

PROSPECTUS GUIDELINES

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PART I

GENERAL REQUIREMENTS

Chapter 1

GENERAL

- 1.01 The *Prospectus Guidelines* is issued by the SC under section 377 of the *Capital Markets and Services Act 2007* (CMSA).
- 1.02 These Guidelines set out the additional disclosure requirements to be disclosed in a prospectus pursuant to section 235(1)(f) of the CMSA, and information to be disclosed in an abridged prospectus pursuant to section 237(2) of the CMSA.
- 1.03 For the purpose of the CMSA and these Guidelines, a prospectus includes one prepared in any language other than Bahasa Malaysia or English.
- 1.04 These Guidelines are divided into the following parts:
- (a) **Part I** sets out the general requirements governing information to be disclosed in the prospectus;
 - (b) **Part II** sets out the minimum contents of a prospectus;
 - (c) **Part III** sets out the registration process of a prospectus; and
 - (d) **Part IV** sets out other matters related to a prospectus.
- 1.05 Notwithstanding the requirements in these Guidelines, the SC may require the disclosure of other additional information in any particular case, where it deems appropriate.
- 1.06 Information disclosed in a prospectus prepared must be disclosed in a true, complete and accurate manner.

- 1.07 A person who is involved in the preparation of the prospectus and becomes aware of any significant change or new matter arising that will affect the contents of the prospectus, must immediately inform the SC of such change or matter arising.
- 1.08 Information to investors must be presented in a manner that can be easily understood to enable them to assess and make an informed investment decision. In drafting the prospectus, persons responsible for the contents of the prospectus must ensure that–
- (a) all information is written in a clear and concise manner, and easy-to-understand sentences are used;
 - (b) plain and simple language is used. Legal or financial jargon, technical terms, or complicated methodologies or analyses are avoided, unless they can be clearly explained;
 - (c) comparative information is meaningful and presented in a fair and balanced way, and the source of information is disclosed; and
 - (d) key information is prominently presented.
- 1.09 The cut-off date for information to be disclosed in the prospectus must be the latest practicable date available prior to the issue of the prospectus.
- 1.10 A prospectus must be prepared in a simple design and layout with a font and type size that is easy to read.
- 1.11 To assist with the interpretation of the requirements under these Guidelines and their application, Guidance have been provided, where appropriate. Any action or conduct which departs from the Guidance will be taken into account by the SC in determining compliance with these Guidelines.

1.12 The SC may, upon application, grant an exemption from or a variation to the requirements of these Guidelines if the SC is satisfied that–

(a) such variation is not contrary to the intended purpose of the relevant requirement in these Guidelines; or

(b) there are mitigating factors which justify the said exemption or variation.

Thereafter, an exemption or variation shall be referred to as “relief” in these Guidelines.

1.13 If the securities are offered under an ACMF initiative, the prospectus must comply with the relevant ASEAN Disclosure Standards as set out in Divisions 1A and 2A of Part II.

Chapter 2

DEFINITIONS AND INTERPRETATION

2.01 Unless otherwise defined, all words used in these Guidelines shall have the same meaning as defined in the CMSA. In these Guidelines, unless the context otherwise requires:

ACE Market	means the alternative market of Bursa Securities;
ACE Market Listing Requirements	means the <i>Bursa Securities ACE Market Listing Requirements</i> ;
ACMF	means the ASEAN Capital Markets Forum;
adviser	means any person who provides advice or information to the applicant or issuer in connection with a submission to the SC in relation to a corporate proposal;
application provider	means an entity that is allowed to provide the facility for internet securities application, and is limited to the following entities: <ul style="list-style-type: none">(a) Dealers;(b) Licensed banks;(c) Licensed investment banks; or(d) Other entities as may be determined by the SC in accordance with such terms and conditions as the SC deems fit;
approved accounting standards	has the meaning assigned to it in the <i>Financial Reporting Act 1997</i> ;

Audit Oversight Board	has the meaning assigned to it in the <i>Securities Commission Malaysia Act 1993</i> ;
audited financial statements	means– <ul style="list-style-type: none"> (a) where the corporation is a holding corporation, the audited consolidated financial statements of the corporation or the audited combined financial statements of the corporation; or (b) the audited financial statements of each entity that forms part of the corporation’s group of entities, as the case may be;
Bursa Securities	means Bursa Malaysia Securities Bhd;
call warrant	means a contract under which a person has an actual, contingent or prospective– <ul style="list-style-type: none"> (a) right to buy, a specified number or units of underlying shares or exchange-traded funds at a specified price on or by a specified future date; or (b) right to receive, an amount in the form of cash or other property, depending on the state of affairs that relate to fluctuations in the value or price of an underlying financial instrument, and the amount will be calculated in a particular manner by reference to that state of affairs in accordance with the contract;
CMSA	means <i>Capital Markets and Services Act 2007</i> ;
competent person	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
competent person’s report	means a report prepared by a competent person on the technical assessment of MOG resources;

competent valuer	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
competent valuer's report	means a report prepared by a competent valuer on the valuation of MOG resources;
Contingent Resources	has the meaning assigned to it in the O&G reporting standards;
corporate bonds	has the meaning assigned to it in the <i>Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors</i> ;
dealer	means a person licensed or registered by the SC to carry on the business of dealing in securities;
e-host	means an entity that is allowed to issue, circulate or distribute electronic prospectuses and electronic application forms, and is limited to the following entities: <ul style="list-style-type: none"> (a) Issuers; (b) Dealers; (c) Licensed banks; (d) Licensed investment banks; or (e) Other individuals or entities as may be determined by the SC in accordance with such terms and conditions as the SC deems fit;
ESA	means Electronic Share Application;
electronic application form	means an application form that is issued, circulated or distributed via– <ul style="list-style-type: none"> (a) the internet; or (b) an electronic storage medium, including but not limited to CD-ROMs;

electronic prospectus	means a copy of a prospectus that is issued, circulated or distributed via– (a) the internet; or (b) an electronic storage medium, including but not limited to CD-ROMs;
exercise price or strike price	in relation to structured warrants, means the pre-specified price at which the holder of such warrants may exercise the right under such structured warrants;
expiry date	in respect of the right of a person under a structured warrant, means the date in which the ability to exercise that right expires;
family	has the meaning assigned to it in the Main Market Listing Requirements;
financial assistance	has the meaning assigned to it in the Main Market Listing Requirements;
FSA	means <i>Financial Services Act 2013</i> ;
forecast	means any forecast of profits or losses or cash flow, and includes any statement which quantifies the anticipated level of future profits or losses or cash flow, and also includes profits or losses or cash flow for a financial period which has expired but for which the results have yet to be audited;
fully-collateralised call warrants	means call warrants where the underlying financial instrument is shares quoted on the stock exchange, the issue of which is accompanied by a deposit of all shares, which is the subject of such warrants, with a custodian or trustee for the entire term of the warrants in issue;

future financial information	means financial information based on the assumptions made by the directors of the corporation about events that it expects to exist and the course of action it expects to take;
governmental proceeding	means any proceeding that is undertaken by or against the government including the Federal government, a state government, province, county or municipality as the case may be, a statutory or regulatory authority, or any agency, bureau or body carrying out the regulatory function;
independent director	has the meaning assigned to it in the Main Market Listing Requirements;
independent valuer	has the meaning assigned to it in Chapter 3 of the <i>Asset Valuation Guidelines</i> ;
Indicated Resources	has the meaning assigned to it in the mineral reporting standards;
Inferred Resources	has the meaning assigned to it in the mineral reporting standards;
infrastructure project	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
infrastructure project corporation	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
internet securities application	means securities application via the internet;
key senior management	The senior management team (excluding directors) of a corporation having authority and responsibility for the business operations or management, regardless of title used, and includes the chief executive officer, chief operating officer and chief financial officer;

latest practicable date	means a date whereby the information disclosed should remain relevant and current as at the date of issue of the prospectus;
licensed bank	has the meaning assigned to it in the FSA;
licensed investment bank	has the meaning assigned to it in the FSA;
Main Market	means the Main Market of Bursa Securities;
Main Market Listing Requirements	means the <i>Bursa Securities Main Market Listing Requirements</i> ;
market day	has the meaning assigned to it in the Main Market Listing Requirements;
market maker	means a person who performs market making;
market making	has the meaning assigned to it in the <i>Rules of Bursa Malaysia Securities Bhd</i> ;
Measured Resources	has the meaning assigned to it in the mineral reporting standards;
mineral	has the meaning as assigned to “mineral resources” in the mineral reporting standards;
mineral reporting standards	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
Modifying Factors	has the meaning assigned to it in the mineral reporting standards;
MOG	means mineral or O&G;
MOG assets	has the meaning assigned to it in the <i>Equity Guidelines</i> ;

