

PROSPECTUS GUIDELINES FOR COLLECTIVE INVESTMENT SCHEMES

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PART I

UNLISTED FUND

Chapter 1

GENERAL

- 1.01 The *Prospectus Guidelines for Collective Investment Schemes* is issued by the Securities Commission Malaysia (SC) under section 377 and 235(1)(f) of the *Capital Markets and Services Act 2007* (CMSA). These guidelines specify the minimum information required by the SC in a fund's prospectus, in addition to the requirements of section 235(1)(a) to (e) of the CMSA. Where a fund issues more than one class of units, similar information should be given for each class of units. (Amended on 1 June 2010)
- 1.02 **Part I** of these guidelines replaces and supersedes the *Prospectus Guidelines for Unit Trust Funds* issued on 1 April 2003 and all guidance notes or circulars issued under those guidelines.
- 1.03 These guidelines are general in nature and should not be viewed as the only criteria for disclosure in a fund's prospectus. Directors, promoters, principal advisers and experts have the primary obligation and liability for the contents of a fund's prospectus and they should ensure that all information necessary for an assessment of the fund offered by the prospectus is disclosed.
- 1.04 The SC may require and request for additional information in any particular case.
- 1.05 The information to be included in a prospectus must be information within the knowledge of directors, promoters, principal adviser, stockbroker, underwriter, auditor, banker, advocate and other professional advisers/experts or any other person named in the prospectus with their consent.
- 1.06 In determining the information to be disclosed in a fund's prospectus, the following should be considered:
 - (a) Nature of the fund;
 - (b) Persons likely to consider acquiring units of the fund;
 - (c) Fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom investors may consult; and

- (d) Whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, units is to be made are unit holders in the unit trust fund, and if they are, to what extent (if any) relevant information has previously been given to them by the applicant under any law or guidelines, if applicable, or otherwise.
- 1.07 The cut-off date for information to be disclosed in a prospectus must be *at the latest practicable date*¹ available prior to the issue of the prospectus. Applicants or their advisers must strictly observe any significant change or new matter arising that will affect the content of the prospectus and to update it via a supplementary prospectus or replacement prospectus where necessary.
- 1.08 A prospectus should be legible and printed in typefaces which are not smaller than Times New Roman eight points. All pages must be numbered.
- 1.09 No units should be issued or sold based on a prospectus one year after the date of the prospectus.
- 1.10 Full accountability for the accuracy of all information in the prospectus and the responsibility to ensure there is no omission of facts which would make any of the statements therein misleading, remains with the promoters or directors of the applicant or any other person who is a party to the preparation of the prospectus or any of its relevant portions. Such persons are advised to be mindful of provisions under section 246 of the CMSA on criminal liability for false or misleading statements or material omissions in the prospectus.
- 1.11 The SC may take action against persons who fail to comply with and/or observe any of the provisions in these guidelines, as are permitted under section 354 of the CMSA and/or other relevant provisions under the CMSA.
- 1.12 The SC may exempt where it deems appropriate or, upon application, grant exemptions or variations from compliance with any requirement in these guidelines.

¹ "Latest practicable date" is a date whereby the information disclosed shall remain relevant and current as at the date of issue of the prospectus.

- 1.13 The SC may, from time to time, issue practice notes to further provide greater clarity and guidance on any provision in these guidelines. The practice notes must be complied with in the same manner as these guidelines.
- 1.14 These guidelines (including practice notes) may be reviewed as and when necessary.

Chapter 2

COVER PAGE

- 2.01 A prospectus should contain the name of the fund, or funds in the case of a master prospectus, on its cover page.
- 2.02 A prospectus should state the following particulars of the management company:
- (a) Full name of the management company; and
 - (b) Registration number of the management company.
- 2.03 A prospectus should also disclose the following particulars of the trustee:
- (a) Full name of the trustee; and
 - (b) Registration number of the trustee.
- 2.04 A prospectus should be dated and disclose the expiry date of the prospectus.
- 2.05 The date of constitution of the fund should be clearly disclosed.
- 2.06 The following statement must appear (in bold) on the cover page of the prospectus:

"INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER."

"FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE [xx]."

- 2.07 Where a fund's property consist, or propose to consist, of derivatives exceeding 30% of net asset value (NAV), there must be a statement disclosing the fund's substantial investment, or intention to invest substantially, in derivatives. The statement should appear in bold and in a prominent position on the cover page of the prospectus.

Chapter 3

PREFACE

- 3.01 A prospectus should contain a signed one-page letter from the chairman or chief executive officer of the management company which introduces the fund and provides basic but key information on the fund to potential investors.
- 3.02 The letter should contain a very brief summary of the following key information about the fund:
- (a) The fund's main features (e.g. objective and key strategies);
 - (b) Specific risks of investing in the fund;
 - (c) Profile of investors suitable to invest in the fund;
 - (d) Fees and charges payable; and
 - (e) Where units can be bought and sold (i.e. distribution channels such as banks, brokers, agents etc.). Cross-reference should be made to the list of distributors disclosed in the prospectus.
- 3.03 Where a master prospectus is issued, the information required in clause 3.02 can be cross-referred to relevant disclosures in the key data section or the main body of the prospectus.

Chapter 4

INSIDE COVER/FIRST PAGE

- 4.01 There are certain types of information considered essential to identify a prospectus and the status of a prospectus. If not already disclosed on the front cover, the prospectus should contain the following statements on the inside cover or at the very least, on page 1:

Responsibility Statements

“This prospectus has been reviewed and approved by the directors of the management company and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in the prospectus false or misleading.”

Statements of Disclaimer

“The Securities Commission Malaysia has approved the issue of, offer for subscription or purchase, or issue an invitation to subscribe for or purchase units of the unit trust fund and a copy of this prospectus has been registered with the Securities Commission Malaysia”.

“The approval, and registration of this prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus.”

“The Securities Commission Malaysia is not liable for any non-disclosure on the part of the management company responsible for the fund and takes no responsibility for the contents in this prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.”

“INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN

DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT PROFESSIONAL ADVISERS IMMEDIATELY.”

- 4.02 In addition to the statements required above, the following additional statements must also be stated:

“No units will be issued or sold based on this prospectus later than one year after the date of this prospectus.”

“Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through sections 248, 249 and 357 of the *Capital Markets and Services Act 2007*.”

- 4.03 For a Shariah-compliant fund, the following statement should be additionally stated:

“[Name of fund] has been certified as being Shariah compliant by the Shariah adviser appointed for the fund.”

Chapter 5

TABLE OF CONTENTS/DEFINITIONS/CORPORATE DIRECTORY

- 5.01 The prospectus should be properly structured, with relevant sections and headings, for ease of reference and cross-reference.

Table of Contents

- 5.02 There should be a table of contents which lists all sections and sub-sections of the prospectus.

Definitions

- 5.03 A glossary of abbreviations and technical terms should be provided.

Corporate Directory

- 5.04 The directory should contain details of the following:
- (a) Names, addresses and telephone numbers of the registered office and business office of the management company and its delegates (if any). E-mail addresses and website addresses (if any) should also be stated;
 - (b) Names, addresses and telephone numbers of the registered office and business office of the trustee and its delegates (if any). E-mail addresses and website addresses (if any) should also be stated;
 - (c) Names of the directors of the management company (to specify the independent directors);
 - (d) Names of the investment committee members (to specify the independent members);
 - (e) Names of specialist committee members/advisers (where applicable);
 - (f) Names of the audit and compliance committee (or by whatever name called) members (where applicable);

- (g) Name, address and membership number of company secretary;
- (h) Names and addresses of the following parties (where applicable):
 - (i) Federation of Malaysian Unit Trust Managers (FMUTM);
 - (ii) Auditors;
 - (iii) Reporting accountants;
 - (iv) Tax consultants;
 - (v) Valuers;
 - (vi) Solicitors;
 - (vii) Principal bankers; and
 - (viii) Agency offices; and
- (i) Names and addresses of expert(s) who prepared reports or excerpts or summaries included or referred to in the prospectus.

Chapter 6

KEY DATA/INFORMATION SUMMARY

- 6.01 There must be a key data/information summary section in the prospectus, highlighting salient features of the fund.
- 6.02 The key data/information summary should, where necessary, include cross-references to pages in the prospectus which give full details on respective matters.
- 6.03 There must be a warning in bold in a prominent position advising investors that this section is only a summary of the salient information about the fund and that investors should read and understand the whole prospectus before making investment decisions.
- 6.04 The key data/information summary should include, but is not limited to, the following information:
- (a) Fund information
 - (i) Name of fund and base currency of fund (where applicable); (*Amended on 1 June 2010*);
 - (ii) Category of fund;
 - (iii) Type of fund;
 - (iv) Initial offer period and its initial price (for a new fund);
 - (v) Investment objectives of the fund;
 - (vi) Brief but relevant description of the policies and principal investment strategy, including the asset allocation strategy to be employed by the fund manager to meet the objectives;
 - (vii) Performance benchmark;
 - (viii) Brief but relevant description of the principal risks of investing in the fund;
 - (ix) Brief but relevant description of the investor profile most suitable to invest in the fund;

- (x) Distribution policy;
 - (xi) The maximum approved size of the fund; and
 - (xii) Where multiple classes of units are issued, a comparison table highlighting the different features of each class. *(Added on 1 June 2010); and*
- (b) Fees and charges
- (i) To disclose charges *directly incurred* by investors when purchasing or redeeming units of the fund, together with the statement below:

“This table describes the charges that you may **directly** incur when you buy or redeem units of the fund.”

Charges	% / RM
Sales charge	<i>(The maximum rate to be imposed by each distribution channel during the life of the prospectus)</i>
Repurchase charge	<i>(The maximum rate to be imposed by each distribution channel during the life of the prospectus)</i>
Dilution fee/transaction cost factor, if any	
Any other charges payable directly by the investors (e.g. switching charges, transfer charges, bank charges, etc.)	

- (ii) To indicate clearly in the prospectus whether the charges are negotiable; and
- (iii) To disclose fees *indirectly incurred* by investors when investing in the fund together with the statement, in the following manner:

“This table describes the fees that you may **indirectly** incur when you invest in the fund.”

Fees	% / RM
Annual management fees	
Annual trustee fees	
Other fees payables indirectly by an investor (if any)	

(c) Other information

- (i) A list of current deed and supplemental deeds (if any) and their corresponding dates;
- (ii) Avenues for advice available to prospective investors, where applicable;
- (iii) Any other key data/information summary that the management company may consider necessary, material and important to be included in this section;
- (iv) The following warning statement must be disclosed (to appear in bold):

“There are fees and charges involved and investors are advised to consider them before investing in the fund.”

“Unit prices and distributions payable, if any, may go down as well as up.”

“For information concerning certain risk factors which should be considered by prospective investors, see “risk factors” commencing on page [xx].”

- (v) For a fund which is already in operation, the prospectus must include the following warning statement:

“Past performance of the fund is not an indication of its future performance.”

- (vi) Where a fund invests or propose to invest substantially in derivatives (i.e. exceeding 30%), a warning statement (to appear in bold) must be stated on the likelihood of high volatility in the NAV of the fund as a result of the fund's investment in derivatives.

Chapter 7

RISK FACTORS

- 7.01 A prospectus should contain information regarding risk factors relating to the fund which would include, among others–
- (a) general risks of investing in unit trust fund; and
 - (b) specific risks associated with the investment portfolio of the fund.
- 7.02 Where the fund's property consists or propose to consist of warrants, options and structured products, disclosures required under clause 7.01 should include the inherent risks associated with these types of investment.
- 7.03 Where the fund's property consists or propose to consist of derivatives, the risks with respect to investment in derivatives must be disclosed, including the likelihood of high volatility in the NAV of the fund.
- 7.04 Mitigating factors should be disclosed in circumstances where risks are considered major to investors.
- 7.05 The listing of risk factors in order of priority is encouraged.
- 7.06 In making disclaimers on risk factors, care should be taken to ensure that the disclaimers are not so wide as to cause the risk disclosures to be of little or no beneficial use to investors.

Chapter 8

THE FUND

- 8.01 A prospectus must include a section giving details on the fund offered in the prospectus. The objective is to assist prospective investors to make informed assessments of the fund for decision making purposes.
- 8.02 The information to be disclosed in this section should include, but is not limited to, the following:
- (a) The investment objective of the fund. There should also be a statement that any material change to the investment objective of the fund would require unit holders' approval;
 - (b) The investment policy and principal investment strategies to achieve the stated investment objective. In describing the investment policy and principal investment strategies, the following information should be disclosed:
 - (i) Investment focus of the fund (e.g. equity, debenture, money market, collective investment schemes, etc.), the characteristics of the securities/instruments to be invested and the asset allocation strategy. Where appropriate, the investment focus should also include the countries/markets (e.g. global, regional or country-specific, developed or emerging markets, etc.) and target sector/industry;
 - (ii) Practice, technique or approach used by the fund manager in managing the investment portfolio, including its policy on active and frequent trading of securities; and
 - (iii) Where applicable, disclosure on whether the fund manager may take temporary defensive positions which may be inconsistent with the fund's principal strategy in attempting to respond to adverse market conditions, economic, political or any other condition. The types of securities/instruments the fund would invest in during defensive positions should also be disclosed;
 - (c) The risk management strategies and techniques to be employed by the fund manager;

- (d) The fund's performance benchmark and where the information on the benchmark can be obtained. If a customised benchmark or combination of multiple benchmarks is used, there should be a description on how the benchmark is derived;
- (e) The permitted or authorised investments and the investment limits/restrictions for the fund;
- (f) Valuation bases for all types of assets invested or to be invested by the fund, including treatment for suspended counters; and
- (g) Policy in respect of valuation point(s) to determine the NAV of the fund (including policy in respect of timing for valuation of a fund's foreign investments and frequency of valuation of the fund's property).

8.03 According to clauses 8.02(b) and 8.02(c), where a fund invests in derivatives and structured products, a prospectus must clearly disclose the following:

- (a) The types and characteristics of derivatives and structured products the fund invests in;
- (b) The purpose of investing in derivatives (either for hedging or investment);
- (c) (Where applicable) the likelihood of high volatility of the NAV per unit of the fund; and
- (d) The specific risk management adopted in such investments which include measures to be taken in the event of a downgrade in the rating if the issuer in the case of over-the-counter (OTC) options.

8.04 For a Shariah-compliant fund, a prospectus should also include—

- (a) clear description of the Shariah-approval process, including details of methodologies, rulings and screening process; and
- (b) a statement to the effect that the investment portfolio of the fund comprises securities which has been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC. For

securities not certified by the SAC of the SC, a statement stating that the status of the securities has been determined in accordance with the ruling issued by the Shariah adviser.

- 8.05 In addition to the above requirements, for certain types and categories of funds, the management companies should also disclose the additional information stipulated in Chapters 23–28 of these guidelines.

Chapter 9

FUND PERFORMANCE

- 9.01 This section applies to an existing fund which has been in operation for at least one financial year/period.
- 9.02 A prospectus should disclose the following:
- (a) Average total returns of the fund over the last one, three, five and 10 financial years (or since establishment if it is shorter); and
 - (b) Annual total return of the fund for each of the last 10 financial years (or since establishment if it is shorter).
- 9.03 For the purpose of clause 9.02, the use of graphs to show the performance of the fund and comparison with the selected benchmark is highly recommended. There should also be a brief write-up on the fund's performance vis-à-vis the stated benchmark. If there has been a change in the benchmark at any point in the last one, three, five and 10 financial years (or since establishment if it is shorter), to state the fact and explain the reason for the change.
- 9.04 For the purpose of clause 9.02, a prospectus should state the basis of calculation and any assumption made in calculating the returns.
- 9.05 A prospectus should indicate the fund's gross and net of tax distribution per unit for the past three financial years, specifying the form by which distributions were made (e.g. cash or units).
- 9.06 A prospectus shall include the following information about the fund for three most recent financial years (or since establishment, if it is shorter) and a brief explanation of any significant change:
- (a) Portfolio turnover ratio; and
 - (b) Asset allocation (e.g. equities, bonds, derivatives, money market instruments, etc.).
- 9.07 A prospectus should also disclose any other information that the management company considers necessary on the performance of the fund.

