

Practice Note 2

ASEAN STANDARDS

Introduction

- 2.01 This practice note is published to–
- (a) explain the position of the ASEAN Standards vis-à-vis the *Prospectus Guidelines*; and
 - (b) assist issuers undertaking a multi-jurisdictional offering within ASEAN by mapping out the corresponding provisions of the *Prospectus Guidelines* and the ASEAN Standards.
- 2.02 The ASEAN Standards are a set of common standards for disclosures relating to the offering of equity and debt securities and are based on standards on cross-border offerings set by the International Organization of Securities Commissions (IOSCO). The ASEAN Standards were developed as part of a harmonisation initiative by the ASEAN Capital Market Forum (ACMF) to facilitate cross-border offerings of securities within the ASEAN region.
- 2.03 The ASEAN Standards are available on the ASEAN secretariat website at <http://www.aseansec.org/acmf/introduction.htm>.
- 2.04 The scheme developed by ACMF has two levels of standards, comprising a set of common ASEAN Standards and a set of limited additional standards known as the Plus Standards, which are required by some ASEAN jurisdictions due to their individual market practices, laws or regulations.
- 2.05 The *Prospectus Guidelines* conform with the ASEAN Standards. It also contains additional standards that are required by the SC, which are deemed as Malaysia's Plus Standards under the ACMF scheme.
- 2.06 Table I of this Practice Note maps out the requirements in the *Prospectus Guidelines* and the corresponding provisions in the ASEAN Standards for Equity Offerings, and identifies Malaysia's Plus Standards. Table II similarly maps out the corresponding provisions for the ASEAN Standards for Debt Offerings.
- 2.07 Where a corporation intends to undertake an offering in multiple jurisdictions which have adopted the ASEAN Standards, it may refer to Table I or II to assist it in the preparation of its prospectus, which should fully comply with the *Prospectus Guidelines*, for registration with the SC.
- 2.08 The SC may consider waivers from complying with the form and content of the prospectus in the circumstances stated in section 235(5) of the CMSA. These, however, should be applied for prior to the registration of the prospectus.

APPENDIX I

Table 1 is provided for the convenience of users. It is not part of the *Prospectus Guidelines*.

Table 1 Comparison between the SC's *Prospectus Guidelines - Equity and Debt* and Asean Standards for Equity Offerings

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (EQUITY OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
1.	Chapter 4 Time table/Definitions/ Table of contents/ Corporate directory	I. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS, AGENTS AND OTHER INDEPENDENT THIRD PARTIES II. OFFER STATISTICS AND EXPECTED TIMETABLE B. Method and Expected Timetable IV. INFORMATION ON THE ISSUER A. History and Development of the Issuer IX. THE OFFER AND LISTING C. Markets	
2.	Chapter 6 Details of public offering	II. OFFER STATISTICS AND EXPECTED TIMETABLE A. Offer Statistics B. Method and Expected Timetable III. KEY INFORMATION C. Reasons for Offer and Use of Proceeds D. Expenses of the Issue VI. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES	The time frame for full utilisation of proceeds based on each category.

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (EQUITY OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
		B. Compensation IX. THE OFFER AND LISTING A. Offer and Listing Details B. Plan of Distribution C. Markets D. Selling Shareholders E. Dilution	
3.	Chapter 7 Risk factors	III. KEY INFORMATION E. Risk Factors	
4.	Chapter 8 Information about the corporation and group	IV. INFORMATION ON THE ISSUER A. History and Development of the Issuer B. Business Overview C. Organisation Structure D. Property, Plants and Equipment V. OPERATING AND FINANCIAL REVIEW AND PROSPECTS C. Research and Development, Patents and Licences, etc D. Trend Information and Profit Forecast X. ADDITIONAL INFORMATION A. Share Capital J. Subsidiary Information	Include a list of all issuer's subsidiaries and their respective background Information.

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (EQUITY OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
5.	Chapter 9 Information on shareholders/promoters/ directors/ key management	VI. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES A. Directors and Senior Management B. Compensation C. Board Practices D. Employees E. Share Ownership VII. MAJOR SHAREHOLDERS, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS A. Major Shareholders	Material background information for the directors and senior management (e.g. disqualification, charged/convicted in any criminal proceeding). Disclosure of the remuneration and material benefit in-kind (on an individual basis) of directors and CEO of the corporation for services in all capacities to the group according to bands of RM50,000 for the last financial year and proposed for the current financial year.
6.	Chapter 10 Approvals and Conditions	VI. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES E. Share Ownership	On approvals and conditions imposed by relevant authorities.
7.	Chapter 11 Related-party transactions /Conflict of Interest	VI. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES A. Directors and Senior Management VII. MAJOR SHAREHOLDERS, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS B. Related-party Transactions C. Conflicts of Interests D. Interests of Experts, Counsel,	