MOG resources	has the meaning as assigned to– (a) “mineral resources” in the mineral reporting standards; and (b) “resources” in the O&G reporting standards.
MOG reporting standards	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
MOG valuation standards	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
non-collateralised structured warrants	means structured warrants where the underlying financial instrument is not held in deposit by a custodian or trustee for the entire term of the warrants in issue;
O&G	has the meaning as assigned to “petroleum” in the O&G reporting standards;
O&G reporting standards	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
offer or offering	refers to– (a) issuing of; (b) offering for subscription or purchase of; or (c) issuing an invitation to subscribe for or purchase, securities of a corporation;
performance guarantee	in relation to an issuer of structured warrants, means an unconditional and irrevocable guarantee to perform any and all of the issuer’s obligations in the terms and conditions of the structured warrants issue in the event the issuer fails to perform such obligations;
person connected	has the meaning assigned to it in the Main Market Listing Requirements;

Possible Reserves	has the meaning assigned to it in the O&G reporting standards;
principal adviser	has the meaning assigned to it in the <i>Principal Adviser Guidelines</i> and includes a sponsor, where applicable;
Probable Reserves	in relation to O&G, has the meaning assigned to it in the O&G reporting standards; and in relation to mineral, has the meaning assigned to it in the mineral reporting standards;
property assets	has the meaning assigned to it in the <i>Asset Valuation Guidelines</i> ;
Prospective Resources	has the meaning assigned to it in the O&G reporting standards;
Proved Reserves	in relation to O&G, has the meaning assigned to it in the O&G reporting standards; and in relation to mineral, has the meaning assigned to it in the mineral reporting standards;
qualifying acquisition	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
related party	has the meaning assigned to it in the Main Market Listing Requirements;
related party transaction	has the meaning assigned to it in the Main Market Listing Requirements;
reporting accountants	means a firm of public accountants that is a registered auditor with the Audit Oversight Board and whose registration has not been suspended;
RM	means ringgit Malaysia;
SC	means the Securities Commission Malaysia;

significant MOG operations	means a corporation whose MOG exploration or extraction activities represent 25% or more of its total assets, revenue, operating expenses or after-tax profit;
Special Purpose Acquisition Company or 'SPAC'	has the meaning assigned to it in the <i>Equity Guidelines</i> ;
sponsor	has the meaning assigned to it in the <i>ACE Market Listing Requirements</i> ;
structured warrants	comprises call warrants, put warrants, basket warrants, bull equity-linked structures and such other structures that may be specified by the SC from time to time;
subsidiary	has the meaning referred in section 4 of the <i>Companies Act 2016</i> ;
substantial shareholder	has the meaning assigned to it in the <i>Companies Act 2016</i> ;
sukuk	has the meaning assigned to it in the <i>Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors</i> ;
underlying corporation	in relation to structured warrants, means the corporation that has issued the shares, which is the subject of such warrants;
underlying financial instrument	in relation to structured warrants, means the shares, exchange-traded funds or index, which is the subject of such warrants;
underlying shares	in relation to structured warrants, means the shares, which are the subject of such warrants;

voting securities means the securities issued by a SPAC which confer upon the holders, voting rights in relation to a qualifying acquisition by the SPAC;

DIVISION 2

CORPORATE BONDS AND SUKUK

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Chapter 1

GENERAL

- 1.01 This division shall apply to a prospectus prepared in relation to the offer of corporate bonds or sukuk except for Plain Debt Securities under an ACMF initiative.
- 1.02 If the issuer is a special purpose vehicle (SPV), the requirements on an issuer stated in this division shall also apply, where applicable, to the obligor.
- 1.03 The information to be disclosed in the prospectus must be up-to-date not more than six weeks prior to the issue of the prospectus, except for, where applicable, the requirements as set out in Chapter 10 Reports by the Reporting Accountants of Division 1 of Part II.
- 1.04 Issuer and any other relevant persons responsible for preparing the prospectus 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 as necessary.
- 1.05 Subject to paragraph 1.06, a prospectus is valid for a period of 12 months from the date of registration of the prospectus.
- 1.06 In the case of a debt or sukuk programme, a prospectus may be issued:
- (a) in a single document, which is valid for a period of 12 months from the date of registration of the prospectus; or
 - (b) by way of a base prospectus supported by pricing supplement, which is valid for a period of 24 months from the date of registration of the prospectus.
- 1.07 A base prospectus and its supporting pricing supplement must both comply with these guidelines. The base prospectus must contain information relating to the issuer and the pricing supplement must contain information concerning the specific issue of each tranche under the debt or sukuk programme. The base prospectus and pricing supplement must each contain a statement that it should be read in conjunction with the other.
- 1.08 A base prospectus may only be issued where the terms and conditions for every issuance under a debt or sukuk programme remain unchanged except in relation to the following terms and condition:
- (a) Issue size;
 - (b) Price/yield to maturity;
 - (c) Tenure;
 - (d) Coupon/profit/rental rate and payment period;
 - (e) Listing status of the corporate bonds or sukuk;
 - (f) Selling restrictions;

- (g) Rating;
- (h) Lead manager; and
- (i) Shariah adviser.

1.09 For the purposes of this division:

“Corporate bonds or sukuk” refers to corporate bonds or sukuk, as the case may be;

“Debt or sukuk programme” has the meaning assigned to it in the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors*, as the case may be;

“Obligor” has the meaning assigned to it in the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors*;

“Pricing supplement” refers to the pricing supplement under paragraph 12.08 of Part C of the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors*; and

“Significant subsidiary” means a subsidiary which accounts for 10% or more of the total amount of the net assets, net liabilities, or profit or loss before tax, of the group during any of the past three financial years.

Chapter 2

COVER PAGE

2.01 The cover page must contain the following information and statements:

- (a) Particulars about the issuer, including full name, registration number, place of incorporation and statute under which it was incorporated;
- (b) The date of the prospectus;
- (c) Salient features of the corporate bonds or sukuk offered, including type, tenure, nominal amount, coupon/profit/rental, offer price, the Shariah principles applied, and in the case of loan stocks/Islamic loan stocks¹, the number of loan stocks/Islamic loan stocks offered;
- (d) Whether the corporate bonds or sukuk will be listed on the stock exchange, issued over-the-counter or both and the manner in which the corporate bonds or sukuk are offered to investors;
- (e) The name of the principal adviser, lead arranger and underwriter;
- (f) The following statements to appear in bold:

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”;

- (g) For corporate bonds or sukuk that are non-transferable and non-tradable, the following statement is to be included and highlighted in bold:

INVESTORS ARE ADVISED TO NOTE THAT THIS CORPORATE BOND OR SUKUK IS NON-TRANSFERABLE AND NON-TRADABLE.

2.02 In relation to the offer of corporate bonds or sukuk under a debt or sukuk programme where a base prospectus is issued, the information and statement under paragraphs 2.01(c), (d) and (g) need not be included in the base prospectus but must be incorporated in the pricing supplement.

¹ These are loan stocks structured in a Shariah compliant manner based on any permissible Shariah principles and have been named appropriately.

Chapter 3

INSIDE COVER/FIRST PAGE

3.01 The prospectus must contain the following statements on the inside cover or at the very least, on page 1:

Responsibility statements

- (a) “The directors of the issuer have seen and approved this prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the prospectus false or misleading.”;
- (b) “[Name of principal adviser/lead arranger], being the Principal 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 offering.”;
- (c) Where future financial information is provided:

“The directors of the issuer confirm that the bases and assumptions relied on in the preparation of the future financial information are reasonable.”

“[Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, is satisfied that bases and assumptions relied on in the preparation of the future financial information are reasonable.”;

Statements of disclaimer

- (a) “The Securities Commission Malaysia has approved the [to state the offering approved by the SC]. 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 offering or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the corporate bonds or sukuk being offered for investment.”;
- (b) “The Securities Commission Malaysia is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness,

and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this prospectus.”;

(c) Where applicable:

“The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by the Securities Commission Malaysia on the value of the subject assets.”;

(d) Where the corporate bonds or sukuk offered are to be listed and quoted on Bursa Securities:

“Admission to the Official List of Bursa Malaysia Securities Bhd is not to be taken as an indication of the merits of the offering, issuer, or its corporate bonds or sukuk.”;

(e) “This prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.”;

Additional statements

(a) “Investors should note that they may seek recourse under sections 248, 249 and 357 of the *Capital Markets and Services Act 2007* for breaches of securities laws, including any statement in the prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the prospectus or the conduct of any other person in relation to the corporation.”;

(b) “Corporate bonds or sukuk are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in section 236 of the *Capital Markets and Services Act 2007*, is responsible.”; and

(c) A statement that no corporate bonds or sukuk will be issued on the basis of–

(i) a prospectus, later than 12 months after the date of issue of the prospectus; or

(ii) a base prospectus, later than 24 months after the date of issue of the base prospectus.

3.02 In addition to the statements required under paragraph 3.01, where the corporate bonds or sukuk are proposed to be listed and quoted on a stock exchange, the prospectus must contain the following statements –

- (a) a statement that the approval for the listing and quotation of the corporate bonds or sukuk on the stock exchange has been granted; or
- (b) where such approval has not been granted, the following statements:
 - (i) that an application has been or will be made for the corporate bonds or sukuk offered to be listed and quoted on the official list of a stock exchange;
 - (ii) any allotment made on an application to subscribe for corporate bonds or sukuk under the prospectus would be void if–
 - A. the application to list and quote has not been made within three market days from the date of issue of the prospectus; or
 - B. the permission for the application to list and quote is not granted within six weeks from the date of issue of the prospectus (or such longer period as may be specified by the SC); and
 - (iii) the issuer will repay without interest all monies received from the applicants if such application was not made or if the stock exchange refuses to grant permission.

