACE / Main Markets.
FAQ

Section B:
Advisers

Q1 What is an Adviser?

A A company needs to appoint an Adviser in order to list on the LEAP Market. An Adviser will guide a company to prepare for listing and to comply with subsequent post-listing requirements. Advisers must be licensed by Securities Commission Malaysia and registered with Bursa Malaysia.

Q2 Where can I find the list of Advisers?

A The list of Advisers is available on www.bursamalaysia.com.

Q3 What is the role of an Adviser? Why do I need one?

A An Adviser’s responsibility is to assess the suitability of an applicant seeking listing on the LEAP Market, by making reasonable due diligence enquiries and considering all relevant matters. They are also responsible for the preparation of the listing documents (i.e. Information Memorandum and the Initial Listing Application). Advisers will also guide the company to comply with post-listing requirements.

Q4 Will the LEAP Market be entirely adviser-driven?

A The LEAP Market will be adviser-driven where suitability and commercial viability assessment will be done by the adviser.

Q5 What will be the responsibilities of the Advisers post-listing?

A The Advisers’ role post-listing is to ensure the listed company complies with the disclosure and post-listing requirements.
Why would SMEs and companies list on the LEAP Market?

A The LEAP Market is an alternative avenue for SMEs and companies to raise funds through the capital market by connecting them with Sophisticated Investors who believe in their business and ideas. Other benefits of listing on the LEAP Market are as follows:

- Facilitative rules & regulations and lower cost of compliance
- Enhanced visibility / profiling
- Early exposure to prepare for a potential listing on the ACE / Main Market
- Potentially unlock shareholder value
- Price discovery will make it easier to undertake mergers and acquisitions

What are the requirements for SMEs and companies to list on the LEAP Market?

A There is no profit track record requirement for SMEs and companies wishing to list on the LEAP Market. However, the following criteria will apply:

i) a public company incorporated in Malaysia;

ii) has a clearly identifiable core business;

iii) 10% public shareholding spread at the point of admission only; and

iv) meets the suitability assessment by an approved Adviser.

SMEs and companies will have to appoint an Adviser to guide them throughout the listing process. The list of Advisers is available on www.bursamalaysia.com.
Q3  Can foreign SMEs and companies apply, and is the process the same?

A  At the moment, the LEAP Market is only for locally incorporated SMEs and companies. Locally incorporated SMEs and companies with foreign operations are eligible to list on the LEAP Market.

Q4  If I currently have other sources of funding, am I still eligible for listing on the LEAP Market?

A  Yes, provided the other sources of funding are not from the ACE / Main Market.

Q5  Can I cross-list on another Exchange after I have listed my SME on the LEAP Market?

A  Yes. Cross-listing on another Exchange is allowed.
FAQ

Section D:
Sophisticated Investors

Q1 Why are LEAP Market investors limited to Sophisticated Investors?

As one of the guiding principles for this market to have facilitative rules and regulations, this market will only be available to Sophisticated Investors who are deemed to have better knowledge on the potential risk and return of this market.

Q2 How do Sophisticated Investors find the SMEs they want to invest in?

Before listing takes place, the list of new SMEs and companies applying for the LEAP Market will be available on Bursa Malaysia’s website. Sophisticated Investors can contact these companies through their respective Advisers to learn more and possibly invest in the companies.

After listing, trading will be similar to the ACE / Main Market. Sophisticated Investors will have to register with a broker and buy or sell shares through their accounts.

Q3 If I have a net worth of RM5 million, can I invest in the LEAP Market?

Yes, as this meets the definition of a Sophisticated Investor as per Schedule 6 and 7 of CMSA.

Q4 Is registration / disclosure required for Sophisticated Investors?

Sophisticated Investors are required to disclose information and documents to brokers based on the brokers ‘Know Your Client’ checks, prior to the opening of a trading account / prior to trading on LEAP Market (for existing CDS account holder).
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