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (EQUITY OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
		Underwriters and Financial Advisers	
8.	Chapter 12 Financial Information	<p>III. KEY INFORMATION</p> <p>A. Selected Financial Data</p> <p>B. Capitalisation and Indebtedness</p> <p>V. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</p> <p>A. Operating Results</p> <p>B. Liquidity and Capital Resources</p> <p>D. Trend Information and Profit Forecast (where disclosed)</p> <p>VIII. FINANCIAL INFORMATION</p> <p>A. Consolidated Statements and Other Financial Information</p> <p>X. ADDITIONAL INFORMATION</p> <p>D. Exchange Controls</p> <p>E. Taxation</p> <p>F. Dividends and Paying Agents</p>	<p>For a group of corporations, constituted during the period under review, pro forma financial information shall be prepared based on the audited results of the corporations.</p> <p>A statement of capitalisation and indebtedness as at the latest financial period.</p> <p>Include a statement by the directors as to whether, in their opinion, the working capital available to the corporation will be sufficient for a period of 12 months from the date of issue of prospectus.</p> <p>There are additional disclosures required, where a prospectus contains profit estimate/forecast.</p> <p>If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided.</p>

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (EQUITY OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
		[For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
9.	Chapter 13 Accountants' report	-	The inclusion of Accountants' report.
10.	Chapter 14 Experts' Report	X. ADDITIONAL INFORMATION G. Statement by Experts H. Sign-offs or Consents from Person Advising the Issuer in the Preparation of the Prospectus	
11.	Chapter 15 Directors' Report	VIII. FINANCIAL INFORMATION B. Significant Changes	The inclusion of Directors' Report.
12.	Chapter 16 Additional Information	VIII. FINANCIAL INFORMATION A. Consolidated Statements and Other financial information (legal proceedings) X. ADDITIONAL INFORMATION A. Share Capital B. Memorandum and Articles of Association C. Material Contracts	The inclusion of statement that no securities will be allotted or issued on the basis of the prospectus later than 12 months after the date of the issue of the prospectus. The inclusion of all outstanding legal or arbitration proceedings.
13.	Chapter 17 Consents	X. ADDITIONAL INFORMATION G. Statement by Experts H. Sign-offs or Consents from Person Advising the Issuer in the Preparation of the Prospectus	The prospectus should contain statement of consents of the relevant parties and experts for inclusion in the prospectus of their names and (where relevant) statements and reports in the form and

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (EQUITY OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
		[For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
			context in which such statements and reports appear.
14.	Chapter 18 Documents available for inspection	X. ADDITIONAL INFORMATION I. Documents for Public Inspection	Prospectus in Bahasa Malaysia should be provided.
15.	Chapter 22 Application for Securities	II. OFFER STATISTICS AND EXPECTED TIMETABLE B. Method and Expected Timetable	

APPENDIX II

Table 2 is provided for the convenience of users. It is not part of the *Prospectus Guidelines*.

Table 2 Comparison between the SC's *Prospectus Guidelines - Equity and Debt* s and Asean Standards for Debt Securities Offerings

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (DEBT SECURITIES OFFERINGS)	
		Common Disclosure Standards	Malaysia's Plus Standards
1.	Chapter 4 Time table/Definitions/ Table of contents/ Corporate directory	I. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS IV. MARKETS A. Identity of Exchanges and Regulated markets B. Entities Providing Liquidity V. INFORMATION ABOUT THE PUBLIC OFFERING C. Method and Expected Timetable VIII. GENERAL INFORMATION ABOUT THE ISSUER A. General Information About the Issuer	
2.	Chapter 6 Details of public offering	II. DESCRIPTION OF THE DEBT SECURITIES A. Economic Terms of the Debt Securities B. Covenants Relating to the Issuance of the Debt Securities	There should a specific plan for the proceeds of offering.

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (DEBT SECURITIES OFFERINGS) [For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
		Common Disclosure Standards	Malaysia's Plus Standards
		C. Guarantees D. Liens E. Subordination and Limitation of rights F. Default G. Consequences of a Failure to Make Payments H. Representative of Debt Securities Holders I. Meeting of Debt Securities Holders J. Modification of Terms K. Paying Agent L. Credit Rating M. Applicable Law V. INFORMATION ABOUT THE PUBLIC OFFERING A. Offer Statistics B. Pricing C. Method and Expected Timetable D. Underwriting Arrangements E. Targeted Investors F. Expenses of the Issue	The report on properties subject to the lien should be prepared by an independent valuer only for 'stand-alone' property circumstances, such as the following: (i) in cases where the security (the property) is the main source of repayment of facility (the borrowings/bonds); and (ii) in cases where the security (the property) is not mixed with other types of tangible assets, e.g. fixed and floating assets, plant, equipment and machinery.
3.	Chapter 7 Risk factors	III. RISK FACTORS	Where the credit rating for the bond issue/offer is below investment grade, the extent of credit risks of such bonds should be disclosed. Mitigating factor should be disclosed in circumstances where a high degree exist e.g. on any customer(s)

