

BOX ARTICLE

LEADING ENTREPRENEUR ACCELERATOR PLATFORM (LEAP) MARKET

The Leading Entrepreneur Accelerator Platform (LEAP) Market was officially launched by YAB Prime Minister on 25 July 2017. It is a new listed market in Bursa Malaysia positioned to provide SMEs greater access to the capital market.

Based on the report by World Federation of Exchanges (WFE) and the World Bank Group's Policy Research Working Paper, stock exchanges assume an important role in the development of SME financing. Thus, having the right ecosystem is critical to ensure the success of such market.

LEAP Market is intended to broaden the funding options available to companies that are too small to list on the Main Market or ACE Market. The market is positioned to fill the gap between capital market and start-ups. It is also a platform for companies to showcase their companies.

Due to the inherent risks in investing in young companies, the LEAP Market will only be opened to investors categorised as sophisticated investors. The LEAP Market offers private equity risk and return with public market transparency. The framework for the LEAP Market is premised on three key guiding principles which are cost efficiency, appropriate regulations for SMEs and a qualified market for sophisticated investors.

In the LEAP Market, advisers approved by Bursa Malaysia will play a more active role in identifying the companies to be listed and guiding them through their journey as a listed company. In the Main and ACE Markets of Bursa Malaysia, the advisers are restricted to only investment banks and certain securities firms. However, the LEAP Market expands the number of advisers to other firms which hold Corporate Finance Adviser (FA) licenses regulated by the Securities Commission (SC), such as boutique advisory firms.

The launch of the LEAP Market is a further recognition of the importance of SMEs as a main contributor to the country's Gross Domestic Product (GDP). The LEAP Market aims to facilitate greater access to capital market financing for SMEs to support their developmental and lifecycle needs.

LEAP Market equivalents can be found in several countries such as South Korea, Taiwan, China and India. However, Bursa Malaysia is the first ASEAN stock exchange to launch such market. Its counterparts in Thailand and Indonesia have also announced plans to introduce a similar initiative.



Bursa Malaysia is hoping to attract the most promising small companies to list their shares. As the start-ups and small businesses grow, some of them would eventually move up to the bigger boards on Bursa Malaysia.

While SMEs can still choose to get listed on the ACE Market, the LEAP Market offers several advantages. It has been formulated as a sponsor-driven market which is regulated on a 'light-touch' basis, but balanced by prudential standards. Bursa Malaysia is cutting the red tape and regulatory burden to lower the entry barrier for cost-conscious smaller businesses.

Chart 1: Sophisticated Investors

[Schedule 6 & 7 Capital Markets and Services Act 2007 (CMSA)]

- (i) **High Net Worth Individual**
- At least RM3 million in assets
 - Annual income of more than RM300,000
 - Husband and wife's combined annual income of more than RM400,000

- (ii) **Corporates**
- Net asset worth at least RM10 million
 - Net partnership at least RM10 million
 - Net trust company at least RM10 million

Source: Bursa Malaysia

SMEs would need to appoint an adviser who would be able to guide them throughout the listing process. The LEAP Market serves to complete and complement the available funding options provided to SMEs depending on the stage of the company's growth and funding needs.

Chart 2: The requirements for SMEs to list on the LEAP Market

A public company incorporated in Malaysia

Has a clearly identifiable core business

10% public shareholding spread at the point of admission only

Meets the suitability assessment by an approved adviser



Chart 3: List of LEAP Registered Corporate Finance Advisers (CFAs) as at September 2017

1. AFFIN Hwang Investment Bank Berhad
2. Alliance Investment Bank Berhad
3. AmInvestment Bank Berhad
4. CIMB Investment Bank Berhad
5. Hong Leong Investment Bank Berhad
6. KAF Investment Bank Berhad
7. Kenanga Investment Bank Berhad
8. M&A Securities Sdn Bhd
9. Maybank Investment Bank Berhad
10. Mercury Securities Sdn Berhad
11. MIDF Amanah Investment Bank Berhad
12. Public Investment Bank Berhad
13. RHB Investment Bank Berhad
14. TA Securities Holdings Berhad
15. Crowe Horwath Advisory Sdn Bhd
16. DWA Advisory Sdn Bhd
17. MainStreet Advisers Sdn Bhd
18. Strategic Capital Advisory Sdn Bhd
19. WYNCorp Advisory Sdn Bhd
20. ZJ Advisory Sdn Bhd
21. Astramina Advisory Sdn Bhd
22. BDO Capital Consultants Sdn Bhd
23. cfSolutions Sdn Bhd
24. Sierac Corporate Advisers Sdn Bhd

Source: Bursa Malaysia

More information on the LEAP registered CFAs can be obtained from this link:

<http://www.bursamalaysia.com/market/regulation/rules/listing-requirements/leap-market/register-of-advisers/>