- 9.08 The following statement must appear under this section (to appear in bold):

“Past performance of the fund is not an indication of its future performance.”

Chapter 10

HISTORICAL FINANCIAL HIGHLIGHTS OF THE FUND

- 10.01 This section applies to an existing fund which has been in operation for at least one financial year/period.
- 10.02 A prospectus should provide extracts of the financial statement of the fund for the three most recent financial years, immediately preceding the date of the prospectus:

(a) An extract of the fund’s audited statement of income and expenditure highlighting the total investment income, total expenses, net income before tax and net income after tax; and

(b) An extract of the fund’s audited statement of assets and liabilities, highlighting the total investment, total assets, total liabilities, unit holders’ capital and NAV.
- 10.03 A prospectus should contain the following table to reflect the total annual expenses incurred by the fund in the preceding financial/period year:

Fund Name	Management Fee		Trustee Fee		Fund Expenses		Total Annual Expenses	
	RM	%	RM	%	RM	%	RM	%

Guidance

The percentage should be reflected as a percentage of average NAV.

- 10.04 A prospectus should disclose the management expense ratio of the fund for the three most recent financial years (or since establishment, if it is shorter) and a brief explanation of any significant change.

10.05 A prospectus should also contain a statement that the audited financial statements of the fund are disclosed in the fund's annual report and the annual report is available upon request.

10.06 The following statement must appear under this section:

"Past performance of the fund is not an indication of its future performance."

"The fund's annual report is available upon request."

Chapter 11

FEES, CHARGES, AND EXPENSES

- 11.01 A prospectus must clearly disclose and explain the cost of investing in the fund.

Charges

- 11.02 A prospectus should include a description of the charges *directly incurred* by investors when purchasing or redeeming units of the fund:
- (a) The maximum rate or amount of charges imposed by each distribution channel during the life of prospectus;
 - (b) Basis on which the charges are calculated;
 - (c) Illustration on how the charges are calculated; and
 - (d) Whether charges are negotiable.
- 11.03 Policy on rounding adjustment adopted should also be clearly disclosed.

Fees

- 11.04 A prospectus should describe the fees *indirectly* incurred by investors when investing in the fund which include, among others, management fee and trustee fee. The description should include the annual rate imposed during the life of the prospectus.
- 11.05 A prospectus should also describe any other fee that may be imposed.

Expenses

- 11.06 There should be a list of expenses to be incurred/incurred by the fund (e.g. commission paid to brokers, auditors fee, valuation fee, taxes, custodial charges, etc.) in the prospectus.

Others

- 11.07 Rebates and soft commissions must be clearly disclosed and the

management company's policy on rebates and soft commissions must be clearly explained.

11.08 The following statement must appear under this section:

"There are fees and charges involved and investors are advised to consider them before investing in the fund."

Chapter 12

TRANSACTION INFORMATION

- 12.01 A prospectus must contain information reasonably required by an investor for purchasing and redeeming units, as well as information on how investors can keep abreast on their investments in the fund.

Pricing

- 12.02 A prospectus should clearly disclose the valuation points for the purpose of determining the NAV and unit price of the fund.
- 12.03 A prospectus should clearly explain the pricing policy adopted by the management company for the fund's units (i.e. forward pricing or historical pricing).
- 12.04 Where historical pricing is adopted, the following information must be clearly disclosed:

“The management company will reprice the units if the NAV per unit of the fund, if revalued, differs by more than 5% from the last valuation points.”

- 12.05 There should also be a clear explanation of “single pricing”. For this purpose, there must be a numerical illustration to show investors the amount payable, amount invested and amount of charges imposed for an investment of RM10,000 at a unit price of RM0.50.

Transaction Details

- 12.06 Instructions and procedures on how to purchase and redeem units of the fund should be clearly disclosed. The instructions/procedures should include information, such as minimum initial investment, minimum additional investment, minimum repurchase amount, switching, transfer of units, etc. The instructions/procedures should also take into account the different procedures adopted by different distribution channels.
- 12.07 The type of distribution channels, e.g. banks, brokers, management company, sales agents, financial planners, etc. should also be disclosed. Cross-reference should be made to a complete list of distribution offices

at the end of the prospectus (where applicable).

- 12.08 A prospectus should clearly disclose the cooling-off policy, including an explanation/description of how it applies to various types of investors (e.g. investors from the EPF Member Investment Scheme).
- 12.09 Where the launch of a new fund or continued operation of an existing fund is conditional upon a minimum fund size, this fact and the minimum fund size must be disclosed.
- 12.10 The following warning statement should appear in bold:

“Investors are advised not to make payment in cash when purchasing units of a fund via any institutional/retail agent.”

Distribution Payment

- 12.11 A prospectus should describe the mode of distribution to investors, including policies and procedures on unclaimed monies/distribution.
- 12.12 Where investors are given an option to reinvest distributions, the following must be disclosed:
 - (a) The costs incurred by investors when exercising the option;
 - (b) Unit price at which the distributions are reinvested into additional units; and
 - (c) Business day at which the units are deemed to have been reinvested into additional units.

Chapter 13

THE MANAGEMENT COMPANY

- 13.01 A prospectus must include a section on the management company operating the fund offered in the prospectus.

Corporate Information

- 13.02 The corporate information of the management company must be disclosed which includes–
- (a) names of directors and their status (independent or non-independent);
 - (b) information on key personnel such as the CEO and designated person responsible for compliance matters. Information should include their academic and/or professional qualifications and relevant work experiences;
 - (c) the management company's experience in operating a fund;
 - (d) summary of the management company's financial position for the past three years (where applicable), in tabular form, disclosing–
 - (i) paid-up share capital;
 - (ii) shareholders' funds;
 - (iii) revenue;
 - (iv) profit/loss before tax; and
 - (v) profit/loss after tax; and
 - (e) total number of funds as well total value of funds operated by the management company (where applicable).
- 13.03 There must also be disclosure of–
- (a) roles, duties and responsibilities of the management company; and

- (b) all current material litigation and arbitration, including those pending or threatened, and any facts likely to give rise to any proceeding which might materially affect the business/financial position of the management company or any of its delegates.

Investment Committee

- 13.04 Information on the investment committee of the fund should also be disclosed such as–
- (a) names, status (independent or non-independent), relevant qualifications and experience of each member of the committee; and
 - (b) roles and primary functions of the investment committee, including frequency of meetings.

Shariah Adviser/Panel of Adviser

- 13.05 Where a Shariah adviser/panel of advisers is appointed, the following information should be disclosed:
- (a) Names, relevant qualifications and experience of each member of the Shariah adviser/panel of advisers;
 - (b) Where the Shariah adviser is a company–
 - (i) the corporate information of the company;
 - (ii) experience relevant to its appointment as an adviser;
 - (iii) the number of funds in which it acts as adviser; and
 - (iv) the name, relevant qualifications and experience of the designated person responsible for Shariah matters of the fund;
 - (c) Roles and primary functions of the Shariah adviser/panel of advisers, including the frequency of meetings; and
 - (d) Frequency of review on the fund's property by the Shariah adviser/panel of advisers to ensure compliance with Shariah

principles or any other relevant principle at all times.

Fund Management Function

- 13.06 A prospectus should disclose relevant information on the designated person responsible for the fund management function of the fund, including his qualifications and relevant experience.
- 13.07 Where the fund management function is delegated to an external party, the prospectus should in addition to the disclosure requirements under clause 13.06, disclose the following:
- (a) A brief corporate information of the delegate;
 - (b) Roles and duties of the delegate;
 - (c) The delegate's experience in fund management (including number of years in the fund management industry); and
 - (d) Total value of funds under the delegate's management.

Delegates

- 13.08 If any other function of the management company is delegated to an external party, the following information should be disclosed:
- (a) A brief corporate information of the delegate; and
 - (b) Roles and duties of the delegate.

Chapter 14

THE TRUSTEE

- 14.01 A prospectus must include a section on the trustee of the fund.
- 14.02 The corporate information of the trustee must be disclosed, which includes–
- (a) names of the directors and CEO;
 - (b) the trustee's experience as trustee to funds; and
 - (c) summary of the trustee's financial position for the past three years (where applicable), in tabular form, disclosing–
 - (i) paid-up share capital;
 - (ii) shareholders' funds;
 - (iii) revenue;
 - (iv) profit/loss before tax; and
 - (v) profit/loss after tax; and
 - (d) number of funds under trusteeship.
- 14.03 A prospectus must also include a trustee's statement of responsibility.
- 14.04 There must also be disclosure of–
- (a) roles, duties and responsibilities of the trustee; and
 - (b) all current material litigation and arbitration, including those pending or threatened, and any fact likely to give rise to any proceeding which might materially affect the business/financial position of the trustee or any of its delegates.

Delegates

14.05 Where the custodial function of the trustee is delegated, the following information should be disclosed:

- (a) A brief corporate information of the delegate; and
- (b) The roles and duties of the delegate.

Chapter 15

SALIENT TERMS OF DEED

- 15.01 A prospectus must disclose salient terms of the deed, particularly provisions relating to–
- (a) rights and liabilities of unit holders, including the limitations and restrictions on their rights;
 - (b) maximum fees and charges permitted by the deed and payable by the investors either directly and indirectly (such as management fee, trustee fee, sales charge and repurchase charge, etc.);
 - (c) increase in fees and charges from the level disclosed in the prospectus and the maximum rate provided in the deed;
 - (d) permitted expenses payable out of the fund's property;
 - (e) removal, replacement and retirement of the management company and trustee;
 - (f) termination of the fund (where multiple classes of units are issued, the circumstances, procedures and processes for termination of each class of units and the fund) (*Amended on 1 June 2010*); and
 - (g) unit holders' meeting.

Chapter 16

APPROVALS AND CONDITIONS

- 16.01 A prospectus should disclose approvals obtained from relevant authorities in conjunction with the establishment of the fund, together with the dates of approvals, any condition attached and its status of compliance (where applicable).
- 16.02 For any waiver from any relevant guidelines which has been approved by the SC, to state the specific clauses of the guidelines for which the waiver was sought and details of the approval with condition(s) (if any).

Chapter 17

RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

- 17.01 A prospectus should disclose the existing and proposed related-party transactions involving the fund, the management company, trustee, promoters, vendors and/or person connected to them (where applicable), together with steps taken to resolve any conflict of interest. Such disclosures are also required if the fund enters into any transaction with its key personnel of the management company, promoters, vendors, and/or person connected to them.
- 17.02 The management company should disclose its policy on dealing with conflict-of-interest situations (e.g. dealing in securities by employees, directors, investment committee members, etc.).
- 17.03 The management company should elaborate the nature and extent of the related-party transactions and conflict-of-interest situations in the prospectus.
- 17.04 A prospectus should provide details of directors' and substantial shareholders' of the management company's direct and indirect interests in other corporations carrying on a similar business.
- 17.05 Declaration of any expert's existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the fund/management company must be provided in the prospectus. "Experts" means advisers, firms of public accountants, law firms, valuers, engineers and other parties which provide advice to the fund management company.

Chapter 18

TAXATION OF THE FUND

- 18.01 A prospectus should contain a report providing an opinion from the fund's tax adviser detailing the following:
- (a) The taxation of the fund taking into account any distinctive characteristic of the fund (e.g. its participation in futures contracts, investment in foreign securities); and
 - (b) Tax liabilities of the unit holder, if any.

Chapter 19

EXPERTS' REPORTS

- 19.01 Where a prospectus contains experts' opinions, excerpts from or summaries of opinion expressed and conclusion recorded in the reports should be disclosed in the prospectus. The experts should state whether or not the reports were prepared for inclusion in the prospectus. The experts' reports should be signed and dated within a reasonable time of the issue of the prospectus. This is to ensure that the contents are substantially relevant at the time the prospectus is issued.
- 19.02 If an expert becomes aware of significant changes affecting the content of his report, either–
- (a) between the date of the report and the issue of the prospectus;
or
 - (b) after the issue of the prospectus and before the issue of the units,
- then, the expert has an ongoing obligation to either cause his report to be updated for the changes and, where applicable, cause the management company to issue a supplementary prospectus or replacement prospectus, or withdraw his consent to the inclusion of the report in the prospectus. Failure to do so will result in the management company, promoters and the expert being liable for any misleading statement or material omission in the outdated report.
- 19.03 Experts should take care in making disclaimers of responsibility in their reports. If the disclaimers are so wide that the report is of little or no beneficial use to investors, then inclusion of the report in the prospectus may itself be misleading.

Chapter 20

ADDITIONAL INFORMATION

- 20.01 A prospectus should contain information on how investors can keep abreast of developments in the fund and track unit price/NAV per unit of the fund.
- 20.02 A prospectus should also disclose and highlight the customer services provided by the management company.
- 20.03 Policies and procedures adopted by the management company to avoid money laundering activities should also be disclosed (e.g. procedures on identifying and verifying investors, and actions to be taken by the management company when money laundering activity is detected).
- 20.04 There should also be full disclosure of all material contracts (including contracts not reduced in writing), not being contracts in the course of business, entered into within two years preceding the date of the prospectus. The following particulars should be disclosed for each contract:
- (a) Date;
 - (b) Parties;
 - (c) Subject matter;
 - (d) Consideration passing to or from the fund and/or management company where applicable; and
 - (e) The mode of satisfaction of the consideration.
- 20.05 A list of distribution channels/offices/premises in which units can be purchased or redeemed should also be disclosed.

Chapter 21

CONSENTS

- 21.01 A prospectus should contain statement of consents from relevant parties (e.g. advisers, reporting accountants, auditors, issuing houses, registrars, solicitors, external company secretaries, bankers, valuers, underwriters, rating agencies and other experts) for inclusion of their names and statements/reports (where relevant) in the prospectus in the form and context in which it appears. A statement that they have not subsequently withdrawn such consent must also be disclosed.

Chapter 22

DOCUMENTS AVAILABLE FOR INSPECTION

22.01 A prospectus should contain a statement stating that, for a period of not less than 12 months, the following documents or copies of them or other documents as may be required by the SC (where applicable) is available for inspection at the registered office of the management company or such other place as the SC may determine:

- (a) The deed and supplemental deed;
- (b) Each contract disclosed in the prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (c) The latest annual and interim reports of the funds;
- (d) The audited financial statements of the fund and management company for the current financial year (where applicable) and the last three financial years or from the date of establishment/incorporation, if less than three years, preceding the date of prospectus;
- (e) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary expert's report is included in the prospectus, the corresponding full expert's report should be made available for inspection;
- (f) Writ and relevant cause papers for all current material litigation and arbitration disclosed in the prospectus; and
- (g) All consents given by experts disclosed in the prospectus.

Chapter 23

SPECIFIC REQUIREMENTS FOR INDEX FUNDS

23.01 The following information must be disclosed in the prospectus of an index fund, in addition to that specified under Chapters 2–22 of these guidelines, unless otherwise specified.