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (DEBT SECURITIES OFFERINGS) [For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
		Common Disclosure Standards	Malaysia's Plus Standards
			and/or any particular contract(s)/arrangement(s).
4.	Chapter 8 Information about the corporation and group	VIII. GENERAL INFORMATION ABOUT THE ISSUER A. General information about the Issuer B. History and Development of the Issuer D. Business Overview E. Group Structure F. Patents, Licences or Contracts <i>(ASEAN Debt Securities Disclosure Standards require only general business overview as compared to ASEAN Equity Disclosure Standards)</i>	Include a list of all issuer's subsidiaries and their respective background Information.
5.	Chapter 9 Information on shareholders/ promoters/ directors/ key management	X. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES A. Directors and Senior Management B. Compensation C. Share Ownership XI. MAJOR SHAREHOLDERS AND RELATED-PARTY TRANSACTIONS A. Major Shareholders <i>(ASEAN Debt Securities Disclosure Standards require only general information on Directors, Senior Management and employees as compared to ASEAN Equity Disclosure Standards)</i>	Material background information for the directors and senior management. Disclosure of the remuneration and material benefit in-kind (on an individual basis) of directors and CEO of the corporation for services in all capacities to the group according to bands of RM50,000 for the last financial year and proposed for the current financial year.

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (DEBT SECURITIES OFFERINGS) [For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
		Common Disclosure Standards	Malaysia's Plus Standards
6.	Chapter 10 Approvals and Conditions	<i>(ASEAN Debt Securities Disclosure Standards do not provide for such disclosure.)</i>	
7.	Chapter 11 Related-party transactions /Conflict of Interest	XI. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS B. Related-party Transactions XII. INTERESTS OF EXPERTS AND COUNSEL	
8.	Chapter 12 Financial Information	VI. TAXATION VII. SELECTED FINANCIAL INFORMATION A. Selected Financial Data B. Capitalisation and Indebtedness VIII. GENERAL INFORMATION ABOUT THE ISSUER C. Legal Proceedings IX. OPERATING AND FINANCIAL REVIEW AND PROSPECTS A. Operating Results B. Liquidity and Capital Resources C. Trend Information D. Off-balance Sheet Arrangements E. Critical Accounting Estimates XIII. FINANCIAL INFORMATION A. Consolidated Statements and Other Financial Information (including Proforma Financial Information) B. Significant Changes	For a group of corporations, constituted during the period under review, pro forma financial information should be prepared based on the audited results of the corporations. A statement of capitalisation and indebtedness as at the latest financial period. There are additional disclosures required, where a prospectus contains profit estimate/forecast. If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided.

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (DEBT SECURITIES OFFERINGS) [For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
		Common Disclosure Standards	Malaysia's Plus Standards
		XIV. ADDITIONAL INFORMATION C. Exchange Control <i>ASEAN Debt Securities Disclosure Standards require only general financial information as compared to ASEAN Equity Disclosure Standards)</i>	The inclusion of Accountants' report.
9.	Chapter 13 Accountants' report	<i>(ASEAN Debt Securities Disclosure Standards require only general financial information as compared to ASEAN Equity Disclosure Standards. Accountants' report is required by ASEAN Equity Disclosure Standards- Malaysia's Plus Standards)</i>	
10.	Chapter 14 Experts' Report	XIV. ADDITIONAL INFORMATION D. Statement by Experts D. Sign-offs or Consents from Person Advising the Issuer in the Preparation of the Prospectus	
11.	Chapter 15 Directors' Report	XIII. FINANCIAL INFORMATION C. Significant Changes <i>(ASEAN Debt Securities Disclosure Standards do not require inclusion of the Directors' Report, which is required by ASEAN Equity Disclosure Standard – Malaysia's Plus Standards)</i>	The inclusion of Directors' Report.
12.	Chapter 16 Additional Information	XIII. FINANCIAL INFORMATION A. Consolidated Statements and Other Financial Information (legal	The inclusion of statement that no securities will be allotted or issued on the basis

	SC's PROSPECTUS GUIDELINES – EQUITY AND DEBT	ASEAN STANDARDS (DEBT SECURITIES OFFERINGS) [For more information on each disclosure requirement, please refer to ASEAN secretariat website at http://www.aseansec.org/acmf/introduction.htm]	
		Common Disclosure Standards	Malaysia's Plus Standards
		proceedings) XIV. ADDITIONAL INFORMATION A. Memorandum and Articles of Association B. Material Contracts <i>(ASEAN Debt Securities Disclosure Standards require less additional information as compared to ASEAN Equity Disclosure Standards)</i>	of the prospectus later than 12 months after the date of the issue of the prospectus. The inclusion of all outstanding legal or arbitration proceedings.
13.	Chapter 17 Consents	XIV. ADDITIONAL INFORMATION D. Statement by Experts E. Sign-offs or Consents from Person Advising the Issuer in the Preparation of the Prospectus	
14.	Chapter 18 Documents available for inspection	XIV. ADDITIONAL INFORMATION F. Documents for Public Inspection	Document available for public inspection for a period of at least one year from the date of registration of the prospectus.
15.	Chapter 22 Application for Securities	V. INFORMATION ABOUT THE PUBLIC OFFERING C. Method and Expected Timetable	