Chart 4: Value Propositions for the LEAP Market

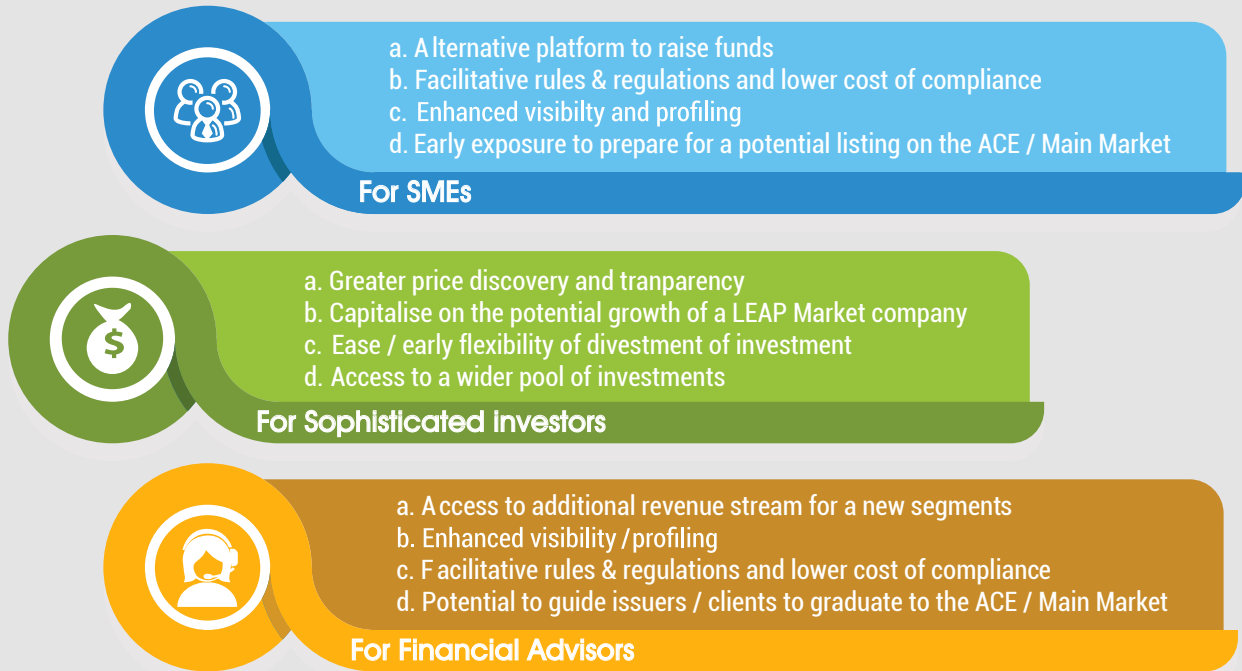


Chart 5: SME Fund Raising Ecosystem in Malaysia