The Fund

23.02 The following additional information must be disclosed:

- (a) The underlying index which the fund intends to track or replicate, as well as a description of the market or sector the index represents;
- (b) The characteristics and general composition of the index and, where applicable, concentration in any economic sector and/or issuer;
- (c) The fund's investment strategy whether to invest in all (full replication) or a representative sample (sampling) of component securities of the underlying index. Where a representative sample of component securities of the index is used, to disclose how the sample is constituted;
- (d) A brief description of the index methodology/rules and how investors may obtain such information;
- (e) The means by which investors may obtain the latest index information and other important news of the index;
- (f) Circumstances which may affect the accuracy and completeness in the calculation of the index;
- (g) Circumstances which may lead to tracking errors and strategies employed in minimising such errors;
- (h) The risks of investing in an index fund;
- (i) The policy on rebalancing the investment portfolio;
- (j) The weightings of the top 10 component securities of the

underlying index; and

- (k) In addition to clause 23.02(j), where a representative sample of component securities of the underlying index is used to track or replicate the index, the weightings of the top 10 component securities in the sample.

23.03 There should be statements (in bold) to the effect that–

- (a) there is no guarantee or assurance of exact or identical replication at any time of the performance of the index;
- (b) the index composition may change and component securities of the underlying index may be delisted; and
- (c) (where appropriate) the investment of the scheme may be concentrated in securities of a single issuer or several issuers.

Chapter 24

SPECIFIC REQUIREMENTS FOR MONEY MARKET FUNDS

24.01 The following information must be disclosed in the prospectus of a money market fund, in addition to that specified under Chapters 2–22 of these guidelines, unless otherwise specified.

The Fund

24.02 The following information must be disclosed:

- (a) The minimum credit rating of the money market instruments or debentures which the fund will invest in; and
- (b) The steps to be taken where the ratings are downgraded below the pre-determined rating.

24.03 The following statement should be disclosed (in bold):

“Investment in the fund is not the same as placement in a deposit with a financial institution. There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the fund.”

Chapter 25

SPECIFIC REQUIREMENTS FOR GUARANTEED FUNDS

- 25.01 The following information must be disclosed in the prospectus of a guaranteed fund, in addition to that specified under Chapters 2–22 of these guidelines, unless otherwise specified.

Cover Page

- 25.02 Where the fund has a limited offer period, the offer period should be clearly disclosed on the cover page of the prospectus.

Corporate Directory

- 25.03 There should be a disclosure of the name, address (registered and business) and telephone number of the guarantor.

Key Data/Information Summary

- 25.04 The following information must also be disclosed:
- (a) Name of the guarantor;
 - (b) The commencement date of the fund;
 - (c) The tenure and maturity of the fund; and
 - (d) The guaranteed value per unit.
- 25.05 There shall also be statements to the following effect in the prospectus (in bold):
- (a) A statement on the material terms of the guarantee (e.g. The guarantee only applies to investors who hold their investment until maturity date and any redemption before the maturity date would be based on the NAV of the fund on that day and would be charged an exit fee, if any, and that the guarantee does not apply);

- (b) There may be dilution of performance due to the guarantee structure being put in place, compared with a fund with no guarantee structure; and
- (c) The guarantee is subject to the credit risk of the guarantor and does not give any assurance to the future solvency of the guarantor.

The Fund

25.06 There must be adequate information about the guarantee, which includes–

- (a) material terms of the guarantee, including the scope, circumstances under which the guarantee can be terminated and whether the guarantee is for 100% of the amount paid by investors or only for the amount invested in the fund (i.e. excluding any charge imposed by the management company when investing in the fund);
- (b) enforceability of the guarantee (an independent legal opinion should be included in the prospectus on the enforceability of the guarantee);
- (c) an illustration or description to clearly demonstrate the guarantee and investment mechanism;
- (d) the implication or consequences (if any) to investors in respect of the guarantee in the event–
 - (i) the manager retires, is removed or replaced;
 - (ii) the trustee retires, is removed or replaced;
 - (iii) change in the guarantor;
 - (iv) the guarantor goes into liquidation or ceases to carry on the business;
 - (v) the guarantee is terminated; and
 - (vi) the fund is terminated;

- (e) if the guarantee is only limited to a certain period, the expiry date of the guarantee and whether the period commences from the launching date of the fund or from the date of investors' investment in the fund; and
 - (f) any other matter relating to the guarantee that may be relevant to investors in deciding whether or not to invest in the fund.
- 25.07 A detailed description of the nature of the underlying investments which the fund invests in, including–
 - (a) the issuers of the underlying investments, or the criteria for selection of such parties; and
 - (b) the liquidation mechanism of the underlying investments to meet redemption requests.

Guarantor

- 25.08 There shall be a disclosure on the guarantor, which includes–
 - (a) corporate information including–
 - (i) name and description of its business;
 - (iii) summary of the guarantor's financial position for the past three years (where applicable), in tabular form, disclosing–
 - paid-up share capital;
 - shareholders' funds;
 - revenue;
 - profit/loss before tax; and
 - profit/loss after tax;
 - (b) the rating of the guarantor and names of the rating agency/ agencies which carried out the rating; and

- (c) steps to be taken and implication to investors (if any) where the guarantor's ratings are downgraded below the minimum rating stated in the guidelines.

25.09 A prospectus may include any other information which investors may find necessary, relevant and material to make an informed assessment.

Chapter 26

SPECIFIC REQUIREMENTS FOR CAPITAL PROTECTED FUNDS

- 26.01 The following information must be disclosed in the prospectus of a capital protected fund, in addition to that specified under Chapters 2–22 of these guidelines, unless otherwise specified.

Cover Page

- 26.02 Where the fund has a limited offer period, the offer period should be clearly disclosed on the cover page of the prospectus.

Key Data/Information Summary

- 26.03 To provide additional information, which includes–
- (a) the commencement date of the fund;
 - (b) the tenure and maturity of the fund; and
 - (c) level of protection for investors.
- 26.04 There shall also be statements to the following effect in a prospectus (to appear in bold):
- (a) (Where applicable) disclose that the capital protection only applies to investors who hold their investment until maturity date or until the date specified in the prospectus. Any redemption before the maturity/specified date would be based on the NAV of the fund on that day and would be charged an exit fee, if any, and that the protection does not apply in this case; and
 - (b) There may be dilution of performance due to capital protection structure being in place, compared with the conventional fund without capital protection.

The Fund

- 26.05 Salient features of the fund and its terms of investment (e.g. the

commencement date, maturity date and level of protection) must be clearly disclosed.

- 26.06 There should also be an explanation on the fund manager's strategy to protect investors' capital while earning returns.
- 26.07 A prospectus should also disclose information on the fund's underlying investments, including–
 - (a) the minimum credit rating and steps to be taken when the ratings are downgraded below the pre-determined rating; and
 - (b) the liquidation mechanism of the underlying investments to meet redemption requests.
- 26.08 A prospectus may include any other information which investors may find necessary, relevant and material for investors to make an informed assessment.

Chapter 27

SPECIFIC REQUIREMENTS FOR FEEDER FUNDS

27.01 The following information must be disclosed in the prospectus of a feeder fund, in addition to that specified under Chapters 2–22 of these guidelines, unless otherwise specified.

Key Data/Information Summary

27.02 This section should also include information on the target fund, as follows:

- (a) Name of target fund;
- (b) The operator and fund manager of target fund;
- (c) Country of origin of target fund;
- (d) Regulatory authority which regulates the target fund; and
- (e) Date of establishment of the target fund.

The Fund

27.03 There should be a section which describes the target fund, including–

- (a) the investment objective and its principal investment strategy;
- (b) the specific and peculiar risks of the target fund;
- (c) the permitted/authorised investment and the limits/restrictions of the target fund;
- (d) (where applicable) the foreign jurisdiction from where the fund originates and name of the regulator responsible for regulating the fund and parties responsible for the fund; and
- (e) the applicable legislation in the foreign jurisdiction which applies to the target fund.

- 27.04 There should also be information on the operator and fund manager of the target fund. The information should include the corporate information, experience and expertise in the relevant industry.

Fund Performance

- 27.05 There should be a disclosure on the most recent performance of the target fund vis-à-vis its selected benchmark.

Fees, Charges, and Expenses

- 27.06 A prospectus should clearly explain (with illustration) the impact of fees and charges imposed by the target fund on the cost of investing in the feeder fund. Where fees and charges of the target fund are waived, or where rebates are given, this must be clearly disclosed.
- 27.07 Where applicable, there should be a warning statement (in bold) to alert potential investors to the fact that they will be subjected to higher fees arising from the layered investment structure.

Chapter 28

SPECIFIC REQUIREMENTS FOR REAL ESTATE INVESTMENT TRUSTS

- 28.01 The following information must be disclosed in the prospectus of a real estate investment trust (REIT), in addition to that specified under Chapters 2–22 of these guidelines, unless otherwise specified.

Statements of Disclaimer

- 28.02 There shall be an additional statement of disclaimer as follows:

“The valuation approved or accepted by the Securities Commission Malaysia is only for the purpose of the proposal submitted to and approved by the Securities Commission Malaysia, and shall not be construed as an endorsement by the Securities Commission Malaysia on the value of the real estates for any other purpose.”

Key Data Section/Information Summary

- 28.03 The key data/information summary section should include, but is not limited to, the following information:

- (a) Fund information
 - (i) Brief but relevant details on the real estates to be acquired, including a table highlighting principal statistics of the real estates;
 - (ii) Revaluation policy; and
 - (iii) Gearing policy; and
- (b) Fees and charges
 - (i) Details on other substantial fees to be paid by the REIT (e.g. property management fees, etc.).

The Fund

28.04 Chapter 8 is not be applicable to a REIT. Instead the prospectus of a REIT must disclose information as required in this section.

General

28.05 The information to be disclosed should include, but is not limited to, the following:

- (a) The investment objective of the REIT and a statement that material changes to the investment objective would require investors' approval;
- (b) The policies and investment strategies to achieve the REIT's investment objective. The disclosure should include the future plans of the REIT (e.g. growth strategies) and steps taken (including the time frame) to realise the plans;
- (c) The types and characteristics of real estates which the REIT will acquire (e.g. location, types of real estate, income/rental prospects of the real estate, etc.);
- (d) Permitted investments and investment limits/restrictions of the REIT, including the policy on holding of liquid assets to meeting repurchase requests;
- (e) The policy on gearing and the REIT's level of gearing at the point of establishment (including source, type, nature of borrowings and the interest rate payable);
- (f) Distribution policy and mode of distribution to investors;
- (g) Investors profile most suitable for the REIT; and
- (h) Details of any existing or proposed arrangement which materially enhances short-term yields but may not be sustainable in the long-term and the risks associated with such arrangements. An analysis of how such arrangements affect current and future yields should be disclosed together with a computation of the forecast distribution yields without such arrangements.

28.06 For a Shariah-compliant REIT, the prospectus should also include–

- (a) clear description of the Shariah approval process, including details on methodologies, rulings and screening process; and
- (b) a statement to the effect that the REIT's investments have been carried out in accordance with the ruling issued by the Shariah adviser. Where the fund also invests in securities, the statement should include that the securities have been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC. For securities not classified by the SAC of the SC, a statement stating that the status of the securities has been determined in accordance with the ruling issued by the Shariah adviser.

Investments in Real Estates

28.07 A prospectus must include specific disclosures on the real estate, including but not limited to, the following:

- (a) Details and description of the real estates held by the REIT and/or real estate to be acquired:
 - (i) Description of the real estate which includes type, location, age, existing use, net lettable area, number of car parks, information specific to the type of the real estate, such as hotel, hospital and agriculture properties, the market value and purchase consideration;
 - (ii) Particulars of the tenancies, which include major tenants and their corresponding percentage contribution to total gross rental income, tenancy periods, periodic reviews and occupancy rates for the past three years (where applicable) and, in the case of a sale and leaseback, the basis of arriving at the rental entered into by the REIT;
 - (iii) Details of incomes and expenditure including gross rental income, outgoings, net income, estimation of future income and major capital expenditures likely to be incurred in the immediate future; and
 - (iv) Encumbrances/limitations in the title/interest to the real estate (if any);

- (b) Where a real estate acquired or to be acquired is leased or is proposed to be leased, details of the lease(s) (excluding sub-leases), including details of financial arrangements, stamp duty and options, or other rights given to a lessee or proposed lessee to purchase the real estate. If none, a statement to the effect should be made;
 - (c) For a real estate to be acquired, the expected period within which the transaction will be completed and its status at the date of prospectus;
 - (d) Where a REIT has entered into an agreement to purchase a real estate upon its completion, the rationale and justification of acquiring such real estate and the future prospects of acquiring tenants and future incomes; and
 - (e) Relevant information, in particular, risks associated with the following acquisitions:
 - (i) Real estate without a track record;
 - (ii) Buildings which are not fully tenanted;
 - (iii) Equity of single-purpose companies;
 - (iv) Part of a real estate; and
 - (v) Real estate located outside Malaysia;
- 28.08 A prospectus should also state the management company's valuation policy for the fund's real estate, disclosing the following information:
- (a) Frequency of valuation;
 - (b) Date of the last valuation;
 - (c) The likely date for the next valuation;
 - (d) Revaluation surplus/deficit comparative to last valuation; and
 - (e) Net book value of the real estate;
- 28.09 An overview of the real estate/property market and the outlook for the types of real estate which are or to be acquired by the REIT should also be included in the prospectus.

Investments in Real Estate-related Assets and Non-real Estate-related Assets

28.10 Where a REIT invests in real estate-related assets and/or non-real estate-related assets, the prospectus should disclose, but is not limited to, the following:

- (a) The investment policy and investment strategies to achieve the investment objective of the fund, including–
 - (i) the investment focus of the fund (e.g. equity, debenture, money market, etc.), the characteristics of the securities/instruments to be invested and the asset allocation strategy. Where appropriate, the investment focus should also include the countries/markets (e.g. global, regional or country-specific, developed or emerging markets, etc.) and target sector/industry;
 - (ii) Practice, technique or approach used by the fund manager in managing the investment portfolio, including the policy with regard to active and frequent trading of securities; and
 - (iii) Where applicable, disclosure on whether the fund manager may take temporary defensive positions which may be inconsistent with the fund's principal strategy in attempting to respond to adverse market conditions, economic, political or any other condition. There should also be a disclosure on the types of securities/instruments the fund would invest in during defensive positions;
- (b) The risk management strategies and techniques to be employed by the fund manager;
- (c) The permitted or authorised investments and the investment limits/restrictions for the fund;
- (d) Valuation bases for all types of investments invested or to be invested by the fund, including treatment for suspended counters; and
- (e) Policy with respect to valuation point(s) to determine the values of the investments (including policy on timing for valuation of

a fund's foreign investments and frequency of valuation of the fund's property).

Financial Information

Proforma Income Statement

- 28.11 For a newly-established REIT, a proforma income statement should be disclosed for each of the last three years. The proforma financial information is presented for illustrative purpose only and on the assumption that the REIT was in existence throughout the period under review.
- 28.12 The following should also be stated:
- (a) The basis upon which the proforma income statement is prepared;
 - (b) (Where applicable) that the financial statements used in the preparation of the proforma income statement were prepared in accordance with approved accounting standards in Malaysia. Details of any auditor's qualification to these underlying financial statements should also be highlighted;
 - (c) Whether the proforma income statement has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies to be adopted by the REIT; and
 - (d) Any adjustment, which was dealt with when preparing the proforma income statement, should be prominently disclosed and highlighted.
- 28.13 A detailed analysis of the fund over the past three financial years and latest financial period, where applicable, should be provided.

Proforma Balance Sheet

- 28.14 A proforma balance sheet at the date of establishment of the REIT should be prepared and adjusted for the following:
- (a) Acquisitions connected with the proposed establishment of the REIT; and

- (b) Proceeds received and proposed utilisation of funds.