Chapter 4

TIMETABLE AND CORPORATE DIRECTORY

Indicative timetable

- 4.01 Disclose the timetable, including the following critical dates:
- (a) Opening and closing dates of the offering; and
 - (b) Dates of any special event, for example, date for balloting, allotment and listing.
- 4.02 Disclose whether the directors reserve the right to extend the closing date of the offering.
- 4.03 Disclose the method of informing the public if the closing date is extended.

Corporate directory

- 4.04 The directory must contain the following details:
- (a) Addresses and telephone numbers of the company's registered office, head/management office and the e-mail and website addresses;
 - (b) Name, address and membership number of the company secretary;
 - (c) Names, addresses and telephone numbers of the following parties, where applicable:
 - (i) Principal adviser;
 - (ii) Lead arranger;
 - (iii) Facility agent;
 - (iv) Paying agent;
 - (v) Solicitors;
 - (vi) Credit rating agency;
 - (vii) Bond/sukuk trustee;
 - (viii) Guarantor;
 - (ix) Underwriter;
 - (x) Shariah adviser;
 - (xi) Any other expert whose prepared reports or excerpts or summaries are included or referred to in the prospectus; and
 - (xii) Any other person connected to the offer.

Chapter 5

INFORMATION ON THE CORPORATE BONDS OR SUKUK

- 5.01 The prospectus must include the Principal Terms and Conditions of the Proposal, set out in Part 2 of Appendix 1 of the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors*.
- 5.02 The prospectus must also include a summary of the credit rating report relevant to the corporate bonds or sukuk, published by a credit rating agency.
- 5.03 In addition, the prospectus must disclose information on the relevant tax provisions, including whether the issuer will be responsible for the withholding of tax on any payments made on the corporate bonds or sukuk.
- 5.04 The prospectus must disclose a reasonably itemised statement of the major categories of expenses incurred in connection with the issuance or offering of the corporate bonds or sukuk. If the amounts of any items are not known, estimated expenses (identified as such) must be given. The prospectus must also disclose if parties other than the issuer are paying the expenses.
- 5.05 If the corporate bonds or sukuk are convertible/exchangeable into shares that are listed on a stock exchange or are issued with warrants, whether or not detachable, the following detailed information, where applicable, must be made available:
- (a) Mode of conversion/exchange;
 - (b) Conversion/exchange period;
 - (c) Conversion/exchange ratio;
 - (d) Conversion/exchange price;
 - (e) Number of warrants;
 - (f) Price of warrants;
 - (g) Rights attached to warrants;
 - (h) Warrant exercise period;
 - (i) Warrant exercise price;
 - (j) The effects of the issuance and the conversion on, inter alia, the earnings per share and net tangible assets/net assets per share of the company;
 - (k) Details of the proposed utilisation of proceeds from the issuance and conversion;
 - (l) Detailed description on the adjustment of the conversion price in light of any changes to the issuer's share capital and to provide illustrations for each possible circumstance; and
 - (m) Any other relevant information which a potential investor will require on the issuance of the convertible/exchangeable corporate bonds or sukuk.

- 5.06 In relation to paragraph 5.05, where the underlying shares are already listed on a stock exchange, the following information relating to the shares must also be disclosed-
- (a) information on the highest and lowest market prices for the three most recent full financial years and monthly for the most recent six months;
 - (b) if there is any significant trading suspensions occurred in any of the preceding three years; and
 - (c) where the underlying shares are not regularly traded on a stock exchange, information must be given about any lack of liquidity.
- 5.07 In relation to Sustainable and Responsible Investment (SRI) sukuk, the following information must also be disclosed—
- (a) details of the eligible SRI project and, to the extent possible, impact objectives from the eligible SRI project; and
 - (b) a statement that the issuer has complied with the relevant environmental, social and governance standards or recognized best practices relating to the eligible SRI project.

Chapter 6

RISK FACTORS

- 6.01 The prospectus must contain information about risk factors which are specific to the issuer/group and its industry, and the corporate bonds or sukuk being offered, including the extent of credit risks.
- 6.02 Disclaimers on the risk factors should not undermine the risk disclosures which will render the risk disclosures of little or no beneficial use to investors.

Chapter 7

INFORMATION ABOUT ISSUER/SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/KEY MANAGEMENT PERSONNEL/GUARANTOR

- 7.01 The following information must be provided in the prospectus:
- (a) Information about the background and business activities of the issuer, its significant subsidiaries and associated corporations, and an overview of the industry in which they operate;
 - (b) A list of subsidiary and associated corporations, the percentage interest held and a diagrammatic illustration of the group;
 - (c) Information on the issuer's substantial shareholders:
 - (i) Name and background information;
 - (ii) Nationality/country of incorporation; and
 - (iii) Direct and indirect shareholding in the issuer, and to state the ultimate beneficial ownership of shares held under nominee/corporation or trustee arrangements.
 - (d) Information on the issuer's directors and chief executive:
 - (i) Name, age, address, profession, qualification and profile, including business and management experience;
 - (ii) Designation/functions, including executive/non-executive and independent/non-independent;
 - (iii) Representation of corporate shareholders, where applicable;
 - (iv) Direct and indirect shareholding in the issuer;
 - (v) Other principal directorships at present and in the last three years; and
 - (vi) Involvement in the issuer's Audit Committee as chairman or member.
 - (e) Information on the issuer's key management and key technical personnel:
 - (i) Name, age and qualification and profile, including business, management or technical experience;
 - (ii) Designation/functions; and
 - (iii) Direct and indirect shareholding in the issuer.
 - (f) Information on all the issuer's current, pending or threatened material litigation/arbitration proceedings and contingent liabilities, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable; and

- (g) Where a guarantor is other than a financial institution, Danajamin Nasional Bhd or the Credit Guarantee and Investment Facility, information on the guarantor:
 - (i) Business overview;
 - (ii) Financial information as set out under paragraph 8.02 for the past three financial years and where applicable, the latest financial period;
 - (iii) Capitalisation and indebtedness statement as set out under paragraph 8.03; and
 - (iv) Main features and terms of guarantees provided on the corporate bonds or sukuk offered.

Chapter 8

FINANCIAL INFORMATION

- 8.01 This chapter sets out the minimum financial information that an issuer must include in a prospectus. All financial statements must be prepared in Ringgit Malaysia.
- 8.02 The issuer must disclose a table of the issuer's financial statement and the group's financial statement, where the issuer is a holding company, for the past three financial years or such shorter period that the issuer/group has been in operation, and where applicable the latest financial period.

Such information must be extracted from the issuer/group's audited financial statements and must include the following:

- (a) Revenue;
- (b) Gross profit and gross profit margin;
- (c) Earnings before interest, taxation, depreciation and amortisation (EBITDA);
- (d) Other income;
- (e) Finance costs;
- (f) Share of profits and losses of associates and joint ventures;
- (g) Profit/loss before tax and profit/loss before tax margin;
- (h) Tax expense;
- (i) Profit/loss for the year and profit/loss margin;
- (j) Profit/loss attributable to minority interest and equity holders of the parent;
- (k) Basic and diluted earnings per share;
- (l) Issued and paid-up share capital;
- (m) Retained profits/accumulated losses;
- (n) Shareholders' funds; and
- (o) Key financial ratios, including gearing, liquidity, and receivables and payables turnover.

In relation to the key financial ratios, the prospectus must state the formula used to compute the key financial ratios.

- 8.03 Provide a statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as at the latest financial period and disclose any subsequent significant changes in the capitalisation and indebtedness. Indebtedness also includes indirect and contingent liabilities.
- 8.04 If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided in the same format as the audited financial statements provided under paragraph 8.02.

8.05 The prospectus must also disclose the following information:

- (a) A statement of total outstanding borrowings/financings, classified into long term and short term, interest-bearing and non-interest bearing; and for all foreign borrowings/financings, to be separately identified with the corresponding foreign currencies amount.

If a material deficiency is identified in the issuer's ability to meet its cash obligations, disclose the course of action that the issuer has taken or proposes to take to remedy the deficiency. Include a statement whether there has been any default on payments of either interest/profits and/or principal sums for any borrowing/financing throughout the past one financial year and the subsequent financial period; and

- (b) If the issuer or any other entity in the group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan/financing which can materially affect the issuer's financial position and results or business operations, or the investments by holders of corporate bonds or sukuk of the issuer, provide details of the credit arrangement or bank loan/financing and any actions taken or to be taken by the issuer or other entity in the group to rectify the situation, including status of any restructuring negotiations or agreement, if applicable.

8.06 Pro forma financial information is required if the corporate bonds or sukuk offered causes or has a material effect on the issuer/group's assets, liabilities or earnings.

8.07 Where pro forma financial information, or future financial information are provided in the prospectus, the relevant sections pertaining to **Pro forma financial information** and **Future financial information** in Chapter 9 Financial Information, and Chapter 10 Reports by the Reporting Accountants of Division 1 of Part II shall apply.