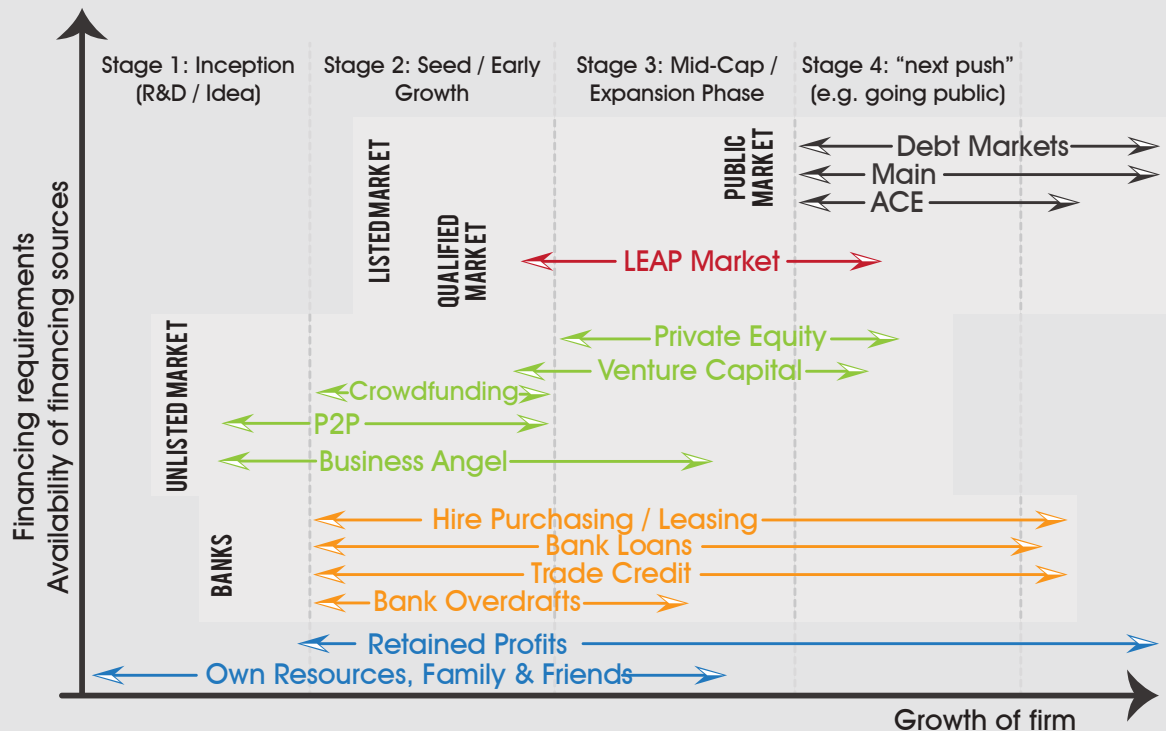
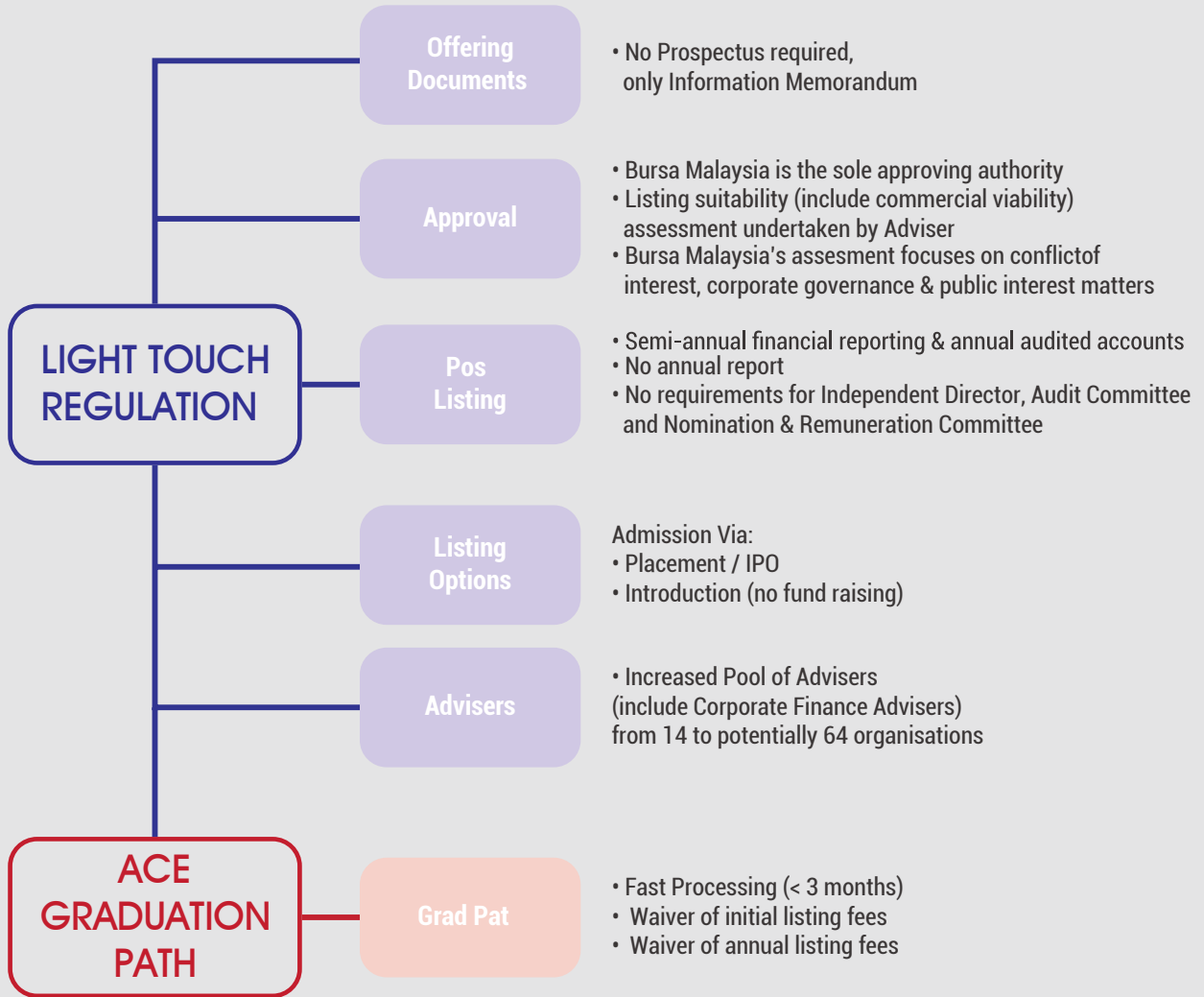


Chart 6: Light Touch Regulations



Source: Bursa Malaysia