The prospectus should also set out the details of such adjustments. The proforma balance sheet will assist investors or analysts in determining the financial effects of the acquisition and the notional financial position of the REIT.

28.15 The proforma balance sheet should also include the following information:

- (a) NAV per unit; and
- (b) Proforma NAV per unit.

28.16 The following should also be stated in the prospectus:

- (a) The basis upon which the proforma balance sheet is prepared;
- (b) (Where applicable) the financial statements used in the preparation of the proforma financial information were prepared in accordance with approved accounting standards in Malaysia. Details of any auditor's qualification to these underlying financial statements should also be highlighted;
- (c) Whether the proforma balance sheet has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies of the fund/ to be adopted by the REIT; and
- (d) Any adjustment, which was dealt with when preparing the proforma balance sheet, should be prominently disclosed and highlighted.

28.17 The proforma balance sheet should be accompanied by a reporting accountants'/auditors' letter. The reporting accountants'/auditors' letter shall state the following:

- (a) The proforma balance sheet has been properly prepared on the basis stated in clause 28.16(a) and in a manner consistent with the format of the balance sheet and accounting policies of the REIT/to be adopted by the REIT;

- (b) (Where applicable) the proforma balance sheet has been properly prepared using financial statements prepared in accordance with the approved accounting standards in Malaysia; and
- (c) Each material adjustment made to the information used in the preparation of the proforma financial information is appropriate for the purposes of preparing such financial information.

Future Financial Information

- 28.18 Profit estimates/forecasts should be provided and be dealt with in accordance with paragraphs 28.20 to 28.26. Where profit estimates/forecasts are submitted under section 212 of the CMSA, the profit estimates/forecasts should be provided in the prospectus.
- 28.19 The accounting policies and calculations for profit estimates/forecasts should be reviewed and reported on by the reporting accountants and be accompanied by a reporting accountant's/auditor's letter. The report/letter should be in the prospectus and the opinion stated in the letter should be consistent with those submitted pursuant to the application under section 212 of the CMSA.
- 28.20 There should be notes to future financial information, including whether such information was prepared on bases and accounting principles consistent with those adopted/to be adopted in the preparation of the financial statements of the REIT.
- 28.21 Sufficient details on the bases and assumptions of the estimates/forecasts should be disclosed to enable the investor to assess the reliability of the estimates/forecasts and the effect of any change to the assumptions used. Profit estimates/forecasts should include at the minimum, the following:
 - (a) Revenue;
 - (b) Property operating cost;
 - (c) Profit before tax;
 - (d) Tax expense; and
 - (e) Profit after tax.

28.22 The bases and assumptions for the profit estimates/forecasts should–

- (a) provide useful information to assist investors to form a view on the reasonableness and reliability of the estimates/forecasts;
- (b) draw investors' attention to, and where possible quantify, uncertain factors which can materially affect the ultimate achievement of the estimates/forecasts;
- (c) be specific rather than vague;
- (d) where possible, avoid generalisations and all-embracing assumptions and those relating to the general accuracy of the assumptions made in the estimates/forecasts; and
- (e) be clearly stated and reviewed for reasonableness by the directors of the management company who are responsible for the estimates/forecasts, bases and assumptions.

28.23 The following requirements should apply for profit estimates/forecasts:

- (a) Estimates/forecasts should be realistic and achievable to provide investors with information on the REIT's prospects. An unrealistic estimates/forecasts, irrespective of whether it is too high or too low, may mislead investors into making investment decisions based on the information in the prospectus;
- (b) Estimates/forecasts must be compiled with utmost care and objectivity; and
- (c) Where estimates/forecasts are subject to a high probability of variation, the management company should provide a sensitivity analysis based on the key variables.

28.24 For a newly-established REIT, forecast for the first financial year/period must be presented. However if the period represented is less than nine months, forecast for the second financial year of the REIT must be included in the prospectus.

28.25 Directors' analysis of estimates/forecasts and commentary on achievability should be disclosed, in light of the following:

- (a) Future prospects of the industry;

- (b) Future plans and strategies to be adopted; and
 - (c) The level of gearing, liquidity and other requirements.
- 28.26 Distribution estimate/forecast should be disclosed, which include the following:
- (a) Distribution policy;
 - (b) Distribution rate;
 - (c) Distributable amount;
 - (d) Distribution cover; and
 - (e) Distribution yield.
- 28.27 The following warning statement (to appear in bold) should be included in the prospectus:
- “The rental yield on real estate held by the scheme is not equivalent to the yield of the units.”**
- “Current rental receipts and yields may not sustain.”**
- “The value of the real estate may rise as well as fall.”**

Fees, Charges, and Expenses

- 28.28 The disclosure on the list of expenses should also include fee paid to the property manager.

The Property Manager

- 28.29 A prospectus should disclose information on the appointed property manager which includes–
- (a) corporate information of the property manager, including number of years in real estate/property management, total property under management and staff strength;

- (b) information on key personnel of the property manager, highlighting the academic and/or professional qualification, as well as experience possessed by the respective personnel;
- (c) functions, duties and responsibility of the property manager;
- (d) the annual fee and basis of the fee calculation; and
- (e) where applicable, unit holding of the property manager in the fund.

Valuation Certificate

- 28.30 A prospectus should contain a valuation certificate prepared in accordance with the *Guidelines on Asset Valuation*.

Related-party Transactions/Conflict of Interest

- 28.31 The relationship between the management company (including the management company's related corporations and associated persons) and the vendors must be clearly explained.
- 28.32 There should also be disclosed brief particulars of any transaction within the two preceding years relating to any real estate to be purchased or to be purchased out of the proceeds of the issue, that may give rise to a conflict of interest.

Additional Information

- 28.33 The inclusion of photographs in the prospectus is only permitted on condition that the photograph is not more than six months old and the REIT owns a major portion of the real estate. Drawings of real estate must not be included in the prospectus.
- 28.34 Full disclosure of the salient terms of the material agreement relating to the proposed acquisition of real estate.

Chapter 29

APPLICATION FORM

- 29.01 An application form should be identifiable with the prospectus and warn investors against signing the form without having read and understood the prospectus.
- 29.02 Accordingly, an application form should contain the following:
- (a) Name of the fund;
 - (b) Date of the prospectus to which it relates;
 - (c) Expiry date of the prospectus;
 - (d) A statement that in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus;
 - (e) A statement that investors should read the prospectus before completing the application form; and
 - (f) Acknowledgement by an investor that he is aware of the fees and charges that he will incur directly or indirectly when investing in the fund;
- 29.03 A unit trust loan financing risk disclosure statement (where applicable) should also form part of the application form. The contents of the statement should be as follows:

Investing in a Unit Trust Fund with Borrowed Money Is More Risky than Investing with Your Own Savings

You should assess if loan financing is suitable for you in light of your objectives, attitude to risk and financial circumstances. You should be aware of the risks, which would include the following:

1. The higher the margin of financing (that is, the amount of money you borrow for every ringgit of your own money which you put in as deposit or down payment), the greater the potential for losses as well as gains.

2. You should assess whether you have the ability to service the repayments on the proposed loan. If your loan is a variable rate loan, and if interest rates rise, your total repayment amount will be increased.
3. If unit prices fall beyond a certain level, you may be asked to provide additional acceptable collateral or pay additional amounts on top of your normal installments. If you fail to comply within the time prescribed, your units may be sold to settle your loan.
4. Returns on unit trusts are not guaranteed and may not be earned evenly over time. This means that there may be some years where returns are high and other years where losses are experienced. Whether you eventually realise a gain or loss may be affected by the timing of the sale of your units. The value of units may fall just when you want your money back even though the investment may have done well in the past.

This brief statement cannot disclose all the risks and other aspects of loan financing. You should therefore carefully study the terms and conditions before you decide to take a loan. If you are in doubt about any aspect of this risk disclosure statement or the terms of the loan financing, you should consult the institution offering the loan.

Acknowledgement of Receipt of Risk Disclosure Statement

I acknowledge that I have received a copy of this Unit Trust Loan Financing Risk Disclosure Statement and understand its contents.

Signature: _____

Full name: _____

Date: _____

PART II

LISTED FUNDS

Chapter 1

GENERAL

- 1.01 The *Prospectus Guidelines for Collective Investment Schemes* is issued by the Securities Commission Malaysia (SC) under section 377 and 235(1)(f) of the *Capital Markets and Services Act 2007* (CMSA). These guidelines specify the minimum information required by the SC in a fund's prospectus, in addition to the requirements of section 235(1)(a) to (e) of the CMSA.
- 1.02 **Part II** of these guidelines replaces and supersedes all disclosure requirements for a prospectus of a listed fund stipulated in various guidelines issued by the SC for collective investment schemes and all guidance notes or circulars issued under those guidelines.
- 1.03 These guidelines are general in nature and should not be viewed as the only criteria for disclosure in a fund's prospectus. Directors, promoters, principal advisers and experts have the primary obligation and liability for the contents of a fund's prospectus and they should ensure that any or all such information necessary for an assessment of the units offered by the prospectus is disclosed.
- 1.04 The SC may require and request for additional information in any particular case.
- 1.05 The information to be included must be within the knowledge of directors, promoters, principal adviser, stockbroker, underwriter, auditor, banker, advocate and other professional advisers/experts or any other person named in the prospectus with their consent.
- 1.06 In determining what information is required to be included, the following should be considered:
 - (a) Nature of the fund;
 - (b) Persons likely to consider acquiring units of the fund;
 - (c) Fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom investors may consult; and
 - (d) Whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, units

is to be made are unit holders in the unit trust fund, and if they are, to what extent (if any) relevant information has previously been given to them by the applicant under any law or guidelines, if applicable, or otherwise.

- 1.07 The cut-off date for information to be disclosed in the prospectus should be *at the latest practicable date*¹ available prior to the issue of the prospectus. Applicants or their advisers are advised to strictly observe any significant change or new matter arising that will affect the content of the prospectus and to update the prospectus via a supplementary prospectus or replacement prospectus where necessary.
- 1.08 A prospectus should be legible and printed in typefaces which are not smaller than Times New Roman eight points. All pages must be numbered.
- 1.09 Full accountability for the accuracy of all information in the prospectus and the responsibility to ensure there is no omission of facts which would make any of the statements misleading, remains with the promoters or directors of the applicant or any other person who is a party to the preparation of the prospectus or any of its relevant portion. Such persons are advised to be mindful of the provisions in section 246 of CMSA pertaining to criminal liability for false or misleading statements or material omissions in the prospectus.
- 1.10 For a fund approved for listing and quotation on Bursa Malaysia Securities Bhd, a summary advertisement of the prospectus must be published in a widely-circulated Bahasa Malaysia and English newspaper. The summary advertisement should consist, among others, the following:
- (a) That the prospectus for the public offering has been registered;
 - (b) Date of the prospectus;
 - (c) Where a copy of the prospectus can be obtained;
 - (d) That any issue of units related to the prospectus will only be made on receipt of an application form accompanying a copy of the prospectus;

¹ "Latest practicable date" is a date whereby the information disclosed shall remain relevant and current as at the date of issue of the prospectus.

- (e) Brief details of the public offering;
 - (f) Brief details of the fund;
 - (g) Brief details of the management company;
 - (h) Brief details of the trustee;
 - (i) Name of the adviser, managing underwriter and underwriter;
 - (j) Opening and closing time of the application; and
 - (k) Listing sought.
- 1.11 The SC may take action against persons who fail to comply with and/or observe any of the provisions in these guidelines, as are permitted under section 354 of the CMSA and/or other relevant provisions under the CMSA.
- 1.12 The SC may exempt where it deems appropriate or, upon application, grant exemptions or variations from compliance with any requirement in these guidelines.
- 1.13 The SC may, from time to time, issue practice notes to further provide greater clarity and guidance on any of the provisions in these guidelines. The practice notes must be complied with in the same manner as these guidelines.
- 1.14 These guidelines (including practice notes) may be reviewed as and when necessary in light of changing circumstances.

Chapter 2

COVER PAGE

- 2.01 A prospectus should contain the name of the fund on its cover page.
- 2.02 A prospectus should state the following particulars of the management company:
- (a) Full name of the management company; and
 - (b) Registration number of the management company.
- 2.03 A prospectus should disclose the following particulars of the trustee:
- (a) Full name of the trustee; and
 - (b) Registration number of the trustee.
- 2.04 A prospectus should be dated and the date of constitution of the fund should be clearly disclosed.
- 2.05 Details of the public offering should be disclosed, including–
- (a) number and type of units being issued/offered;
 - (b) price of units being issued/offered; and
 - (c) listing that is sought.
- 2.06 The name of the adviser/lead arranger and managing underwriter should also be disclosed.
- 2.07 The following statement must appear on the cover page of the prospectus:

"INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER."

"FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE [xx]."

Chapter 3

INSIDE COVER/FIRST PAGE

- 3.01 There are certain types of information considered essential to identify a prospectus and the status of a prospectus. If not already disclosed on the front cover, the prospectus shall contain the following statements on the inside cover or at the very least, on page 1:

Responsibility Statements

“This prospectus has been reviewed and approved by the directors of the management company and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in the prospectus false or misleading.”

“The [name of adviser/lead arranger], being the adviser/lead arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the public offering.”

Statements of Disclaimer

“The Securities Commission has approved the issue of, offer for subscription or purchase, or issue an invitation to subscribe for or purchase units in respect of the public offering and a copy of this prospectus has been registered with the Securities Commission.

“The approval, and registration of this prospectus, should not be taken to indicate that the Securities Commission recommends the fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus.”

“The Securities Commission is not liable for any non-disclosure on the part of the management company responsible for the fund and takes no responsibility for the contents in this prospectus. The Securities Commission makes no representation on the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.”

"INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT ON THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY."

"Admission to the Official List of Bursa Malaysia Securities Bhd is not to be taken as an indication of the merits of the invitation, funds or of its units."

- 3.02 In addition to the statements required above, the following additional statements must also be stated:

"Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through sections 248, 249 and 357 of the *Capital Markets and Services Act 2007*."

"Securities listed on Bursa Malaysia Securities Bhd are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any person set out in section 236 of the *Capital Markets and Services Act 2007*, e.g. directors and advisers, are responsible."

- 3.03 For a Shariah-compliant fund, the following statement should be stated:

"The fund offered in this prospectus has been certified as being Shariah compliant by the Shariah adviser appointed for the fund".

Chapter 4

TIMETABLE/TABLE OF CONTENTS/DEFINITIONS/CORPORATE DIRECTORY

- 4.01 A prospectus should be properly structured, with relevant sections and headings, for ease of reference and cross-reference.

Indicative Timetable

- 4.02 A prospectus should disclose the period during which the public offering of units is open after the publication of the prospectus. The offer period should be reasonable and inclusive of the date of issue of the prospectus.
- 4.03 A prospectus should set out the critical dates for the public offering, including–
- (a) opening and closing dates of the issue and/or offer;
 - (b) tentative dates of any special event, for example, date for balloting the applications (day, month and year);
 - (c) tentative date for allotment of units (day, month and year); and
 - (d) tentative listing date (day, month and year).
- 4.04 A prospectus should state whether the directors of the management company reserve the right to extend the closing date.
- 4.05 A prospectus should disclose the method of informing the public if the closing date is extended.

Table of Contents

- 4.06 There should be a table of contents, listing all sections and subsections of the prospectus.

Definitions

- 4.07 A glossary of abbreviations and technical terms should also be provided.