Chapter 9

RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

- 9.01 The following information must be disclosed for the three most recent financial years, and the latest financial period, where applicable, immediately preceding the date of the prospectus:
- (a) The nature and extent of any related-party transaction or presently proposed related-party transactions that are material to the issuer and its related party, or any transaction that is unusual in nature or conditions to which the issuer or any of its parent or subsidiaries was a party; and
 - (b) The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of the related party. The information given must be classified into long term and short term.
- 9.02 The issuer must disclose, for each transaction mentioned above, whether it was carried out on an arm's length basis and the procedure undertaken or which will be undertaken to ensure that such a transaction will be carried out on an arm's length basis.
- 9.03 A prospectus must include a declaration of any expert's existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the issuer/group. If a conflict of interest exists, full disclosure of the nature of the conflict and the steps taken to address such conflicts must be provided.

Chapter 10

RIGHTS OF HOLDERS OF CORPORATE BONDS OR SUKUK

- 10.01 There must be a summary of rights conferred upon the holders of corporate bonds or sukuk, including any provisions relating to how the terms or their rights may be modified.
- 10.02 There must be details on the requirements for convening, attending or voting at a meeting of holders of corporate bonds or sukuk, if such a meeting can be held. Disclose the conditions governing the manner in which such a meeting would be convened, the quorum requirement, the admittance to the meeting and the minimum number of votes required to adopt certain types of resolutions.
- 10.03 The prospectus must also disclose the recourse available to the holders of corporate bonds or sukuk in an event of default, termination or failure to make a payment (which may not constitute an event of default).

Chapter 11

INFORMATION RELATING TO BOND OR SUKUK TRUSTEE AND TRUST DEED

11.01 The prospectus must provide the following information:

- (a) In relation to the bond or sukuk trustee:
 - (i) Any requirements before the bond or sukuk trustee can act on behalf of the holders of corporate bonds or sukuk, such as a requirement that the holders of a certain percentage of the corporate bonds or sukuk have instructed the bond or sukuk trustee to take action; and
 - (ii) Whether the bond or sukuk trustee requires indemnification before proceeding to enforce a lien against the issuer's property or before taking any other action at the request of the holders of corporate bonds or sukuk.
- (b) In relation to the trust deed:
 - (i) The main terms of the trust deed; and
 - (ii) Whether the issuer is required to make periodic disclosure to provide any early indication of any deterioration in the issuer's financial condition such as periodic disclosure of evidence that the issuer is not in default or that it is in full compliance with the terms of that contract.

Chapter 12

EXPERT'S REPORTS

- 12.01 Where an expert's report is included in the prospectus, it must be signed and dated.
- 12.02 Where valuations of property assets have been carried out for inclusion in a prospectus, a summary of the valuation in the form of a valuation certificate that complies with the *Asset Valuation Guidelines* must be included in the prospectus.
- 12.03 Where the offering involves sukuk, the Shariah pronouncement including detailed reasoning/justification from the Shariah adviser must be disclosed in the prospectus.
- 12.04 Where the offering involves SRI sukuk, a summary of the independent expert report on the eligible SRI project as required under the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors* must be included in the prospectus, together with a link to a website where investors may have free access to the full report.

Guidance to paragraph 12.01 – Expert's report

1. The expert's report should be signed and dated within a reasonable time, which generally should not be earlier than the latest practicable date.

Chapter 13

DOCUMENTS AVAILABLE FOR INSPECTION

- 13.01 A prospectus must provide a statement informing the investors that for a period of at least 12 months from the date of issue of the prospectus, the investor may inspect the following documents (or copies thereof), at a specified place in Malaysia:
- (a) The constituent document of the issuer;
 - (b) Any trust deed/deed poll;
 - (c) Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
 - (d) 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 of the expert's report is included in the prospectus, the corresponding full expert's report must be made available for inspection;
 - (e) Each consent given by parties disclosed in the prospectus;
 - (f) The audited financial statements of the issuer and the group, where the issuer is a holding company, and of significant subsidiaries for the last three years (or such shorter period that the issuer/group has been in operation), preceding the date of the prospectus;
 - (g) The latest audited financial statements of the issuer and the group, where the issuer is a holding company, and key subsidiaries for the current financial period (where applicable); and
 - (h) Such information and documents as specified in Division 4 of Part VI of the CMSA, may be inspected by relevant persons.

Chapter 14

APPLICATION FOR CORPORATE BONDS OR SUKUK

- 14.01 Disclose the procedures for application of corporate bonds or sukuk.
- 14.02 Disclose whether directors reserve the right to extend the closing date.
- 14.03 The contents of the application form must not be contrary to any information that is in the prospectus.
- 14.04 Where applicable, the issuer must allocate all excess corporate bonds or sukuk for any subscription on a fair and equitable basis. The prospectus must state that the allocation of the excess corporate bonds or sukuk will be made on a fair and equitable manner.

Division 2A

[Inserted on 1 April 2013]

ASEAN DEBT SECURITIES DISCLOSURE STANDARDS

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ASEAN DEBT SECURITIES DISCLOSURE STANDARDS

INTRODUCTION

ASEAN Debt Securities Disclosure Standards shall be applied to Plain Debt Securities as defined below:

Definition of Plain Debt Securities:

Plain Debt Securities shall mean bonds or sukuk *Ijarah*, which have the following characteristics:

1. Denominated in any currency;
2. Fixed term with principal and any accrued interest or returns payable at expiry;
3. Fixed rate of return or floating rate of return that comprises a variable market determined rate and fixed margin;
4. Except for zero coupon bonds or sukuk *Ijarah* without periodic distributions, interests or returns are to be paid periodically on dates specified in the prospectus/registration statement ;
5. Ranked at least equally with amounts owing to unsecured and unsubordinated creditors;
6. Not convertible;
7. Issued to all investors at the same price; and
8. Except for a purchase undertaking in the case of a sukuk *Ijarah*, does not embed any swap, option or other derivative.

For the purposes of the above definition of ‘Plain Debt Securities’, the term ‘sukuk *Ijarah*’ shall mean a certificate that is issued under the Shariah principles of *Ijarah* (leasing) and meets the following requirements:

1. Proceeds from the issue are used for Shariah-compliant activities only;
2. A Shariah Adviser has been appointed to ensure that the transaction structure is Shariah-compliant throughout its tenure;
3. A Shariah Adviser has provided a detailed Shariah Pronouncement that the transaction structure is Shariah-compliant;
4. The underlying asset to the *Ijarah* (lease) agreement meets the following requirements:
 - (a) It is a Shariah-compliant tangible asset;
 - (b) Where it is an encumbered asset, consent from the chargee(s) has been obtained for the sale of the asset;
 - (c) Where it is a jointly-owned asset, consent from the joint owner(s) has been obtained for the sale of the asset; and
 - (d) The asset is used for Shariah-compliant activities only;
5. The lessor shall assume responsibility for maintaining the asset. (For the avoidance of doubt, the lessor can assign the responsibility to the lessee as service agent at the

lessor's cost);

6. The maintenance of the asset shall be determined as agreed by both parties as stated in the terms and conditions of the *Ijarah* agreement;
7. The lessor shall have ownership over the asset prior to the execution of the *Ijarah* agreement;
8. The lessee shall provide a purchase undertaking to the lessor to purchase the asset at a pre-agreed price, which must be equal to the principal sum of the certificate and any accrued but unpaid returns;
9. The terms of the *Ijarah* agreement shall provide that at the expiry of the agreement or the occurrence of a dissolution event under the terms of the certificate (event of default), the purchase undertaking must be enforced;
10. The lease payments, whether fixed or variable, and the lease period are determined upfront; and
11. The periodic payments (returns) must be derived from the lease rentals from the lessee, while the source of the principal payment must be derived from the enforcement of the purchase undertaking; and
12. Late payment charges (*Ta'widh*) may only be imposed with the agreement of the Shariah Adviser.

Part 1

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS, AGENTS AND OTHER INDEPENDENT THIRD PARTIES

A. Directors and Senior Management

Provide the names, nationality, addresses and functions of the issuer's directors and senior management.

B. Advisers and other parties

Provide the names and addresses of -

1. the issuer's principal bankers to the extent the issuer has a continuing relationship with such entities;
2. the sponsor for listing or the issue manager to the offer;
3. the underwriter to the offer;
4. the legal advisers to the offer;
5. the arranger of the offer; and
6. other parties who are responsible for the disclosure contained in the prospectus/registration statement (if any).

C. Auditors

Provide the names, addresses and professional qualifications (including any membership in a professional body) of the issuer's auditors for the preceding two completed financial years.

D. Shariah Adviser(s) (for a sukuk *Ijarah* issue)

Provide the names, addresses and qualifications of the Shariah adviser(s).

E. Corporate Secretary

Provide the name, professional qualifications and address of the secretary of the issuer (if any).

F. Registrars and Agents

Provide the names, addresses and professional qualifications (including any membership in a professional body) of the issuer's share registrar, transfer agents, receiving bankers for the application monies and any other persons connected with the public offering.

