

Division 2

ELECTRONIC PROSPECTUS AND ELECTRONIC APPLICATION

Chapter 1

INTRODUCTION

1.01 This division sets out the requirements for any person who intends to provide one or more of the following services:

- (a) issue, circulate or distribute electronic prospectus; or
- (b) electronic application.

ELECTRONIC PROSPECTUS

Issuance, circulation or distribution of electronic prospectus

1.02 The issuance, circulation or distribution of the electronic prospectus by the e-host must be accompanied by a notice that investors should read the electronic prospectus prior to making an investment decision and should make the investment decision based on the electronic prospectus rather than on advertising or promotional materials.

Form and content of electronic prospectus

1.03 The e-host must ensure that the electronic prospectus issued, circulated or distributed is text-searchable and identical in content and format as the physical copy of the corresponding prospectus that has been registered by the SC.

1.04 Notwithstanding paragraph 1.03, the following enhancements or differences in the electronic prospectus are permitted, including the use of–

- (a) hyperlinks within the electronic prospectus;
- (b) zoom facility to allow enlargement or reduction of the information displayed;
- (c) prompts to assist the investor to use and find information in the electronic prospectus. Such prompts must only contain information that appears in the physical copy of the corresponding prospectus that has been registered by the SC;
- (d) audio version of the prospectus;

- (e) 'pop-ups' that explain definitions in place of standard glossaries;
- (f) formatting changes required as a result of compatibility issues such as font and type size, page margin or spacing; and
- (g) facility to print or download the electronic prospectus.

Hyperlinks within the electronic prospectus

- 1.05 The electronic prospectus must not contain hyperlinks to direct investors to information not forming part of the electronic prospectus such as advertising or promotional material, other than in the circumstances permitted under paragraph 1.06.
- 1.06 Hyperlinks within the electronic prospectus are permitted to be used in the following ways:
- (a) To navigate within the electronic prospectus itself;
 - (b) From the electronic prospectus to the website of electronic application provider where the investor may apply for the securities; and
 - (c) From the electronic prospectus to educational materials issued by the SC or the stock exchange.

Hyperlink to the electronic prospectus

- 1.07 The issuance, circulation and distribution of the electronic prospectus may include hyperlink to such electronic prospectus.
- 1.08 Hyperlink to the electronic prospectus must direct the investor to the cover page, or a webpage or website on which the electronic prospectus in respect of the offer is posted.

Access to the electronic prospectus

- 1.09 The electronic prospectus must be easily accessible by the investor for viewing online and easily downloaded, printed and saved in order for the investor to refer to in the future.

Complete and unaltered electronic prospectus

- 1.10 The e-host must take adequate and appropriate measures to ensure that the electronic prospectus is complete and secured from unauthorised tampering or alteration.
- 1.11 In the event of any tampering or alteration of the electronic prospectus, the affected e-host must report to the SC immediately of such tampering or alteration.

- 1.12 Copy of the format and information displayed to the investor when accessing the electronic prospectus must be retained by the e-host in a durable and legible medium for at least seven (7) years from the date of the prospectus.

Availability of physical copy of the prospectus

- 1.13 The issuer must make available a physical copy of the prospectus, including any supplementary or replacement prospectus, upon request by the investor.
- 1.14 The physical copy of the prospectus must be made available at no cost, within one (1) business day upon request, at any specified location during the offer period.

Advertising and promotional material

- 1.15 The e-host must clearly demarcate the electronic prospectus from the advertising or promotional material to avoid confusion as to which information can be relied upon by the investor to make an informed investment decision.

Supplementary or replacement prospectus

- 1.16 Where a supplementary prospectus is registered by the SC, a copy of the electronic supplementary prospectus must be made available to the investor in addition to the original electronic prospectus.
- 1.17 Where a replacement prospectus is registered by the SC, a copy of the electronic replacement prospectus must be made available to the investor in place of the original electronic prospectus which it replaces.
- 1.18 Notwithstanding paragraph 1.05, where a supplementary prospectus is issued, circulated or distributed, any hyperlinks within the electronic supplementary prospectus must direct the investor to the relevant section of the original electronic prospectus.

Notices

- 1.19 The issuance, circulation or distribution of electronic prospectus must be accompanied by the following notices.

A. Notice of availability and location of physical copy of the prospectus

- 1.20 The notice must clearly set out that the physical copy of the prospectus is also available upon request at any specified location during the offer period.

B. Notice as to the person responsible for the issuance, circulation or distribution of the electronic prospectus

- 1.21 The notice must inform the investor as to–

- (a) the person responsible for the digital platform or electronic storage medium in which the electronic prospectus is available; or
- (b) the person responsible for the digital platform providing a hyperlink to the electronic prospectus.

If that person is not the issuer, the notice must also state the person's relationship to the issuer.

Guidance to paragraph 1.06(a) – Hyperlinks within the electronic prospectus

1. A hyperlink may be provided within the electronic prospectus to enable investors to navigate from page to page or section to section. For example, between a contents page and each section of the electronic prospectus, or between defined expressions and the places where the expressions are used.

Guidance to paragraph 1.06(c) – Educational materials

2. The educational materials may include information about investing in capital market products, which may assist the investor in deciding whether or not a particular investment suits their needs.

Guidance to paragraphs 1.13 and 1.14 – Availability of physical copy of the prospectus

3. The physical copy of the prospectus may be a copy in black and white or grey scale. The issuer must be satisfied that such black and white or grey scale copy provides equivalent information to investors as a coloured prospectus.