Corporate Directory

4.08 The directory should contain details of the following persons:

- (a) Name, address and telephone numbers of the registered office and business office of the management company and its delegates (if any), as well as the e-mail address and website address (if any);
- (b) Name, address and telephone numbers of the trustee's registered office and business office and its delegates (if any), as well as the e-mail address and website address (if any);
- (c) Names of the directors of the management company (to specify the independent directors);
- (d) Names of the investment committee members (to specify the independent members);
- (e) Names of specialist committee members/adviser (where applicable);
- (f) Names of the audit and compliance committee (or by whatever name called) members (where applicable);
- (g) Name, address and membership number of company secretary;
- (h) Names and addresses of the following parties:
 - (i) Auditors;
 - (ii) Reporting accountants;
 - (iii) Tax consultants;
 - (iv) Solicitors;
 - (v) Principal bankers;
 - (vi) Agency offices;
 - (vii) Issuing house;
 - (viii) Registrar;

- (ix) Adviser and managing underwriter;
 - (x) Underwriters;
 - (xi) Placement agents;
 - (xii) Valuers (for real estate investment trusts);
 - (xiii) Property manager (for real estate investment trusts);
 - (xiv) Participating dealer (for exchange-traded funds); and
 - (xv) Index licensor (for exchange-traded funds);
- (i) Names and addresses of expert(s) whose prepared reports or excerpts or summaries are included or referred to in the prospectus; and
- (j) Name(s) of stock exchange(s) where units are already listed and/or the listing sought in relation to the prospectus.

Chapter 5

KEY DATA/INFORMATION SUMMARY

- 5.01 There must be a key data/information summary section in a prospectus, highlighting salient features of the fund.
- 5.02 The key data/information summary should, where necessary, include cross-references to pages of the body of the prospectus which contains full details about the respective matters.
- 5.03 There must be a warning in bold at the front of the key data/information summary section advising investors that this section is only a summary of the salient information about the fund and that investors should read and understand the whole prospectus prior to making investment decisions.
- 5.04 Detailed content of the key data/information summary is to be determined by the management company but should include, but is not limited, to the following information:
- (a) Fund information such as name of fund; category and type of fund; the investment objectives; investment policies and strategies; performance benchmark; investor profile most suitable for the fund and distribution policy;
 - (b) Risk factors;
 - (c) Fees and charges;
 - (d) Units for distribution, offering price and expected net proceeds;
 - (e) Use of proceeds;
 - (f) Other information, such as—
 - (i) a list of the current deed and supplemental deeds (if any) and their corresponding dates;
 - (ii) avenue for advice available to prospective investors (where applicable);
 - (g) The following warning statement must be disclosed (to appear in bold):

“There are fees involved and investors are advised to consider them before investing in the fund.”

“Unit prices and distributions payable, if any, may go down as well as up.”

“For information concerning certain risk factors which should be considered by prospective investors, see “risk factors” commencing on page [xx].”

- (h) For a fund which is already in operation prior to the public offering for the purpose of seeking listing on Bursa Malaysia Securities Bhd, the prospectus must include the following warning statement:

“Past performance of the fund is not an indication of its future performance.”

Chapter 6

DETAILS OF PUBLIC OFFERING

- 6.01 A prospectus should disclose the following:
- (a) Where a prospectus states or implies that an application has been or will be made for permission for the units offered to be listed for quotation on the official list of a stock exchange or similar exchanges outside Malaysia, any allotment made on an application to subscribe for units in pursuance to the prospectus should be void if the permission is not applied for in the form for the time being required by the stock exchange before the third day on which the exchange is open after the date of issue of the prospectus or the permission is not granted before the expiration of six weeks from the date of issue of the prospectus or such longer period as may be specified by the SC, provided that the applicant is notified by or on behalf of the exchange within the six weeks or such longer period as may be specified by the SC; and
 - (b) Where permission has not been applied for, or has not been granted by the exchange as mentioned above, the management company will repay without interest all monies received from the applicant. If any such monies are not repaid within 14 days after the management company becomes liable to repay it, the provision of sub-section 243(2) of the CMSA will apply accordingly.
- 6.02 The purpose of the public offering should be clearly explained.
- 6.03 A prospectus should disclose details of the following:
- (a) The number and type of units proposed to be issued/offered to different groups of investors;
 - (b) Classes of units and rights attaching to the units regarding voting, distribution, liquidation and any special right;
 - (c) Where there is or is to be more than one class of units of the fund in issue, like particulars should be given for each additional class; and
 - (d) If, in conjunction with the public offering, units of the same or

another class are sold or subscribed privately, the nature of such sale or subscription and the number and characteristics of the issue concerned, including details of underwriting/undertaking arrangements, if any.

- 6.04 Where a management company intends to allocate units to eligible directors, employees and/or other persons under a preferential allocation scheme, the management company should disclose the following:
- (a) A brief description of the criteria of allocation of the units;
 - (b) Total number of persons eligible for the allocation; and
 - (c) Where the directors of the management company are eligible for the allocation scheme, the number of units which will be allocated to each individual director.
- 6.05 A prospectus should contain details about the pricing of units, including the following:
- (a) Prices applied to different classes of investors; and
 - (b) Bases for determination of the issue/offer price. Such bases should be clearly explained.
- 6.06 Where applicable, a prospectus should contain full details of the following:
- (a) Minimum subscription to be raised to satisfy the objectives of the public offering;
 - (b) Estimated gross proceeds from the public offering, broken down into each principal intended use. If the anticipated proceeds will not be sufficient to fund all proposed purposes, the order of priority of each purpose should be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes;
 - (c) If the management company has no specific plans for the proceeds, it should also discuss the principal reasons for the offering;

- (d) If any material part of the proceeds is used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness, and, for indebtedness incurred within the past year, the uses to which the proceeds of such indebtedness were put;
 - (e) If any material part of the proceeds is used for general working capital, briefly describe the items;
 - (f) A reasonably itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the units to be listed or offered, and by whom the expenses are payable;
 - (g) Brokerage arrangements and commissions, including underwriting and placement fees;
 - (h) Time frame for full utilisation of the proceeds based on each category; and
 - (i) Financial impact on the fund from the utilisation of the proceeds, i.e. interest savings, etc.
- 6.07 The prospectus should contain details of underwriting agreements, including–
- (a) name of the underwriter;
 - (b) amount of underwriting commissions; and
 - (c) brief description of any provision which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer.

Chapter 7

RISK FACTORS

- 7.01 A prospectus should contain information regarding risk factors relating to the fund, which would include among others–
- (a) general risks of investing in the fund; and
 - (b) specific risks associated with the investment portfolio of the fund.
- 7.02 Mitigating factors should be disclosed in circumstances where the risks are considered major to investors.
- 7.03 The listing of risk factors in order of priority is encouraged.
- 7.04 Care should be taken in making disclaimers of risk factors to ensure that the disclaimers are not so wide as to cause the risk disclosures to be of little or no beneficial use to investors.

Chapter 8

THE FUND

- 8.01 A prospectus must include a section giving details on the fund offered in the prospectus. The objective here is to provide prospective investors with detailed information on the fund for the purpose of making an informed assessment of the fund for decision making purposes.
- 8.02 The disclosure requirements that are specific to each category of fund are set out in Chapters 20–22.

Chapter 9

FEES

- 9.01 A prospectus must clearly disclose and explain the cost of investing in the fund.
- 9.02 A prospectus should include a description of fees that will be incurred (directly or indirectly) by investors when investing in the fund. Where applicable, the description should include the annual rate imposed during the life of the prospectus and the maximum rate as provided in the deed.
- 9.03 Any additional form of remuneration which the management company and/or any related party/corporation or person may derive, for example, by acting as real estate agents (e.g. commissions, finder's fees, letting fees and project fees), from the supply of maintenance or publicity services, or from the provision of professional (e.g. valuation, legal, accountancy or insurance) services or by other means should be disclosed.

Expenses

- 9.04 A prospectus should also highlight the expenses to be incurred by the fund (e.g. auditors fee, valuation fee, taxes, custodial charges, etc.)

Others

- 9.05 The management company's policy on rebates and soft commissions should also be disclosed (where applicable).
- 9.06 The following statement must appear under this section:

“There are fees involved and investors are advised to consider them before investing in the fund.”

Chapter 10

THE MANAGEMENT COMPANY

10.01 A prospectus must include a section on the management company which operates and manages the fund offered in the prospectus.

Corporate Information

10.02 The corporate information of the management company must be disclosed, which includes–

- (a) names of the directors and their status (independent or non-independent);
- (b) information of key personnel, such as CEO and designated person responsible for compliance matters. Information should include academic and/or professional qualifications and relevant work experience;
- (c) the management company's experience in operating and managing a fund;
- (d) summary of the management company's financial position for the past three years (where applicable), in tabular form, disclosing–
 - (i) paid-up share capital;
 - (ii) shareholders' funds;
 - (iii) revenue;
 - (iv) profit/loss after tax; and
 - (v) profit/loss after tax; and
- (e) total number of funds as well total value of funds operated by the management company (where applicable).

10.03 There must also be a disclosure of–

- (a) the roles, duties and responsibilities of the management company; and

- (b) all current material litigations and arbitrations, including those pending or threatened, and any fact likely to give rise to any proceeding which might materially affect the business/financial position of the management company or any of its delegates.
- 10.04 A prospectus should disclose the promoters, substantial shareholders, directors and key personnel of the management company's direct and indirect unit holding in the fund before and after public offering.

Fund Management Function

- 10.05 A prospectus should disclose the designated person responsible for the fund management of the fund, his qualifications and relevant work experience.
- 10.06 Where the fund management function is delegated to an external party, the prospectus should, in addition to the disclosure requirements of clause 10.05, disclose the following:
 - (a) A brief corporate information of the delegate;
 - (b) Roles and duties of the delegate;
 - (c) The delegate's experience in fund management (including number of years in the fund management industry); and
 - (d) Total value of funds under the delegates management.

Delegates

- 10.07 If any other function of the management company is delegated to an external party, the following information should be disclosed:
 - (a) A brief corporate information of the delegate; and
 - (b) Roles and duties of the delegate.

Investment Committee

- 10.08 Where an investment committee is appointed, information on the members of the investment committee should also be disclosed, such as—

- (a) names, status (independent or non-independent), relevant qualifications and experience of each member of the committee; and
- (b) roles and primary functions of the investment committee, as well as frequency of meetings.

Shariah Adviser

10.09 Where a Shariah adviser is appointed, the following information should be disclosed:

- (a) Names, relevant qualifications and experience of each member of Shariah adviser;
- (b) Where the Shariah adviser is a company–
 - (i) the corporate information of the company;
 - (ii) experience relevant to its appointment as an adviser; and
 - (iii) number of funds in which it acts as adviser;
- (c) Roles and primary functions of the Shariah adviser, including the frequency of meetings; and
- (d) Frequency of review by the Shariah adviser on the assets of the fund to ensure compliance with Shariah principles or any other relevant principle at all times.

Chapter 11

THE TRUSTEE

- 11.01 A prospectus must include a section on the trustee of the fund.
- 11.02 The corporate information of the trustee must be disclosed, which includes–
- (a) names of directors and CEO;
 - (b) trustee's experience as trustee to funds;
 - (c) summary of trustee's financial position for the past three years (where applicable), in tabular form, disclosing–
 - (i) paid-up share capital;
 - (ii) shareholders' funds;
 - (iii) revenue;
 - (iv) profit/loss before tax; and
 - (v) profit/loss after tax; and
 - (d) number of funds under trusteeship.
- 11.03 A prospectus must also include a trustee's statement of responsibility.
- 11.04 There must be a disclosure of–
- (a) the roles, duties and responsibilities of a trustee; and
 - (b) all current material litigations and arbitrations, including those pending or threatened, and any fact likely to give rise to any proceeding which might materially affect the business/financial position of the trustee or any of its delegates.

Delegates

- 11.05 Where custodial function of the trustee is delegated, the following information should be disclosed–

- (a) A brief corporate information on the delegate; and
- (b) The roles and duties of the delegate.

Chapter 12

SALIENT TERMS OF DEED

- 12.01 A prospectus must disclose salient terms of the deed, particularly provisions relating to–
- (a) rights and liabilities of investors, including the limitations and restrictions on the rights of investors;
 - (b) maximum fees permitted by the deed and payable by the investors (such as management fee, trustee fee, etc.);
 - (c) increase in fees from the level disclosed in the prospectus and the maximum rate provided in the deed;
 - (d) permitted expenses payable out of the fund's property;
 - (e) removal, replacement and retirement of the management company and trustee;
 - (f) termination of the fund; and
 - (g) unit holders' meeting.

Chapter 13

APPROVALS AND CONDITIONS

- 13.01 A prospectus should disclose the approvals obtained from the relevant authorities in conjunction with the public offering together with the dates of approvals and any condition attached and the compliance thereof (where applicable).
- 13.02 For any waiver from any relevant guidelines which has been approved by the SC, to state the specific clauses of the guidelines for which the waiver was sought and details of the approval with condition(s) (if any).

Chapter 14

RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

- 14.01 A prospectus should disclose existing and proposed related-party transactions involving the fund, the management company, trustee, promoters, vendors and/or person connected to them (where applicable), together with steps taken to resolve any conflict of interest. Such disclosures is also required if the fund enters into any transaction with key personnel of the management company, promoters, vendors, and/or person connected to them.
- 14.02 A management company should disclose its policy with respect to dealing with conflict-of-interest situations (e.g. dealing in securities by employees, directors, investment committee members, etc.).
- 14.03 A management company should elaborate the nature and extent of related-party transactions and conflict-of-interest situations in the prospectus.
- 14.04 A prospectus should provide details of direct and indirect interests of the directors and substantial shareholders of the management company in other corporations carrying on similar business.
- 14.05 Declaration of any expert's existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the fund/management company must be provided in the prospectus. "Experts" means advisers, firms of public accountants, law firms, valuers, engineers and other parties which provide advice to the fund/management company.

Chapter 15

TAXATION OF THE FUND

- 15.01 A prospectus should contain a report providing an opinion from the fund's tax adviser detailing the following:
- (a) The taxation of the fund taking into account any distinctive characteristic of the fund (e.g. its participation in futures contracts, investment in foreign securities); and
 - (b) Tax liabilities of the investors, if any.

Chapter 16

EXPERTS' REPORTS

16.01 Where a prospectus contains experts' opinion, excerpts from or summaries of opinion expressed and conclusion recorded in the reports should be disclosed in the prospectus. The experts should state whether or not the reports were prepared for inclusion in the prospectus. The experts' reports should be signed and dated within a reasonable time of the issue of the prospectus. This is to ensure that the contents are substantially relevant at the time the prospectus is issued.

16.02 If an expert becomes aware of significant changes affecting the content of his report, either–

(a) between the date of the report and the issue of the prospectus;
or

(b) after the issue of the prospectus and before the issue of the units,

then, the expert has an ongoing obligation to either cause his report to be updated for the changes and, where applicable, cause the management company to issue a supplementary prospectus or replacement prospectus, or withdraw his consent to the inclusion of the report in the prospectus. Failure to do so will result in the management company, promoters and the expert being liable for any misleading statement or material omission in the outdated report.

16.03 Experts should take care in making disclaimers of responsibility in their reports. If the disclaimers are so wide as to cause the report is of little or no beneficial use to investors, then the inclusion of the report in the prospectus may itself be misleading.

Chapter 17

ADDITIONAL INFORMATION

- 17.01 A prospectus should contain information on how investors can keep abreast of developments in the fund and track unit price/NAV per unit of the fund.
- 17.02 A prospectus should also disclose and highlight customer services provided by the management company.
- 17.03 Policies and procedures adopted by the management company to avoid money laundering activities should also be disclosed (e.g. procedures on identifying and verifying investors, and actions to be taken by the management company when money laundering activity is detected).
- 17.04 There should also be a full disclosure of all material contracts (including contracts not reduced in writing) not being contracts in the course of business, entered into within two years preceding the date of the prospectus. The following particulars should be disclosed for each contract:
 - (a) Date;
 - (b) Parties;
 - (c) Subject matter;
 - (d) Consideration passing to or from the fund and/or management company where applicable; and
 - (e) The mode of satisfaction of the consideration.