Part II

DESCRIPTION OF THE PLAIN DEBT SECURITIES

A. Economic Terms of the Plain Debt Securities

1. Provide information about the terms of the Plain Debt Securities that will be offered, such as the interest/profit/rental rate and any other payments (e.g., premium) that will be paid on the Plain Debt Securities, the maturity date, and provisions relating to redemption, amortization, and retirement of the Plain Debt Securities.
2. Indicate whether the Plain Debt Securities are registered or bearer securities, the total nominal amount of the Plain Debt Securities as well as the individual face value of each type of Plain Debt Securities offered or listed.
3. Provide information about the form of the Plain Debt Securities, such as whether investors can obtain physical certificates or whether their interests will be recorded via a book-entry system.
4. Indicate the total nominal amount, the individual face value, and the interest to be paid during the life of the Plain Debt Securities, and the dates on which such payments are due.
5. Describe any arrangements for transfer and any restrictions on the free transferability of the Plain Debt Securities.
6. Disclose the currency the Plain Debt Securities are denominated in as well as the currency in which any amounts are payable on the Plain Debt Securities. In case the payments on the Plain Debt Securities are payable in two or more currencies, indicate who has the option to determine the currency conversion, as well as the basis for that determination.
7. Where not all of the Plain Debt Securities being offered are guaranteed, provide a statement of the fact.
8. In the case of a sukuk *Ijarah* issue, disclose the Shariah principles adopted, together with a description of the transaction accompanied by a diagram describing the transaction structure and the underlying asset(s) of the transaction.

B. Covenants Relating to the Issuance of the Plain Debt Securities

1. Provide information of the covenants that are aimed at protecting the Plain Debt Securities holders, which can require the issuer to take certain actions or to refrain from taking certain actions.
Examples of covenants include:
 - (a) prohibition on the payment of dividends if certain conditions are met to prevent depletion of the issuer's funds that are available to pay the Plain Debt Securities holders
 - (b) provision that requires the issuer to maintain certain financial ratios

- (c) provision that restricts the issuer from creating additional debt under certain conditions
 - (d) provision that restricts the issuer and/or the obligor from creating a lien on its assets or that of its subsidiaries so that other creditors obtain a senior position to the Plain Debt Securities holder covered by the prospectus/registration statement
 - (e) prohibition on the issuance of other types of securities under certain circumstances to prevent the issuer from taking too many payment obligations
 - (f) covenant concerning subsequent issues of other forms or series of debentures or sukuk.
 - (g) covenant concerning any right to create additional charges over any of the assets.
2. For secured Plain Debt Securities, other covenants may include:
- (a) provision that requires the maintenance of properties.
 - (b) provision that permits or restricts the withdrawal of cash that has been deposited as a basis for the issuance of additional securities.
 - (c) provision regarding the release or substitution of assets securing the issue.

C. GUARANTEES

Provide information about the guarantors and the main features and terms of guarantees. The information shall cover at least:

1. names, addresses and occupations of each director or equivalent person and key executive
2. business overview and main functions
3. the financial information
4. capitalisation and indebtedness statement
5. risk factors
6. information regarding liquidity and capital resources
7. names, addresses and professional qualifications of auditors for the preceding two years.
8. replacement of guarantor (if any).
9. rating (if any).

D. Liens

In case of issuing secured Plain Debt Securities, disclose the kind and priority of any lien securing the issue, as well as the principal properties or assets subject to the lien, including:

1. In the form of a summary by the auditors or other professionals e.g. independent financial advisers, the aggregate value of the tangible assets

which have been charged to secure the repayment of all or any moneys payable in respect of the secured Plain Debt Securities. Where any of the assets have been charged to secure the repayment of other liabilities, the aggregate amount of such other liabilities. If the charge is for a liability which may vary, state the actual amount of the liability as at the date on which the summary is made and any further amount which may be advanced under that charge.

2. Where any of the tangible assets referred to above are in the form of property, provide information on report of valuation of interest of the issuer and each of their guarantors in each property. Such report should be made by an independent qualified valuer and dated not more than six months before date of lodgement of prospectus/registration statement.

E. Subordination and limitation of rights

Where the ability of the Plain Debt Securities holders to enforce their rights as creditors of the issuer depends on whether other security holders or creditors have claims that would be viewed as senior, as having priority, or otherwise limiting the rights of the Plain Debt Securities holders to any payments on the Plain Debt Securities:

1. Provide information about the existence or possible creation of other securities and other indebtedness with seniority to the Plain Debt Securities, including, in the form of a summary report by the auditors or other professionals e.g. independent financial adviser, the amounts outstanding of the aggregate amounts borrowed by the issuer and each of its guarantors as of a date no earlier than 60 days prior to the [effective/registration] date of the prospectus/registration statement, distinguishing between those amounts outstanding which will rank for repayment in priority to the amount under the proposed issue and those amounts outstanding which will rank for repayment *pari passu* with the amount under the proposed issue.
2. Disclose any limitations on the issuance of additional senior indebtedness or indicate that there is no such limitation.
3. Indicate whether the rights evidenced by the Plain Debt Securities are or may be materially limited or qualified by the rights of any other class of securities.

F. Default

Include information about the general types of events that would constitute a default, as well as the remedies that would be available in the event of default.

G. Consequences of a failure to make payments

Disclose any consequences of a failure to make payments, which may not constitute an event of default, the consequences of such failure and the available remedies under either the terms of the Plain Debt Securities or the applicable law.

H. Representative of Plain Debt Securities holders

1. Disclose the party that is acting as the Plain Debt Securities holders' official representative who acts in a fiduciary capacity for the Plain Debt Securities holders, as well as the provisions applying to this representation. In addition, disclose the address of the representative, and the nature of any material relationship between the representative and the issuer or its associate, to indicate whether a conflict exists between its interest as a representative of the Plain Debt Securities holders and any other interests that it may have.
2. Disclose if there are any requirements before the representative can act on behalf of the Plain Debt Securities holders, such as a requirement that the holders of a certain percentage of the Plain Debt Securities have instructed the representative to take action. Disclose if the representative may also require indemnification before proceeding to enforce a lien against the issuer's property or before taking any other action at the request of the Plain Debt Securities holders.
3. Disclose the main terms of the contract or law governing the representation of the Plain Debt Securities holders, as well as where the investors may obtain access to the contract. Indicate whether the issuer is required to make periodic disclosure such as disclose the evidence periodically that the issuer is not in default or that it is in full compliance with the terms of that contract to provide any early indication of any deterioration in the issuer's financial condition.

I. Meeting of Plain Debt Securities holders

1. Disclose details relating to the requirements for convening, attending or voting at a meeting of Plain Debt Securities holders, if such a meeting can be held.
2. Disclose the conditions governing the manner in which such a meeting would be convened, such as quorum requirements, the conditions for being admitted to the meeting and the minimum number of votes required to adopt certain types of resolutions.

J. Modification of Terms

Disclose any provisions relating to how the terms of the Plain Debt Securities or rights of the Plain Debt Securities holders may be modified.

K. Paying Agent

Identify name and address of issuer's appointed entity who is responsible for making payments on the Plain Debt Securities, and whom they can contact to collect any payments due.

L. Credit Rating

Provide information about the credit rating that has been assigned to the issuer or the Plain Debt Securities at the request or with the cooperation of the issuer, including name of the credit rating agency, the credit rating (including whether it is a short-term or long-term credit rating) and date on which the credit rating was given.

If the issuer, its guarantor, or Plain Debt Securities have been given a credit rating, disclose whether or not the issuer, guarantor entity or any of their related parties had paid any fee or benefit of any kind to the credit rating agency in consideration for the credit rating.

M. Shariah Pronouncement

Where the Plain Debt Securities is a sukuk *Ijarah*, disclose in the prospectus/registration statement the detailed Shariah pronouncement issued by the Shariah Adviser.

N. Applicable Law

Identify the law applicable to the Plain Debt Securities being publicly offered and/or listed.

Part III

RISK FACTORS

The Risk Factors section is intended to be a summary of more detailed discussion contained in the prospectus/registration statement.

1. Provide the disclosure in a separate section titled —Risk Factors and separate different types of risk factors into different subsections.
2. The prospectus/registration statement shall prominently disclose risk factors that are specific to the issuer and its industry, and the Plain Debt Securities being offered, which had materially affected or could materially affect, directly or indirectly, the issuer's financial position and results and business operations, and investments by holders of the Plain Debt Securities of the issuer in a section headed "Risk Factors". Issuers are encouraged, but not required, to list the risk factors in the order of their priority to the issuer. The Risk Factors section is intended to be a summary of more detailed discussion contained elsewhere in the prospectus/registration statement.
3. In case of offering for sales of unusually risky (i.e. rated below investment grade) Plain Debt Securities, highlight the riskiness of securities on the cover page.

Part IV

MARKETS

A. Identity of Exchanges and Regulated Markets

1. Identify all the exchanges and/or regulated markets on which the Plain Debt Securities are intended to be listed or admitted to trading. Indicate the dates on which the Plain Debt Securities will be listed and/or admitted to trading.
2. If applicable, identify all the exchanges on which any part of the shares or equity interests of the issuer is already listed for quotation or quoted, or on which permission to list for quotation or quote any part of the shares or equity interests is being or is proposed to be sought, specifying the name of the securities exchange or overseas securities exchange on which the issuer's primary listing is or is to be.