Chapter 2

ELECTRONIC APPLICATION

- 2.01 Save for automated teller machine, the electronic application provider must ensure that the electronic application is accompanied by or includes hyperlink to the electronic prospectus.
- 2.02 The electronic application provider must ensure that the electronic application allows the investor to make an electronic payment after the investor has confirmed having read and understood the electronic prospectus.

Notices

- 2.03 The electronic application must be accompanied by the following notices. Such notices must be displayed before the investor is given access to the electronic application.

A. Notice as to the risk of conducting transaction electronically

- 2.04 The notice must inform the investor of the risks associated with conducting transaction electronically and that the investor assumes such risks.

B. Notice as to alternative method of securities application

- 2.05 The notice must inform the investor that they may apply for securities by submitting the completed physical application form.

C. Notice as to the basis of securities offered in electronic prospectus

- 2.06 The notice must inform the investor that the securities are offered solely on the basis of the information contained in the electronic prospectus.

D. Notice on security of system

- 2.07 The notice must inform the investor that measures have been taken to protect the confidentiality and security of the information provided by the investor.

Submission of electronic application and confirmations

- 2.08 The electronic application provider must ensure that the investor provides the following confirmations prior to submitting an application electronically:
- (a) The investor has read and understood the contents of the prospectus;
 - (b) The investor has read and agreed to be bound by the terms and conditions of the electronic application;
 - (c) This is the only application that the investor is submitting;

- (d) The investor is eligible to apply for the securities in Malaysia or in jurisdictions where the securities offering is intended to be available; and
- (e) The investor agrees to give consent to the electronic application provider to disclose information pertaining to the investor to the relevant entities involved in the application process.

The requirement under paragraph 2.08(c) shall not be applicable to rights issue.

- 2.09 Upon receipt of such application, the electronic application provider must provide a confirmation of receipt of the application to the investor immediately.
- 2.10 No application or monies can be accepted electronically in respect of the securities offered once the offer closes.
- 2.11 Where a supplementary or replacement prospectus has been registered by the SC, the electronic application provider must ensure that the electronic application:
 - (a) contains a mechanism by which the application made in relation to an original prospectus can be withdrawn by the investor in the circumstances referred to in paragraph 1.04 of Part II, Division 6 of the *Prospectus Guidelines*; or
 - (b) is accompanied by a notice informing the investor of the procedures for the withdrawal of application resulting from the issuance of a supplementary or replacement prospectus.

Chapter 3

SYSTEMS SECURITY AND INTEGRITY

- 3.01 The electronic application provider must put in place adequate and appropriate systems and security measures to ensure the availability, integrity and confidentiality of the electronic application.
- 3.02 In the event of breach of security or systems failure, the affected electronic application provider must report to the SC immediately of such breach. Such breach includes but is not limited to the inability to access the electronic prospectus or the electronic application.
- 3.03 The electronic application provider must not accept an application if it has reason to believe that the electronic prospectus or the processes for collection and handling of application have been tampered with.
- 3.04 The electronic application provider shall allow the SC to–
- (a) conduct an examination on or an audit of the electronic application and related systems;
 - (b) have access to or be provided with copies of the audit logs on all application; and
 - (c) have access to or be provided with any other information.

Guidance to Chapter 3 – Systems security and integrity

1. This Chapter should be guided by the *Guidelines on Management of Cyber Risk*.

CHAPTER 4

SUBMISSION TO THE SC

- 4.01 The director or authorised person of the e-host and electronic application provider must provide the SC with a written declaration in accordance with Appendix 1.
- 4.02 Relevant details must be provided to the SC for registration of the prospectus, including:
- (a) The name of the digital platform or the address of the webpage or website on which the electronic prospectus will be made available; and
 - (b) The date on which the electronic prospectus will be first posted on the digital platform or webpage or website, or will be first issued, circulated or distributed.

Appendix 1

DECLARATION BY DIRECTOR OR AUTHORISED PERSON

The Chairman
Securities Commission Malaysia

Dear Sir

[name of the e-host or electronic application provider]

Declaration Letter for the [Electronic Prospectus or Electronic Application]**

**We, [name of the e-host], hereby declare that we have exercised due diligence and made reasonable enquiries to ensure that the systems and controls providing for the issuance, circulation or distribution of the electronic prospectus comply with *Part IV Division 2: Electronic Prospectus and Electronic Application*.

**We, [name of the electronic application provider], hereby declare that we have exercised due diligence and made reasonable enquiries to ensure that the systems and controls providing for the issuance, circulation or distribution of the electronic prospectus and electronic application, comply with *Part IV Division 2: Electronic Prospectus and Electronic Application*.

We, [name of the e-host or electronic application provider], hereby declare that we shall ensure that the electronic prospectus provided on the [name of the digital platform or website] at [address of the website] is identical in content and format as the physical copy of the corresponding prospectus that has been registered by the SC.

We also undertake to immediately provide the SC all such information or confirmation as the SC may from time to time require.

We declare that we will ensure continuous compliance with the requirements and conditions imposed by the SC under these guidelines, as well as any other requirements as may from time to time be specified by the SC.

The above declaration has been signed by me as the [**director/authorised person] of [name of the e-host or electronic application provider].

Yours faithfully,

For and on behalf of [name of e-host or electronic application provider]

[Name of signatory]

[Designation]

[NRIC or Passport No.]

[Date]

**delete where appropriate