Chapter 18

CONSENTS

- 18.01 A prospectus should contain statements of consent from relevant parties, such as advisers, reporting accountants, auditors, issuing houses, registrars, solicitors, external company secretaries, bankers, valuers, underwriters, rating agencies and experts for inclusion of their names and statements/reports (where relevant) in the prospectus in the form and context in which it appears. A statement that they have not subsequently withdrawn such consent must also be disclosed.

Chapter 19

DOCUMENTS AVAILABLE FOR INSPECTION

19.01 A prospectus should contain a statement that, for a period of not less than 12 months at the registered office of the management company or such other places as the SC may determine, the following documents or copies thereof or such other documents as may be required by the SC, where applicable, should be made available for inspection:

- (a) The deed and supplemental deed;
- (b) Each material contract/document referred to in the prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (c) The latest annual and interim report of the fund for the current financial year (where applicable);
- (d) The audited financial statements of the fund and management company for the current financial year (where applicable) and for the last three financial years or from the date of establishment/corporation, if less than three years, preceding the date of prospectus;
- (e) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary expert's report is included in the prospectus, the corresponding full expert's report should be made available for inspection;
- (f) Writ and relevant cause papers for all current material litigation and arbitration disclosed in the prospectus; and
- (g) Consent given by each expert disclosed in the prospectus.

Chapter 20

SPECIFIC REQUIREMENTS FOR REAL ESTATE INVESTMENT TRUSTS

- 20.01 The following information must be disclosed in the prospectus of a real estate investment trust (REIT), in addition to that specified under Chapters 2–19 of these guidelines, unless otherwise specified.

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- 20.02 The responsibility statements under clause 3.01 are not applicable for a REIT. The following responsibility statements should be stated in a REIT prospectus:

“This prospectus has been reviewed and approved by the directors of the management company and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, there are no false or misleading statements, or omission of other facts which would make any statement in the prospectus false or misleading. The directors of the management company accept full responsibility for the profit estimate/forecast included in this prospectus and confirm that the profit estimate/forecast has been prepared based on assumptions made.”

“The [name of adviser/lead arranger], being the adviser/lead arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the public offering and is satisfied that any profit estimate/forecast (for which the directors of the fund are fully responsible), prepared for inclusion in the prospectus has been stated by the directors after due and careful inquiry and have been duly reviewed by the Reporting Accountants.”

- 20.03 There should be an additional statement of disclaimer as follows:

“The valuation approved or accepted by the Securities Commission shall only be utilised for the purpose of the proposals submitted to and approved by the Securities Commission, and shall not be construed as an endorsement by the Securities Commission on the value of the subject assets for any other purpose.”

Key Data/Information Summary

20.04 The key data/information summary section should also include, but is not limited to, the following information:

- (a) Brief but relevant details on the real estate, including a table highlighting principal statistics of the real estate;
- (b) Revaluation policy;
- (c) Gearing policy; and
- (d) Summary financial information.

The Fund

General

20.05 A prospectus of a REIT should contain, but is not limited to, the following information:

- (a) The investment objective of the REIT. There should also be a statement that material changes to the investment objective of the fund would require unit holders' approval;
- (b) The policies and investment strategies to achieve the REIT's stated objective. The investment strategies should include the REIT's future plans (e.g. growth strategies) and steps taken (including the time frame) to realise the plans;
- (c) The types and characteristics of real estates which the REIT will acquire, i.e. considerations taken into account in selecting the real estate (e.g. location, types of real estate and income/rental prospects of the real estate, etc.);
- (d) Permitted investments and investment limits/restrictions;
- (e) The policy on gearing and the REIT's level of gearing at the point of listing (including source, type, nature of borrowings and the interest rate payable);
- (f) Distribution policy and mode of distribution to investors;

- (g) Investors' profile most suitable for the REIT; and
- (h) Details of any existing or proposed arrangement which materially enhances short-term yields but may not be sustainable in the long-term and the risks associated with such arrangements. An analysis of how such arrangements affect current and future yields should be disclosed together with a computation of the forecast distribution yields without such arrangements.

20.06 For a Shariah-compliant REIT, the prospectus should also include–

- (a) clear description of the Shariah approval process, including details on methodologies, rulings and screening process; and
- (b) a statement to the effect that the investment in real estate of the fund have been carried out in accordance with the ruling issued by the Shariah adviser. Where the REIT also invests in securities, the statement should include that the securities have been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC. For securities not classified by the SAC of the SC, a statement stating that the status of the securities has been determined in accordance with the ruling issued by the Shariah adviser.

Investment in Real Estates

20.07 A prospectus must include specific disclosures on the real estate, including but not limited to, the following–

- (a) Details and description of the real estate acquired or to be acquired by the REIT:
 - (i) Description of the real estate which includes type, location, age, existing use, net lettable area, number of car parks, information specific to the type of the real estate, such as hotel, hospital and agriculture properties, the market value and purchase consideration;
 - (ii) Particulars of the tenancies, which include major tenants and their corresponding percentage contribution to total gross rental income, tenancy periods, periodic reviews and occupancy rates for the past three years (where

applicable) and, in the case of a sale and leaseback, the basis of arriving at the rental entered into by the REIT;

- (iii) Details of incomes and expenditure including gross rental income, outgoings, net income, estimation of future income and major capital expenditures likely to be incurred in the immediate future; and
 - (iv) Encumbrances/limitations in title/interest to the real estate (if any);
- (b) Where a real estate acquired or to be acquired is leased or is proposed to be leased, details of the lease(s) (excluding sub-leases), including details of financial arrangements, stamp duty and options, or other rights given to a lessee or proposed lessee to purchase the real estate. If none, a statement to the effect should be made;
- (c) For a real estate to be acquired, the expected period within which the transaction will be completed and its status at the date of prospectus;
- (d) Where a REIT has entered into an agreement to purchase a real estate upon its completion, the rationale and justification of acquiring such real estate and the future prospects of acquiring tenants and future incomes; and
- (e) Relevant information, in particular, risks associated with the following acquisitions:
 - (i) Real estate without a track record;
 - (ii) Buildings which are not fully tenanted;
 - (iii) Equity of single-purpose companies;
 - (iv) Part of a real estate; and
 - (v) Real estate located outside Malaysia;

20.08 A prospectus should also state the management company's valuation policy for the real estate, disclosing the following information:

- (a) Frequency of valuation;
 - (b) Date of the last valuation conducted;
 - (c) The likely date for the next valuation;
 - (d) Revaluation surplus/deficit comparative to last valuation; and
 - (e) Net book value of the real estate;
- 20.09 An overview of the real estate/property market and the outlook for the types of real estate that are or to be acquired by the fund should also be included in the prospectus.

Investments in Real Estate-related Assets and Non-real Estate-related Assets

- 20.10 Where a REIT invests in real estate-related assets and/or non-real estate-related assets, the prospectus should disclose, but is not limited to, the following:
- (a) The investment policy and investment strategies to achieve the investment objective of the REIT. In describing the investment policy and investment strategies, the following information should be disclosed:
 - (i) Investment focus of the REIT (e.g. equity, debenture, money market, etc.), the characteristics of the securities/instruments to be invested and the asset allocation strategy. Where appropriate, the investment focus should also include the countries/markets (e.g. global, regional or country-specific, developed or emerging markets, etc.) and target sector/industry;
 - (ii) Practice, technique or approach used by the fund manager in managing the investment portfolio, including the policy on active and frequent trading of securities; and
 - (iii) Where applicable, disclosure on whether the fund manager may take temporary defensive positions that may be inconsistent with the REIT's principal strategy in attempting to respond to adverse market conditions, economic, political or any other condition. There should

also be a disclosure on types of securities/instruments in which the fund would invest in during defensive positions;

- (b) The risk management strategies and techniques to be employed by the fund manager;
- (c) The permitted or authorised investments and the investment limits/restrictions for the REIT;
- (d) Valuation bases for all types of assets invested or to be invested by the REIT, including treatment for suspended counters; and
- (e) Policy with respect to valuation point(s) to determine the values of the investments (including policy on timing for valuation of a fund's foreign investments and frequency of valuation of the fund's property).

Financial Information

Historical Financial Information

- 20.11 For a REIT already in operation prior to its listing, the prospectus should contain a table of the income statement of the REIT for the past three financial years and for the latest financial period (where applicable). The table should include, at the minimum, the following:
- (a) Revenue;
 - (b) Property operating cost;
 - (c) Profit before tax;
 - (d) Tax expense; and
 - (e) Profit after tax.
- 20.12 A detailed analysis of the REIT over the past three financial years and latest financial period, where applicable, shall be provided.
- 20.13 If the date of issuance of the prospectus is later than six months after the end of the last financial year, interim audited financial statements should be provided.

- 20.14 The interim financial statements should be provided in the same format as the audited financial statements provided under clause 20.11.
- 20.15 In addition, interim financial statements should include–
- (a) comparative statements for the same period in the prior financial year for the income statements. The comparative interim financial statements need not be audited; and
 - (b) selected disclosure notes which will provide an explanation of events and changes which are significant and caused changes in financial position and performance of the REIT since the last annual reporting date.

Proforma Income Statement

- 20.16 For a newly-established REIT, a proforma income statement should be prepared for each of the last three years. The proforma income statement is presented for illustrative purpose only and on the assumption that the fund was in existence throughout the period under review.
- 20.17 The following should be stated:
- (a) The basis upon which the proforma income statement is prepared;
 - (b) (Where applicable) that the financial statements used in the preparation of the proforma income statement were prepared in accordance with approved accounting standards in Malaysia. Details of any auditor's qualification to these underlying financial statements should also be highlighted;
 - (c) Whether the proforma income statement has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies to be adopted by the fund; and
 - (d) Any adjustments, which were dealt with when preparing the proforma income statement, should be prominently disclosed and highlighted.

- 20.18 A detailed analysis of the fund over the past three financial years and latest financial period, where applicable, should be provided.

Proforma Balance Sheet

- 20.19 In all cases, a proforma balance sheet at the date of establishment of the fund or at the last date to which the financial statements should be prepared and adjusted for the following:

- (a) Acquisitions connected with the proposed public-offering exercise; and
- (b) Proceeds of the proposed public-offering exercise and proposed utilisation of funds.

The prospectus should also set out the details of such adjustments. The proforma balance sheet will assist investors or analysts in determining the financial effects of the acquisition and the notional financial position of the fund in which they are being invited to invest.

- 20.20 The proforma balance sheet should also include the following information:

- (a) NAV per unit; and
- (b) Proforma NAV per unit.

- 20.21 The following should also be stated in the prospectus:

- (a) The basis upon which the proforma balance sheet is prepared;
- (b) (Where applicable) the financial statements used in the preparation of the proforma financial information were prepared in accordance with approved accounting standards in Malaysia. Details of any auditor's qualification to these underlying financial statements should also be highlighted;
- (c) Whether the proforma balance sheet has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies of the fund/ to be adopted by the fund; and
- (d) Any adjustment, which was dealt with when preparing the

proforma balance sheet, shall be prominently disclosed and highlighted.

- 20.22 The proforma balance sheet should be accompanied by a reporting accountants'/auditors' letter. The reporting accountants'/auditors' letter should state their opinion of the following:
- (a) The proforma balance sheet has been properly prepared on the basis stated in clause 20.21(a) and in a manner consistent with the format of the balance sheet and accounting policies of the fund/to be adopted by the fund;
 - (b) (Where applicable) the proforma balance sheet has been properly prepared using financial statements prepared in accordance with the approved accounting standards in Malaysia; and
 - (c) Each material adjustment made to the information used in the preparation of the proforma financial information is appropriate for the purposes of preparing such financial information.

Future Financial Information

- 20.23 Profit estimates/forecasts should be provided and be dealt with in accordance with paragraphs 20.24–20.32. Where profit estimates/forecasts are submitted under section 212 of the CMSA, the profit estimates/forecasts should be provided in the prospectus.
- 20.24 The accounting policies and calculations for profit estimates/forecasts should be reviewed and reported on by the reporting accountants and be accompanied by a reporting accountant's/auditor's letter. The report/letter should be set out in the prospectus, whereby the opinion stated in the letter is consistent with those submitted pursuant to the application under section 212 of the CMSA.
- 20.25 There should be notes to future financial information, including whether such information was prepared on bases and accounting principles consistent with those adopted/to be adopted in the preparation of the financial statements of the fund.
- 20.26 Sufficient details on the bases and assumptions of the estimates/forecasts should be disclosed to enable investors to assess the reliability of the estimates/forecasts and the effect of any change to the

assumptions used. Profit estimates/forecasts should include at the minimum, the following:

- (a) Revenue;
- (b) Property operating cost;
- (c) Profit before tax;
- (d) Tax expense; and
- (e) Profit after tax.

20.27 The bases and assumptions stated in relation to profit estimates/forecasts should—

- (a) provide useful information to investors to assist them in forming a view as to the reasonableness and reliability of the estimates/forecasts;
- (b) draw the investors' attention to, and where possible quantify, those uncertain factors which can materially affect the ultimate achievement of the estimates/forecasts;
- (c) be specific rather than vague;
- (d) where possible, avoid generalisations and all-embracing assumptions and those relating to the general accuracy of the assumptions made in the estimates/forecasts; and
- (e) be clearly stated and reviewed for reasonableness by the directors of the management company who are responsible for the estimates/forecasts, bases and assumptions.

20.28 The following requirements should apply for profit estimates/forecasts:

- (a) Estimates/forecasts should be realistic and achievable to provide investors with information on the REIT's prospects. (An unrealistic estimates/forecasts, irrespective of whether it is too high or too low, may mislead investors into making investment decisions based on the information contained in the prospectus); and
- (b) Estimates/forecasts should be compiled with utmost care and objectivity; and

- (c) Where estimates/forecasts are subject to a high probability of variation, the management company should provide a sensitivity analysis based on the key variables.
- 20.29 For a newly-established REIT, a forecast for the first financial year/period should be presented. However if the period represented is less than nine months, a forecast for the second financial year of the fund should be prepared and included in the prospectus.
- 20.30 However, for a REIT which has been in operation prior to its listing, the following should be considered:
 - (a) If the prospectus is issued in the last three months of the current financial year, a forecast for that financial year and the next financial year should be prepared and included in the prospectus; or
 - (b) If the prospectus is issued subsequent to the last financial year, an estimate for that last financial year and a forecast for the next financial year should be prepared and included in the prospectus.
- 20.31 Directors' analysis of estimates/forecasts and commentary on its achievability should be disclosed, in light of the following:
 - (a) Future prospects of the industry;
 - (b) Future plans and strategies to be adopted; and
 - (c) The level of gearing, liquidity and other requirements.
- 20.32 Distribution estimate/forecast should also be disclosed, which include the following:
 - (a) Distribution policy;
 - (b) Distribution rate;
 - (c) Distributable amount;
 - (d) Distribution cover; and
 - (e) Distribution yield.

20.33 *This clause is intentionally omitted.*

20.34 The following warning statements (in bold) should be clearly stated:

“Rental yield on real estates held by the REIT is not equivalent to the yield of the units.”

“Current rental receipts and yields may not sustained.”

“Value of the real estates may rise as well as fall.”

Accountant’s Report

20.35 For a fund already in operation prior to its listing, the prospectus should contain a report prepared by an accountant, who must be an auditor, dealing with the audited financial statements.