B. Entities Providing Liquidity

If any entities have made a firm commitment to act as intermediaries for the Plain Debt Securities in secondary market trading, such as market makers providing liquidity through bid and offer rates, disclose the names and addresses of these entities and the main terms of their commitment.

Part V

INFORMATION ABOUT THE PUBLIC OFFERING

A. Offer statistics

1. For each method of offering, state the total amount of the offer, including the offer price or the method of determining the price and the number of Plain Debt Securities to be offered.

B. Pricing

1. Disclose the information about the yield and the method by which the price has been calculated.
2. If the offering price is not already determined, indicate how the price will be disclosed to the public.

C. Method and Expected Timetable

For all offerings, and separately for each group of targeted potential investors, the prospectus/registration statement shall state the following information to the extent applicable to the offering procedure:

1. The time period during which the offer will be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of this period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the prospectus/registration statement is first filed or distributed to the public, describe the arrangements for announcing the final or definitive date or period.
2. Method and time limits for paying up for the Plain Debt Securities being offered; where payment is partial, the manner and dates on which amounts due are to be paid.
3. Where applicable, methods of and time limits for —
 - (a) the delivery of the documents evidencing title to the Plain Debt Securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

- (b) the book-entry transfers of the Plain Debt Securities being offered in favour of subscribers or purchasers.
- 4. A full description of the manner in which results of the distribution of the Plain Debt Securities being offered are to be made public, and where appropriate, the manner for refunding excess amount paid by applicants (including whether interest will be paid).

D. Underwriting Arrangements

- 1. Disclose the names and addresses of the entities underwriting the public offering, as well as describe the material features of the underwriting relationship.
- 2. Where not all of the Plain Debt Securities being offered are underwritten, provide a statement of the portion not underwritten.
- 3. Indicate whether the amount of the offering could be increased, such as by the exercise of an underwriter's over-allotment option and state the exercise period and amount under such option.
- 4. Disclose underwriters' financial interest in the success of public offering and listing (for example - firm commitment offering or best effort). If the underwriter has a material relationship with the issuer, disclose the nature and terms of that relationship.
- 5. If other parties are involved in distributing the Plain Debt Securities to the public, briefly outline the plan of distribution and indicate the amount of any Plain Debt Securities that are to be offered other than through the underwriters. The disclosure shall include terms relating to any volume limitations on sales and conditions under which the agreement may be terminated. If known, disclose the identity of the broker(s) or dealer(s) that will participate in the public offering, as well as the amount of Plain Debt Securities to be offered through each.

E. Targeted Investors

- 1. Disclose if the issuer expects to offer Plain Debt Securities to certain selected investors. Identify any group of targeted potential investors to whom the Plain Debt Securities are being offered, noting any allocation that is reserved to any group of targeted investors.
- 2. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain markets, provide information about the tranche and details of any other allocation arrangements.

F. Expenses of the Issue

1. Disclose the expenses to be paid in relation to the public offering to enable investors and others to assess how much of the offering proceeds will be available for the issuer.
2. Disclose a reasonably itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the Plain Debt Securities to be offered (in absolute terms and as a percentage of the total amount of the offer). For example, this could include the total amount of discounts or commissions agreed between the underwriters or other placement or selling agents and the issuer or offeror, as well as the percentage of the total amount of the offering that the commissions represent. If the amounts of any items are not known, estimates (identified as such) shall be given.
3. Disclose if parties other than the issuer are paying the expenses, such as the underwriters.

G. Reasons for the Offer and Use of Proceeds

1. The prospectus/registration statement shall disclose the estimated net amount, and percentage of the proceeds broken down into each principal intended use thereof and, where possible, the timeframe for the full utilisation of the proceeds for each principal intended use. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes 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.
2. If the issuer has no specific plans for the proceeds, it should discuss the principal reasons for the offering.
3. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors of the issuer, must be raised by the offer of Plain Debt Securities.
4. If the proceeds are being used directly or indirectly to acquire or to refinance the acquisition of assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets have been or will be acquired from related parties of the issuer, disclose the persons from whom they will be acquired and how the cost to the issuer is/or will be determined.
5. If the proceeds may or will be used to finance or refinance the acquisition of other businesses, give a brief description of such businesses and information on the status of the acquisitions.

6. If any material part of the proceeds is to be 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.

Part VI

TAXATION

The issuer shall provide information regarding taxes (including withholding provisions) to which Plain Debt Securities holders may be subject. Information should be included as to whether the issuer assumes responsibility for the withholding of tax at the source and regarding applicable provisions of any reciprocal tax treaties, or a statement, if applicable, that there are no such treaties.

Part VII

KEY INFORMATION

A. Selected Financial Data

1. The issuer shall provide from the audited financial statements provided in response to Part XIII. Financial Information, selected audited historical financial data regarding the issuer or, if the issuer is the holding company of a group, the group which shall be presented for the two latest financial years (or such shorter period that the issuer has been in operation), in the same currency as the financial statements provided in response to Part XIII. Financial Information. If interim period financial statements are included, the selected financial data should be updated for that interim period. If selected financial data for an interim period is provided, comparative data (except information found in the statement of financial position) from the corresponding period in the previous financial year shall also be provided.
2. The selected financial data presented shall include items generally corresponding to the following, except that the specific line items presented should be expressed in the same manner as the corresponding line items in the issuer's financial statements. Such data shall include, at a minimum, net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); total assets; total liabilities; net assets or liabilities; capital stock (excluding long term debt and redeemable preferred stock); dividends declared per share in respect of each class of shares in both the currency of the financial statements and the currencies of the countries in which the Plain Debt Securities will be offered, including the formula used for any adjustments to dividends declared and giving particulars for each such class of shares; net income per share. Per share amounts must be determined in accordance with the body of accounting principles used in preparing the financial statements.
3. Where the financial statements provided in response to Part XIII. Financial Information are prepared in a currency other than the currency of any of the countries in which the Plain Debt Securities will be offered, disclosure of the exchange rate between the financial reporting currency and the currency of that country should be provided, using the exchange rate designated by that country for this purpose, if any-
 - (a) at the latest practicable date;
 - (b) the highest and lowest exchange rates for each month during the previous six months; and
 - (c) for the two most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each

period, calculated by using the average of the exchange rates between that financial reporting currency and the currency of that country on the last day of each month during the period.

B. Capitallisation and Indebtedness

A statement of capitallisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 days prior to the [effective/registration] date of the prospectus/registration statement shall be provided showing the issuer's, or if the issuer is the holding company of a group, the group's capitallisation on an actual basis and if applicable, as adjusted to reflect the sales of Plain Debt Securities and the intended application of the net proceeds therefrom. Indebtedness also includes indirect and contingent indebtedness.

Part VIII

INFORMATION ABOUT THE ISSUER

A. History and Development of the Issuer

The following information shall be provided:

1. The website address of the issuer, if any.
2. The legal and commercial name of the issuer.
3. The date of incorporation and the length of life of the issuer, except where indefinite.
4. The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation and the address and telephone number of its registered office (or principal place of business if different from its registered office). Provide the name and address of the issuer's agents in each of the countries in which the Plain Debt Securities will be offered, if any.
5. The length of time for which the business of the issuer, or if the issuer is the holding company of a group, of the group has been carried on and the important events in the development of the issuer's business, e.g. information concerning the nature and results of any material reclassification, merger or consolidation of the issuer or any of its significant subsidiaries; acquisitions or dispositions of material assets other than in the ordinary course of business; any material changes in the mode of conducting the business; material changes in the types of products produced or services rendered; name changes; or the nature and results of any bankruptcy, receivership or similar proceedings with respect to the issuer or significant subsidiaries.
6. A description, including the amount invested, of the issuer's material capital expenditures and divestitures (including interests in other companies), since the beginning of the issuer's last two financial years to the date of the prospectus/registration statement.
7. Information concerning the material capital expenditures and divestitures currently in progress, including the distribution of these investments geographically (home and abroad) and the method of financing (internal or external).
8. An indication of any public takeover offers by third parties in respect of the issuer's shares or by the issuer in respect of other companies' shares which have occurred from the beginning of the last financial year to the latest practicable date. The price or exchange terms attaching to such offers and the outcome thereof are to be stated.

B. Business Overview

The information required by this item may be presented on the same basis as that used to determine the issuer's business segments under the body of accounting principles used in preparing the financial statements. The following information shall be provided:

1. A description of the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each of the last two financial years. Indicate any significant new products and/or services that have been introduced between the beginning of the period comprising the two most recent completed financial years and the latest practicable date and, to the extent the development of new products or services has been publicly disclosed, give the status of development.
2. A description of the principal markets in which the issuer competes, including a breakdown of total revenues by category of activity and geographic market for each of the last two financial years.
3. The basis for any statements made by the issuer regarding its competitive position shall be disclosed.
4. A description of the material effects of government regulations on the issuer's business, identifying the regulatory body.