20.36 The report should state that it has been prepared by an auditor.

20.37 The report should be signed and dated. There should also be a statement as to whether the report was prepared for inclusion in the prospectus.

20.38 In preparing the report, the reporting accountants should disclose any restatement to the audited financial statements which have been dealt with in the report.

20.39 The report should state the following:

- (a) The basis of accounting policies adopted in preparation of the report;
- (b) That the information presented in the report has been prepared in accordance with approved accounting standards in Malaysia or acceptable internationally-recognised accounting standards;
- (c) Disclosures on any material change in the accounting policies adopted, including a summary of such change, the reason of such change and quantitative impact of such change on the financial results of the fund; and
- (d) Details of any auditors’ qualification to the audited financial statements and other forms of modified auditor’s report, such

as emphasis of matters or disclaimers for the past three financial years and the latest audited financial period (where applicable)

- 20.40 All material items in the audited financial statements should be adequately explained.
- 20.41 The auditors who audited the financial statements shall be identified and where the audited financial statements in respect of one or more financial years were audited by different auditors, all such auditors should be identified for the avoidance of doubts.
- 20.42 The reporting accountant shall incorporate subsequent events between the date of the last accounts used in the preparation of the report and the date of the report.
- 20.43 Where applicable, the interim financial statements are to be dealt with in accordance with clauses 20.13–20.15.
- 20.44 The report should deal with the audited income statement and balance sheet for each of the three financial years and latest financial period (where applicable) immediately preceding the last date to which the accounts of the fund were made up. Such date should not in any case be more than six months prior to the issue of the prospectus.
- 20.45 The report should deal with rates of distributions, if any, paid by the funds for the past three financial years preceding the issue of the prospectus.

Fee

- 20.46 The list of expenses for the REIT should also include fee payable to the property manager.

The Property Manager

- 20.47 A prospectus should disclose information on the appointed property manager, including the following:
 - (a) Corporate information of the property manager, including number of years in real estate/property management, total property under management and staff strength;

- (b) Information on the key personnel of the property manager, highlighting the academic and/or professional qualification, and work experience;
- (c) Functions, duties and responsibility of the property manager;
- (d) The annual fee and basis of the fee calculation; and
- (e) Where applicable, unit holding of the property manager in the fund.

Valuation Certificate

- 20.48 The prospectus should contain a valuation certificate prepared in accordance with the *Guidelines on Asset Valuation*.

Related-party Transactions/Conflict of Interest

- 20.49 The relationship between the management company (including the management company's related corporations and associated persons) and the vendors must be clearly explained.
- 20.50 A brief disclosure on any transaction within the two preceding years relating to any real estate purchased or to be purchased out of the proceeds of the issue, which may give rise to a conflict of interest.

Additional Information

- 20.51 The inclusion of photographs in the prospectus is only permitted on condition that the photograph is not more than six months old and the REIT owns a major portion of the real estate. Drawings of real estate must not be included in the prospectus.
- 20.52 Full disclosure of the salient terms of the material agreement relating to the proposed acquisition of real estates.

Chapter 21

SPECIFIC REQUIREMENTS FOR EXCHANGE-TRADED FUNDS

- 21.01 The following information must be disclosed in the prospectus of an exchange-traded fund (ETF), in addition to that specified under Chapters 2–19 of these guidelines, unless otherwise specified.

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- 21.02 A prospectus should disclose the licensing condition pursuant to the licensing agreement entered into between index licensor and the management company, and the responsibilities and obligations of the index licensor and any other relevant party associated with the index (where applicable) for the error in the index.

Key Data/Information Summary

- 21.03 The key data/information summary section should also include information pertaining to creation of unit block size.

Details on the Offering of Units

- 21.04 A prospectus should discuss the offering process prior to the listing of the fund which shall include–
- (a) how the investors can acquire units of the fund; and
 - (b) procedures in relation to application by participating dealers to create new units.
- 21.05 A prospectus should set out the critical events prior to the listing of the funds.

Details of Public Offering

- 21.06 A prospectus should disclose information on the indicative optimum portfolio value (IOPV), including the basis of determination, frequency and means by which investors may obtain IOPV.

Risk Factors

- 21.07 The disclosure of risk factors should also cover specific risks associated with the use of benchmark index.

The Fund

- 21.08 The information to be disclosed should include, but is not limited to, the following:
- (a) The investment objective of the fund. There must also be a statement that any material change to the investment objective of the fund would require unit holders' approval;
 - (b) The investment policy and principal investment strategies to achieve the stated investment objective. In describing the investment policy and principal investment strategies, the following information should be disclosed:
 - (i) Investment focus of the fund (e.g. equities, bonds, etc.), the characteristics of the securities/instruments to be invested and the asset allocation strategy. Where appropriate, the investment focus should also include the countries/markets (e.g. global, regional or country-specific, developed or emerging markets, etc.) and target sector/industry;
 - (ii) Whether to invest in all (full replication) or a representative sample of component securities of the underlying index. Where a representative sample of component securities of the index is used, to disclose how such sample is constituted;
 - (iii) Practice, technique or approach used by the fund manager in managing the investment portfolio and selecting investments to be included in the portfolio of the fund, including the policy with regard to active and frequent trading of securities; and
 - (iv) Policy on rebalancing the investment portfolio;
 - (c) The risk management strategies and techniques to be employed by the fund manager;

- (d) The fund's performance benchmarks and where the information can be obtained. If a customised benchmark or combination of multiple benchmarks is used, there should be a description on how the benchmark is derived;
- (e) The permitted or authorised investments and investment limits/restrictions for the fund;
- (f) Valuation bases for all types of assets invested or to be invested by the fund, including treatment for suspended counters; and
- (g) Policy in respect of valuation point(s) to determine the NAV of the fund (including policy in respect of timing for valuation of a fund's foreign investments and frequency of valuation of the fund's property).

21.09 There should also be adequate disclosure on the underlying index including, but is not limited to, the following:

- (a) The underlying index in which the fund intends to track or replicate, as well as a description of the market or sector the index represents;
- (b) The characteristics and general composition of the index and, where applicable, concentration in any economic sector and/or issuer;
- (c) A brief description of the index methodology/rules and the means by which investors may obtain such information;
- (d) The means by which investors may obtain the latest index information and other important news of the index;
- (e) Circumstances which may affect the accuracy and completeness in the calculation of the index;
- (f) Circumstances which may lead to tracking errors, and strategies employed in minimising such errors;
- (g) The weightings of the top 10 component securities of the underlying index; and
- (h) In addition to clause 21.09(g), where a representative sample of component securities of the underlying index is used to track

or replicate the index, the weightings of the top component securities in the sample.

- 21.10 Where applicable, the following warning statements should be stated in the prospectus (to appear in bold):

“There is no guarantee or assurance of exact or identical replication at any time of the performance of the index.”

“Index composition may change and securities may be delisted.”

“The investment of the scheme may be concentrated in securities of a single issuer or several issuers.” (where appropriate)

“Any licensing conditions for using the index, including contingency plan in the event of cessation of the availability of the index.”

- 21.11 For a Shariah-compliant fund, the prospectus should also include—

- (a) clear description of the Shariah-approval process including details of methodologies, rulings and screening process; and
- (b) a statement to the effect that the investment portfolio of the fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC. For securities not certified by the SAC of the SC, a statement stating that the status of the securities has been determined in accordance with the ruling issued by the Shariah adviser.

Additional Information

- 21.12 A prospectus should clearly describe procedures for in-kind creation and redemption, including the suspension of in-kind creation and redemption.
- 21.13 A prospectus should also disclose fees and charges payable by the participating dealers in relation to creation and redemption of units.

Chapter 22

SPECIFIC REQUIREMENTS FOR CLOSED-END FUND

- 22.01 The following information must be disclosed in the prospectus of a closed-end fund (CEF), in addition to that specified under Chapters 2–19 of these guidelines, unless otherwise specified.
- 22.02 In view of the CEF structure, any disclosure requirement which is applicable to a management company (Chapter 10) and a trustee (Chapter 11) should be made in the context of a CEF. Hence, these relevant requirements should be made for CEF fund managers and CEF custodians.
- 22.03 In addition to clause 22.02 above, the terms “units” and “distribution” referred to in these guidelines shall be read as “shares” and “dividend” respectively for the purpose of a CEF.

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- 22.04 There should be an additional statement of disclaimer, as follows:
- “A copy of this prospectus, together with the form of application, has also been lodged with the Companies Commission of Malaysia who takes no responsibility for its contents.”

The Fund

- 22.05 The information to be disclosed should include, but is not limited to, the following:
- (a) The investment objective of the CEF. There should also be a statement that any material change to the investment objective of the CEF would require unit holders’ approval;
 - (b) The investment policy and principal investment strategies to achieve the stated investment objective. In describing the investment policy and principal investment strategies, the following information should be disclosed:
 - (i) Investment focus of the CEF (e.g. equity, debenture, money market, collective investment schemes, etc.), the

characteristics of the securities/instruments to be invested and asset allocation strategy. Where appropriate, the investment focus should also include the countries/markets (e.g. global, regional or country-specific, developed or emerging markets, etc.) and target sector/industry;

- (ii) Practice, technique or approach used by the fund manager in managing the investment portfolio, including the policy with regard to active and frequent trading of securities; and
 - (iii) Where applicable, disclosure on whether the fund manager may take temporary defensive positions which may be inconsistent with the CEF's principal strategy in attempting to respond to adverse market conditions, economic, political or any other condition. There should also be a disclosure on types of securities/instruments in which the fund would invest in during defensive positions;
 - (c) The risk management strategies and techniques to be employed by the fund manager;
 - (d) The fund's performance benchmark and where the information on the benchmark can be obtained. If a customised benchmark or combination of multiple benchmarks is used, described how the benchmark is derived;
 - (e) The permitted or authorised investments and the investment limits/restrictions for the CEF;
 - (f) Valuation bases for all types of assets invested or to be invested by the CEF, including treatment for suspended counters; and
 - (g) Policy in respect of valuation point(s) to determine the NAV of the CEF (including policy in respect of timing for valuation of a CEF's foreign investments and frequency of valuation of the CEF's property).
- 22.06 Pursuant to clause 22.05(b) and (c), where a CEF invests in derivatives and structured products, the prospectus must clearly disclose the following:

- (a) The types and characteristics of derivatives and structured products the CEF invests in;
 - (b) The purpose of investing in derivatives (either for hedging or investment);
 - (c) (Where applicable) the likelihood of high volatility of the NAV per unit of the CEF; and
 - (d) The specific risk management adopted in such investment which includes measures to be taken in the event of a downgrade in the rating if the issuer in the case of over-the-counter (OTC) options.
- 22.07 For a Shariah-compliant CEF, the prospectus shall also include–
- (a) clear description of the Shariah approval process, including details in relation to methodologies, rulings and screening process; and
 - (b) a statement to the effect that the investment portfolio of the fund comprises securities which have been classified as Shariah compliant by the Shariah Advisory Council (SAC) of the SC. For securities not certified by the SAC of the SC, a statement stating that the status of the securities has been determined in accordance with the ruling issued by the Shariah adviser.

Salient Terms of Deed

- 22.08 As a CEF does not enter into a deed, the requirements imposed under Chapter 12 should be read to mean disclosure of salient provisions of the memorandum and articles of association (M&A) of a CEF.

Documents Available for Inspection

- 22.09 With reference to clause 19.01(a), as a CEF does not enter into a deed, a CEF shall make available its M&A available for inspection.

Chapter 23

APPLICATION FOR UNITS

- 23.01 A prospectus should contain instructions/procedures on how to apply for the units pursuant to a prospectus and how to complete applications. The instructions/procedures should contain terms and conditions for application, specific steps/measures to be complied with on the various modes of application for units, e.g. automated teller machines, Internet and/or physical applications and any relevant statement of disclaimers for the application.
- 23.02 The addresses where completed applications should be sent to and to whom payments should be made payable must be set out in the prospectus.
- 23.03 A prospectus should disclose the minimum number of units and the multiples of additional units for which investors may apply.
- 23.04 A prospectus should state whether directors reserve the right to extend the closing date.
- 23.05 An application form should be identifiable with the prospectus and warn investors against signing the form without having read and understood the prospectus.
- 23.06 Accordingly, the application form should contain the following:
- (a) Name of the fund;
 - (b) Date of the prospectus;
 - (c) Expiry date of the prospectus;
 - (d) A statement that in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus; and
 - (e) A statement that investors should read the prospectus before completing the application form.
- 23.07 Since investors will forward the application to the issuing house/ placement agent(s), it is important that they retain all information contained in the body of the prospectus for future reference. The

application form should not contain any investment information which is not also contained in the body of the prospectus.

- 23.08 Where applicable, the management company should allocate all excess units for any subscription on a fair and equitable basis. In this respect, the prospectus should contain a statement that the allocation of the excess units will be made on a fair and equitable manner.

PART III
SUPPLEMENTARY/REPLACEMENT
PROSPECTUS

Chapter 1

GENERAL

- 1.01 As prescribed under section 238(1) of the *Capital Markets and Services Act 2007* (CMSA), a supplementary/replacement prospectus must be registered with the SC when a management company becomes aware that–
- (a) a matter has arisen and information in respect of that matter would have been required to be disclosed in the prospectus if the matter had arisen when the prospectus was prepared;
 - (b) there has been a significant change affecting a matter disclosed in the prospectus;
 - (c) the prospectus contains a material statement or information which is false or misleading; or
 - (d) the prospectus contains a statement or information from which there is a material omission.

Guidance

A management company should, within 14 days after becoming aware of any occurrence in clause 1.01(a) to (d) above, submit a supplementary/replacement prospectus for registration.

- 1.02 The changes requiring a supplementary/replacement prospectus may consist of–
- (a) changes to the body of the original prospectus;
 - (b) changes to experts' reports included in the original prospectus; and/or
 - (c) changes to information in supplementary prospectus (including new reports) previously registered for a particular prospectus.
- 1.03 As prescribed under section 239 of the CMSA, if a person submits an application to subscribe for or purchase units in a fund and before the units are issued, a supplementary/replacement prospectus is submitted

to the SC for registration, then as soon as practicable after registration of the supplementary/replacement prospectus, the management company must–

- (a) give a written notice to the person or other notices as may be specified by the SC–
 - (i) advising the person that a supplementary/replacement prospectus has been registered by the SC;
 - (ii) giving the person no less than 14 days from the date of receipt of the notice an opportunity to withdraw his application; and
 - (iii) informing the person that, if he withdraws his application, the management company shall immediately pay to the applicant any monies which the applicant has paid to the issuer on account of the application; and
- (b) ensure that the written notice is accompanied by a copy of the supplementary/replacement prospectus.

1.04 For a listed fund, a summary advertisement for a supplementary/replacement prospectus must be published in a widely-circulated Bahasa Malaysia newspaper and English newspaper, where relevant, and should state the following:

- (a) A supplementary/replacement prospectus has been registered;
- (b) The date of the supplementary/replacement prospectus;
- (c) Where a copy of the supplementary/replacement prospectus can be obtained; and
- (d) That any issue of units to which the supplementary/replacement prospectus relates will only be made on receipt of an application form referred to in, and accompanying a copy of, the supplementary/replacement prospectus.

1.05 A supplementary/replacement prospectus should be legible and printed in typefaces which is not smaller than Times New Roman eight-points. All pages of the supplementary/replacement prospectus must be numbered.

Chapter 2

CONTENTS OF A SUPPLEMENTARY PROSPECTUS

- 2.01 A supplementary prospectus should contain details of significant new matters or changes.
- 2.02 A supplementary prospectus should specify the following:
- (a) Name of the fund, or funds in the case of a master prospectus;
 - (b) Full name of the management company/fund manager (where applicable) and its registration number;
 - (c) Full name of the trustee/custodian (where applicable) and its registration number;
 - (d) Date of the supplementary prospectus;
 - (e) A statement to the effect that the supplementary prospectus has been registered with the SC;
 - (f) That registration does not indicate that the SC recommends the units or assumes responsibility for correctness of any statement made or opinions or reports expressed in the principal prospectus or supplementary prospectus; and
 - (g) (For an unlisted fund) The following additional statement must be included:

“No units will be issued or sold based on this supplementary prospectus after the expiry date of the principal prospectus.”
- 2.03 Each page of a supplementary prospectus should contain a clear statement in bold type which states that the document is a supplementary prospectus which is to be read in conjunction with the original prospectus (which must be identified in the supplementary prospectus) and any other supplementary prospectus.
- 2.04 If a supplementary prospectus contain statements or reports by experts not included in the principal prospectus–
- (a) it is required to state the date of each statement or report and

whether or not it was prepared for incorporation in the supplementary prospectus; and

- (b) the supplementary prospectus shall state that the expert has given his/her consent and has not withdrawn the consent.
- 2.05 If the information in a supplementary prospectus gives rise to new risk factors not covered in the principal prospectus, the supplementary prospectus shall contain a description of those new risk factors.
- 2.06 A supplementary prospectus shall contain or be accompanied with a new application form which refers to the supplementary prospectus, which is to accompany the new application form, and disclose in bold, the date of the supplementary prospectus.
- 2.07 The requirement in this chapter applies only if it differs from the requirements in the *Prospectus Guidelines for Collective Investment Schemes*. Disclosure of information in the main body of the supplementary prospectus or reports included in the supplementary prospectus must comply with Part I or Part II (where applicable) of these guidelines.

Chapter 3

CONTENTS OF A REPLACEMENT PROSPECTUS

- 3.01 A replacement prospectus replaces a principal prospectus and should contain details of any significant new matter or change.
- 3.02 A replacement prospectus must–
 - (a) contain a clear statement (to appear in bold) on the front cover which states that the document is a replacement prospectus and supersedes/replaces the principal prospectus; and
 - (b) comply with the content requirements in the respective chapters of the *Prospectus Guidelines for Collective Investment Schemes*.
- 3.03 Each page of a replacement prospectus should contain a clear statement in bold type that states that the document is a replacement prospectus.
- 3.04 The requirement in this chapter applies only if it differs from the requirements in the *Prospectus Guidelines for Collective Investment Schemes*. Disclosure of information in the main body of the replacement prospectus or reports included in the replacement prospectus must comply with Part I or Part II (where applicable) of these guidelines.

PART IV
REGISTRATION AND LODGEMENT
OF A PROSPECTUS

Chapter 1

GENERAL

- 1.01 As prescribed under section 232(1) of the *Capital Markets and Services Act 2007* (CMSA), no person shall issue, offer for subscription for or purchase, any securities unless a prospectus in relation to the securities has been registered with the SC.
- 1.02 The applicant, or its adviser, should submit a prospectus of a fund for registration in accordance with the submission requirements and procedures set out in chapters 2 and 3.
- 1.03 The SC will not register a prospectus unless it is in its final/complete form¹ and is accompanied by all required materials/documents. The SC reserves the right to refuse registration and return the prospectus, if in the opinion of the SC, the disclosure in the prospectus is incomplete and inadequate, the prospectus is not in its final/complete form and/or the prospectus is not accompanied by all relevant materials/documents, as the case may be.
- 1.04 The original or certified true copies of all reports² and letters in the prospectus must be included as accompanying documents in the registration file. For certified true copies, the identity and position of the person certifying the documents should be stated.
- 1.05 All reports and letters, e.g. reporting accountant's report and letters, tax adviser's report, letter of consent and other experts' reports, contained in the prospectus must be dated and signed.
- 1.06 Where the applicant proposes to issue prospectuses in various languages, the prospectus in each language must be registered and lodged with the SC.

¹ Final/complete form means the form and context of its contents or in which they appear can be properly ascertained (including all relevant reports).

² Where the prospectus contains a summary of an expert's report, the corresponding full report should be submitted.

Fees Payable to SC

- 1.07 The prospectus should be submitted to the SC for registration and lodgement together with the appropriate fee.
- 1.08 The details of fees payable to the SC for registration and lodgement of a prospectus, supplementary prospectus and replacement prospectus are set out in the *Securities Commission (Fees) (Amendment) Regulations 2004*.
- 1.09 Payment must be made in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission".

Chapter 2

REGISTRATION OF AN UNLISTED FUND'S PROSPECTUS

Registration of Prospectus

- 2.01 For a new fund, the registration file comprising documents required under clause 2.06 should be submitted to the SC together with the application to seek the SC's approval to establish a new fund.
- 2.02 The prospectus may be left undated upon submission to the SC for registration. However, the prospectus must be dated before it is lodged with the SC.

Renewal of Registration

- 2.03 The registration of a prospectus must be renewed upon the expiry date of the prospectus.
- 2.04 For renewal of registration, the registration file must be submitted to the SC at least seven business days prior to the expiry date of the prospectus.

Supplementary Prospectus and Replacement Prospectus

- 2.05 For registration of a supplementary prospectus or a replacement prospectus, the registration file must be submitted to the SC at least seven business days prior to the registration date.

Documents to be Submitted

- 2.06 For registration of a prospectus, the applicant or its adviser must ensure that the registration file submitted to the SC comprise the following documents:
 - (a) Cover letter signed by at least one of the directors of the management company, specifying the following:
 - (i) Application to register the prospectus;

- (ii) A confirmation that a due diligence review has been conducted and verified that the prospectus complies with the minimum disclosure requirements as laid down in the *Capital Markets and Services Act 2007* and the *Prospectus Guidelines for Collective Investment Schemes*;
 - (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated; and
 - (iv) A confirmation that all relevant conditions of approval, to be complied with before the issuance of the prospectus, have been met.
- (b) Registrable copies of the prospectus (printers' proof) (two copies each in each language);
- (c) Registration checklist;³
- (d) Registration fees and the fee checklist;^{3a}
- (e) Compliance Schedule;
- (f) Director's responsibility statement for the prospectus and, where applicable, the promoter's responsibility statement. For director's responsibility statement, all directors must sign. In the case of promoters which consist of corporation(s), a board resolution authorising the signatory who signed on behalf of the corporation, must be submitted together with the promoter's responsibility statement;
- (g) If an alternate director signs the responsibility statement, there should be clear reference made in the responsibility statement of such a fact. The original written authorisations by directors, appointing an alternate director to sign the responsibility statement on their behalf must be submitted;
- (h) Original copies of all letters of consent from all persons named in the prospectus as having made a statement that is included in the prospectus or on which a statement made in the

^{3, 3a} Checklists are available at www.sc.com.my.

prospectus is based. The consent letter is to be addressed to the management company;

- (i) Copy of letter of approval from any other relevant authority (e.g. Bank Negara Malaysia) (where applicable);
- (j) Certified copies of all material contracts referred to in the prospectus or, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (k) Original copies of reports or letters from experts disclosed in the prospectus (e.g. tax advisers, etc.);
- (l) Letter of confirmation from the applicant, or its adviser (where applicable), confirming the true and accurate translation of the prospectus (where applicable);
- (m) Letter of confirmation from the applicant, or its adviser (where applicable), that the electronic copy of the prospectus will be identical to the printed prospectus registered with the SC (if applicable); and
- (n) Copy of the application form.

2.07 For renewal of registration and registration of a supplementary prospectus or a replacement prospectus, the registration file should include documents required under clause 2.06 (where applicable) and the following documents:

- (a) A list highlighting the original statements from the previously registered prospectus and the amended statements; and
- (b) Certified copies of additional, amended or new material contracts disclosed in the prospectus pursuant to clause 2.06(j). In the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts.

Chapter 3

REGISTRATION OF A LISTED FUND'S PROSPECTUS

Submission of Initial Draft Prospectus Before Section 212 Approval

- 3.01 A draft copy⁴ of the fund's prospectus should be submitted concurrently with the proposal seeking approval from the SC under section 212 of the CMSA.
- 3.02 Any application for exemption/variation from complying with the required disclosure requirements of the prospectus should be submitted to the SC at least 14 market days prior to the intended date of submission of the registrable prospectus. The exemption/variation application must be accompanied with the relevant supporting documents and appropriate fee.

Submission of Registrable Prospectus After Section 212 Approval

- 3.03 A registration file comprising documents required under clause 3.10 are to be submitted to the SC at least 14 market days prior to the registration date.
- 3.04 Prior to submitting the registration file, the following must be clearly resolved:
 - (a) Any outstanding issue regarding applications for exemption/variation from *Prospectus Guidelines for Collective Investment Schemes*;
 - (b) Any pending matter arising from section 212 of CMSA approval including, among others, application for variation to the terms/conditions of approval, extension of time, etc.
- 3.05 The SC will publish the registrable prospectus on SC website in order to provide an opportunity for the public to view and provide any comments on the information disclosed in the prospectus ('prospectus exposure').

⁴ The submission fee is not required on submission of the initial draft prospectus. Fee is required only at submission of the registrable prospectus.

- 3.06 The registrable prospectus will be published on SC website on the same date of submission, if the registrable prospectus and all accompanying documents are submitted before 12.30pm. Otherwise, the registrable prospectus will be published on SC website the following working day.
- 3.07 The SC will only register a prospectus after the deed of the fund has been registered with the SC.

Supplementary Prospectus and Replacement Prospectus

- 3.08 For registration of a supplementary prospectus, the registration file must be submitted to the SC at least three market days prior to the registration date.
- 3.09 For registration of a replacement prospectus, clause 3.03 shall apply.

Documents to be Submitted

- 3.10 For registration of a prospectus, the adviser must ensure that the registration file comprise the following documents:
- (a) Cover letter signed by the head of corporate finance of the principal adviser specifying the following:
 - (i) Application to register the prospectus;
 - (ii) A confirmation that the due diligence working group has seen and verified that the prospectus complies with the minimum disclosure requirements as laid down in the *Capital Markets and Services Act 2007* and the *Prospectus Guidelines for Collective Investment Schemes*;
 - (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated; and
 - (iv) A confirmation that all relevant conditions of approval, to be complied with before the issuance of the prospectus, have been met.

- (b) Registrable copies of the prospectus (printers' proof) (two copies each in Bahasa Malaysia and English language);⁵
- (c) Registration checklist;⁶
- (d) Registration fees and the fee checklist;^{6a}
- (e) Compliance Schedule;
- (f) Directors' responsibility statement for the prospectus and, where applicable, the offerors' and promoters' responsibility statement. For director's responsibility statement, all directors must sign. For promoters or offerors which consist of corporation(s), a board resolution authorising the signatory who signed on behalf of a corporation, must be submitted together with the promoters' or offerors' responsibility statements;
- (g) If an alternate director signs the responsibility statements on behalf of a director, there should be a clear reference made in the responsibility statement of such a fact. The original written authorisations by directors, appointing the alternate director to sign the responsibility statement on their behalf must be submitted;
- (h) Original copies of all letters of consents from any person named in the prospectus as having made a statement that is included in the prospectus or on which a statement made in the prospectus is based. The consent letter is to be addressed to the management company;
- (i) Copy of letter of approval from any other relevant authority (e.g. Bank Negara Malaysia, Bursa Malaysia Securities Bhd) (where applicable);
- (j) Certified copies of all material contracts referred to in the prospectus, or in the case of a contract not reduced in writing, a memorandum giving full particulars of the contracts;

⁵ For a closed-end fund, one copy of the registrable prospectus is for registration with the SC, while the second copy is for lodgement with Companies Commission Malaysia (CCM). The registrable copy of prospectus for lodgement with the CCM should be filed separately and not together with the documents filed for the SC.

^{6, 6a} Checklists are available at www.sc.com.my.

- (k) Original or certified copies of reports or letters from experts disclosed in the prospectus (e.g. reporting accountants, tax advisers, etc.)
- (l) Certified copy of the underwriting agreement;
- (m) Letter of confirmation from the adviser confirming the true and accurate translation of the printed prospectus (where applicable);
- (n) Letter of confirmation from the adviser, that the electronic copy of the prospectus (if applicable) will be identical to the prospectus registered with the SC;
- (o) Copy of the application form in Bahasa Malaysia and English;
- (p) A CD-ROM containing electronic images of prospectus in "pdf". The CD-ROM should be labeled with a description of what the contents relate to;
- (q) Copy of the summary advertisement of the prospectus to be included in a widely- distributed Bahasa Malaysia newspaper and English newspaper. For a summary advertisement of a prospectus in a language other than that in which the prospectus has been prepared, the adviser or applicant should provide a confirmation that the advertisement is a true and accurate summary of the prospectus; and
- (r) For subsequent amendments made to the registrable prospectus due to prospectus exposure, the following should be provided prior to SC's registration of the prospectus:
 - (i) Hard copy of amended pages;
 - (ii) Soft copy of the amended registrable prospectus in "pdf";
 - (iii) Letter of compliance from the adviser stating that the due diligence working group is aware of all issues raised and that the group has seen and confirmed the amendments made to the registrable prospectus; and
 - (iv) Letter of confirmation (updated) from the adviser that

the electronic copy of the prospectus is the same as the registrable prospectus registered with the SC.

3.11 For closed-end funds, the following documents must be submitted:

- (i) The Memorandum and Articles of Association (M&A) and the certificate of incorporation must also be submitted. If the original copy is not submitted, a copy of the M&A certified by the company secretary is acceptable; and
- (ii) Letter of confirmation from the adviser that the printed copy of the prospectus is the same as the registrable prospectus registered with the SC;

3.12 For registration of a supplementary or replacement prospectus,⁷ the registration file should include documents required under clause 3.10 (where applicable) and a list highlighting the original statements from the previously registered prospectus and the amended statements.

⁷ If a supplementary prospectus is issued pursuant to a public offering prospectus, the adviser is required to submit both the registrable Bahasa Malaysia and English supplementary prospectus.

Chapter 4

LODGEMENT OF A PROSPECTUS

- 4.01 The following requirements and procedures apply to lodgement of a prospectus, supplementary prospectus and replacement prospectus of unlisted and listed funds.
- 4.02 Upon the registration of a prospectus, the applicant or its adviser, must submit a printed version of the prospectus for lodgement with the SC before the date of the prospectus, as required by section 234 of the CMSA.
- 4.03 Clause 4.02 does not apply to a closed-end fund, which is required to lodge the prospectus with CCM.

Documents to be Submitted

- 4.04 For lodgement of a prospectus, the applicant or its adviser must ensure that the lodgement file comprise the following documents:
 - (a) Cover letter signed by at least one of the directors of the management company or the adviser specifying the following:
 - (i) Application to lodge the prospectus;
 - (ii) A declaration that the printed copy of the prospectus lodged with the SC is the same as the registrable prospectus registered with the SC; and
 - (iii) A declaration that the copy of prospectus in the “pdf” format contained in the CD-ROM is identical to the printed prospectus;
 - (b) Printed copies of the prospectus and its application form (two copies in each language);
 - (c) A CD-ROM containing electronic images of the prospectus in “pdf”. The CD-ROM should be labeled with a description of what the contents relate to and the date of lodgement;

- (d) Lodgement checklist;⁸ and
 - (e) Lodgement fee and the fee checklist.^{8a}
- 4.05 For a closed-end fund, the adviser must provide the SC with printed copies of the prospectus (three copies each in Bahasa Malaysia and English) on the issuance date of the prospectus.

^{8, 8a} Checklists are available at www.sc.com.my.