C. Organisational Structure

If the issuer is part of a group, include a brief description of the group and the issuer's position within the group. Provide information on each of the issuer's subsidiaries and associated companies which account for 10% or more of the absolute amount of the net assets, net liabilities or profit or loss before tax, respectively, of the group for any of the two most recent completed financial years, including its name, country of incorporation or residence, principal place of business, principal activities, proportion of ownership interest and, if different, proportion of voting power held by the issuer.

D. Patents, Licenses or Contracts

Provide information regarding the extent to which the issuer is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts (including contracts with customers or suppliers) or new manufacturing processes, where such factors are material to its business or profitability.

E. Property, Plants and Equipment

For businesses that invest heavily in property, plants and/or equipment, the issuer is required to provide information about its significant investments in these assets.

Part IX

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Discuss the issuer's financial condition, changes in financial condition and results of operations for each year and interim period for which financial statements are required, including the causes of material changes from year to year in financial statement line items, to the extent necessary for an understanding of the issuer's business as a whole. Information provided also shall relate to all separate segments of the issuer. Provide the information specified below as well as such other information that is necessary for an investor's understanding of the issuer's financial condition, changes in financial condition and results of operation.

A. Operating Results

1. Provide information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected. Describe any other significant component of revenue or expenses necessary to understand the issuer's results of operations.
2. To the extent that the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or services between corresponding periods.
3. Describe the impact of inflation, if material. If the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and a discussion of the impact of hyperinflation on the issuer's business shall be disclosed.
4. Provide information regarding the impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments.
5. Provide information regarding any governmental, economic, fiscal, monetary political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations or investments by the Plain Debt Securities holders in any of the countries in which the Plain Debt Securities will be offered.

B. Liquidity and Capital Resources

The following information shall be provided:

1. Information regarding the issuer's liquidity (both short and long term), including-
 - (a) a description of the internal and external sources of liquidity and a brief discussion of any material unused sources of liquidity. Include a statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's requirements for a period of 12 months from the date of issue of prospectus/registration statement, or, if not, how it proposes to provide the additional working capital needed;
 - (b) an evaluation of the sources and amounts of the issuer's cash flows from operating, investing and financing activities in respect of each financial year required to be included in the prospectus/registration statement and, if interim cash flow statement has been included in the prospectus/registration statement, the period covered by the interim cash flow statement. This includes the nature and extent of any legal, financial, or economic restrictions on the ability of subsidiaries to transfer funds to the issuer in the form of cash dividends, loans or advances and the impact such restrictions have had or are expected to have on the ability of the issuer to meet its cash obligations.
 - (c) information on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements and the maturity profile of borrowings and committed borrowing facilities, with a description of any restrictions on their use. Foreign borrowings should be separately identified with the corresponding foreign currencies amount. Disclose gearing ratios for the period under review.
2. If the issuer or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the issuer's financial position and results or business operations, or the investments by holders of Plain Debt Securities in the issuer—
 - (a) a statement of that fact;
 - (b) details of the credit arrangement or bank loan; and
 - (c) details of any action taken or to be taken by the issuer or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).
3. A statement as to whether there have been any defaults on payments of either interest and/or principal sums in respect of any borrowings throughout the past one financial year and the subsequent financial period thereof as at the latest practicable date.

4. Information regarding the type of financial instruments used, the maturity profile of debt, currency and interest rate structure. The discussion also should include funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, the currencies in which cash and cash equivalents are held, the extent to which borrowings are at fixed rates, and the use of financial instruments for hedging purposes.
5. Information regarding the issuer's material commitments for capital expenditures as of the latest practicable date and an indication of the general purpose of such commitments and the anticipated sources of funds needed to fulfil such commitments.
6. In the case of a guaranteed Plain Debt Securities issue, the information referred to in paragraphs 1 to 5 above shall be provided in respect of the guarantor.

C. Trend Information, Profit Forecast and Cash Flow Forecast

1. The issuer should discuss, for at least the current financial year, the business and financial prospects and identify any significant recent trends in production, sales and inventory, and costs and selling prices since the latest financial year. The issuer also should discuss, for at least the current financial year, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to be not necessarily indicative of future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.
2. Where a profit forecast or cash flow forecast is disclosed, state the basis and all principal assumptions, if any, upon which the directors of the issuer have based their profit forecast or cash flow forecast.
3. Where a profit forecast or cash flow forecast is disclosed, include in the prospectus/registration statement a statement by the directors of the issuer to the effect that they have stated the profit forecast or cash flow forecast after due and careful enquiry, and that they individually and collectively take responsibility for the profit forecast or cash flow forecast.
4. Where a profit forecast or cash flow forecast is disclosed, include in the prospectus/registration statement a statement—
 - (a) by an auditor, the sponsor or the issue manager to the effect that, based on his examination, no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast or the cash flow forecast; and

- (b) by an auditor that the profit forecast or cash flow forecast, is properly prepared and calculated on the basis of the assumptions disclosed, and is consistent with the accounting policies and standards adopted by the issuer.
5. For the purpose of this Part IX. D
- (a) profit forecast' refers to a forecast of profit for any period of time after the [effective/registration] date of the prospectus/registration statement or an estimate of profit for any period of time from the end of the financial period covered by the most recent financial statements (whether audited, pro forma or interim) that are included in the prospectus/registration statement to a date no later than the [effective /registration] date; and
 - (b) cash flow forecast' refers to a forecast of cash flow for any period of time after the [effective/registration] date of the prospectus/registration statement or an estimate of cash flow for any period of time from the end of the financial period covered by the most recent financial statements (whether audited, pro forma or interim) that are included in the prospectus/registration statement to a date no later than the [effective/registration] date.

D. Off-Balance Sheet Arrangements

1. Disclose all material off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on the issuer's financial position.
2. Disclose such information that the issuer believes is necessary for an understanding of these arrangements and their material impact on the issuer's financial position.

E. Critical Accounting Estimates

Disclose estimates and assumptions involved in applying accounting policies. In determining which critical accounting estimates or assumptions should be disclosed, the issuer should consider whether the nature of the estimate or assumption is material because of the subjectivity and judgment required to account for highly uncertain matters, as well as whether the estimate or assumption will have a material impact on financial condition or operating performance.

Part X

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following information shall be disclosed with respect to the issuer's directors and senior management, and any employees such as scientists, researchers or designers upon whose work the issuer is dependent:

1. Name, business experience, educational and professional qualifications, functions and areas of experience or responsibility in the issuer or if the issuer is the holding entity of a group, in the group.
2. Principal business activities performed outside the issuer (including, in the case of directors, other principal directorships at present and in the last five years).
3. Date of birth or age.

B. Material Background Information

1. Disclose the following matters concerning a director, senior management member or significant person of the issuer:
 - (a) Whether at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) Whether at any time during the last ten years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a senior management member, at the time when he was a director or an equivalent person or a senior management member of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a senior management member of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) Whether there is any unsatisfied judgment against him;

- (d) Whether he has ever been convicted of any offence, in any country, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) Whether he has ever been convicted of any offence, in any country, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in any country, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) Whether at any time during the last ten years, judgment has been entered against him in any civil proceedings in any country involving a breach of any law or regulatory requirement that relates to the securities or futures industry in any country, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) Whether he has ever been convicted in any country of any offence in connection with the formation or management of any entity or business trust;
- (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in any country, of the affairs of -
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in any country;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in any country;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in any country; or

- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in any country,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust;

- (k) whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by any regulatory authority, exchange, professional body or government agency, in any country.

C. Compensation

Provide information about the remuneration paid to the issuer's directors and senior management members that could have a material impact on the issuer's ability to service the Plain Debt Securities obligations. In any case disclose at least the aggregate amount of the remuneration paid in the last financial and the remuneration proposed to be paid in the current financial year.

D. Share Ownership

Provide current information about the amount of shares held by the issuer's directors and senior management members.

Part XI

MAJOR SHAREHOLDERS, RELATED-PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS

A. Major Shareholders

1. The following information shall be provided regarding the issuer's major shareholders:
 - (a) Names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date and immediately after the offer, or an appropriate negative statement if there are no major shareholders.
 - (b) Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
2. Information shall be provided as to the portion of each class of securities held in each of the countries in which the Plain Debt Securities will be offered and the number of record holders in each of the countries in which the Plain Debt Securities will be offered.
3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.
4. Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
5. Describe any arrangements for involving the directors and employees of the group in the capital of the issuer, including any arrangement that involves the issue or grant of options or shares or securities of the issuer.

B. Related-Party Transactions

1. Provide the information required below for the period since the beginning of the issuer's preceding two financial years up to the date of the prospectus/registration statement, with respect to transactions or loans between the issuer and its related parties.
2. Describe the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any

transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiaries was a party.

3. Disclose the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.
4. For each transaction referred to in this Part XI.B—
 - (a) that has been completed or will be completed at or before the close of the offer, disclose whether or not the transaction has been or will be carried out on an arm's length basis;
 - (b) that will continue after the close of the offer, disclose—
 - (i) whether or not the transaction has been carried out on an arm's length basis; and
 - (ii) the procedure undertaken or which will be undertaken to ensure that such transaction will be carried out on an arm's length basis; or
 - (c) that has been proposed, disclose the procedure which will be undertaken to ensure that such transaction will be carried out on an arm's length basis.
5. For each loan referred to in this Part XI.B –
 - (a) that has been repaid or will be repaid at or before the close of the offer, disclose whether or not the loan was made on an arm's length basis;
 - (b) that is to be repaid, whether partly or wholly, after the close of the offer, disclose -
 - (i) whether or not the loan was made on an arm's length basis; and
 - (ii) when the loan is intended or required to be repaid; or
 - (c) that has been proposed, disclose the procedure which will be undertaken to ensure that such loan will be made on an arm's length basis.
6. Where transactions or loans referred to in this Part XI.B are similar and recurring in nature or could otherwise be grouped in a meaningful manner, the information required with respect to this Part XI.B should be provided on an aggregate basis, if the aggregate of these transactions or loans are material in the context of the offer.

C. Conflict of Interests

Where a director or significant person of the issuer or his associate has an interest in any entity carrying on the same business or dealing in similar products as the issuer or, if the issuer is the holding company of a group, as the group, disclose-

- (a) the name of that entity;
- (b) the name of the director or significant person involved;
- (c) the nature and extent of his interest in that entity and the extent to which he is involved in the management of that entity either directly or indirectly; and
- (d) whether any conflict of interests thereby arising has been or is to be resolved or mitigated and, if so, how it has been or is proposed to be resolved or mitigated.

Part XII

INTERESTS OF EXPERTS, COUNSEL, UNDERWRITERS, SHARIAH ADVISERS AND FINANCIAL ADVISERS

Disclose the nature and terms of that interest or conflict of interest if any of the experts, counselors, underwriter, Shariah advisers or other financial advisers named in the prospectus/registration statement has a material direct or indirect economic interest in the issuer or an interest that depends on the success of the issuer's offering or listing or otherwise has a material conflict of interest in rendering its advice or opinion.

Part XIII

FINANCIAL INFORMATION

A. Audited Financial Statements and Other Financial Information

1. The prospectus/registration statement must contain comparative consolidated financial statements of the issuer, or if the issuer is a holding company, of the group, that cover the latest two financial years (or such shorter period that the issuer has been in operation).
2. If the [effective/registration] date of the prospectus/registration statement is more than six months after the end of the most recent completed financial year for which financial statements is provided under paragraph 1, the prospectus/registration statement must contain interim financial statements of the issuer, or if the issuer is a holding company, of the group, made up to a date that is not earlier than six months before the [effective/registration] date of the prospectus/registration statement. The prospectus/registration statement must also include comparative interim financial statements (other than a statement of financial position) for the corresponding period in the previous financial year.
3. Where a common control combination involving the issuer has occurred at any time from the beginning of the latest two financial years up to the [effective/registration] date of the prospectus/registration statement, the financial statements to be provided under paragraph 1 and 2 of this Part XIII.A should be prepared to show the combined financial information of the issuer and the common control entities or businesses as if the common control combination had taken place at the beginning of the latest two financial years or at the time when the common control entities or businesses first came under common control, whichever date is the later.

For the purpose of this item, common control combination means a business combination in which all the combining entities or businesses are under common control.

4. The financial statements to be provided under paragraph 1 and 2 of this Part XIII.A must be-
 - (a) prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (referred to in this Part XIII. as IFRS); and,
 - (b) other than the comparative interim financial statements, if any, which need not be audited, the financial statements are to be audited in accordance with the International Standards on Auditing (referred to in this Part XIII. as ISA).

5. The financial statements to be provided under paragraph 1 and 2 of this Part XIII.A must be accompanied by –
 - (a) an audit report or audit reports covering each of the financial statements (other than the comparative interim financial status); and
 - (b) a statement identifying the auditors who audited the financial statements and the membership or memberships of each auditor in any professional body or bodies.
6. The financial statements to be provided under paragraph 1 or 2 of this Part XIII.A shall comprise such items as required by IFRS.
7. If any annual financial statements to be provided under paragraph 1 of this Part XIII.A relate to a period other than 12 months due to a change in the financial year end of the issuer, the annual financial statements in respect of that financial year and the financial years preceding that financial year shall be provided on a restated 12-month basis, so that the financial year end for each of the restated financial statements corresponds to the financial year end for the most recent completed financial year.

B. Pro Forma Financial Statements

1. Where-
 - (a) the issuer or any entity in the group has acquired or disposed of one or more asset, or entered into any agreement (including any conditional agreement) to acquire or dispose of one or more asset during the period from the beginning of the most recent completed financial year to the [effective/registration] date of the prospectus/registration statement and;
 - (i) the net book value, or the absolute amount of the profit or loss before tax, of any of the assets has or would have accounted for 10% or more of the absolute amount of the net assets or net liabilities, or the profit or loss before tax, respectively, of the issuer or of the group (after adjusting for the effects of the group restructuring, where applicable) in respect of the most recent completed financial year; or
 - (ii) the total net book value, or the total absolute amount of the profit or loss before tax, of all the assets together have or would have accounted for 10% or more of the absolute amount of the net assets or net liabilities, or the profit or loss before tax, respectively, of the issuer or the group (after adjusting for the

effects of the group restructuring, where applicable) in respect of the most recent completed financial year; or

- (b) any significant change to the capital structure (including any material distribution) of the issuer or any other entity in the group, has occurred during the period between the end of the most recent completed financial year and the [effective/registration] date of the prospectus/registration statement, and the effects of such acquisitions, disposals or significant changes have not been reflected in the audited financial statements included in the prospectus/registration statement, provide pro forma financial statements for the most recent completed financial year and, if interim financial statements have been included in the prospectus/registration statement, for the period covered by the interim financial statements.

For the purpose of this item, 'asset' means any business, interest in a business or an entity, or any other asset.

For the avoidance of doubt, a pro forma statement of comprehensive income or statement of cash flows is not required to be provided if the acquisition, disposal or change to the capital structure has no effect on the audited statement of comprehensive income or statement of cash flows included in the prospectus/registration statement respectively.

2. The pro forma statement of comprehensive income and pro forma statement of cash flows shall be prepared:
 - (a) for the most recent completed financial year for which audited financial statements are provided in accordance with paragraph 1 of Part XIII.A; and
 - (b) where any interim financial statements have been provided in accordance with paragraph 2 of Part XIII.A, for the period covered by the interim financial statements, as if the acquisition, disposal or significant change had occurred at the beginning of the most recent completed financial year.
3. The pro forma statement of comprehensive income shall include an item on earnings per share.
4. The pro forma statement of financial position shall be prepared-
 - (a) as at the end of the most recent completed financial year as if the acquisition, disposal or significant change had occurred at the end of that financial year; and

- (b) where any interim financial statements have been provided, as at the end of the period covered by the interim financial statements, as if the acquisition, disposal or significant change had occurred at the end of the period.
- 5. In respect of the pro forma financial statements state-
 - (a) that they are prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments, to show:
 - (i) what the financial results and cash flows of the issuer or the group, as the case may be, for the most recent completed financial year and, where applicable, the period covered by the interim financial statements would have been, if the acquisition, disposal or significant change had occurred at the beginning of that financial year; and
 - (ii) what the financial position of the issuer or the group, as the case may be, would have been:
 - (A) as at the end of the most recent completed financial year, if the acquisition, disposal or significant change had occurred at the end of that financial year; and
 - (B) where applicable, as at the end of the period covered by the interim financial statements, if the acquisition, disposal or significant change had occurred at the end of that period;
 - (b) that because of their nature, they may not give a true picture of the actual financial position or results of the issuer or the group, as the case may be;
 - (c) the basis upon which they are prepared, including the source of each item of information; and
 - (d) any material adjustment made to any information used in the preparation of the pro forma financial statements and the reason for making that adjustment.
- 6. Where pro forma financial statements have been provided for any reason referred to in paragraph 1(a) above, with respect to the pro forma financial statements:
 - (a) Identify each asset referred to in paragraph 1 (a)(i) and (ii) of this Part XIII.B;

- (b) Provide a statement that the pro forma financial statements included in the prospectus/registration statement have been properly prepared from financial statements relating to-
 - (i) the assets in the group; and
 - (ii) the assets referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B;
 - (c) Provide a statement that the financial statements relating to the assets referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B which were used in the preparation of the pro forma financial statements were prepared or restated in accordance with IFRS;
 - (d) State, in respect of each of the financial statements relating to the assets referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B above which were used in the preparation of the pro forma financial statements, the body of accounting standards that was adopted in the preparation of the financial statements.
- 7. The financial statements of significant asset or assets related to any major transaction, referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B, which are used in the preparation of the pro forma financial statements must be audited. For other assets, state whether or not the financial statements are audited.
- 8. If the financial statements referred to in paragraph 7 above are audited,
 - (a) state the body of auditing standards that was adopted by the auditors in the audit of the financial statements; and
 - (b) provide a statement identifying the auditors who audited the financial statements, together with the membership or memberships of each auditor in a professional body.
- 9. Include, in the prospectus/registration statement:
 - (a) A statement that the audit reports for the financial statements referred to in paragraph 8 above do not contain any material qualification; or
 - (b) If any of those audit reports contains any material qualification, modification or disclaimer, a statement-
 - (i) setting out in full the qualification, modification or disclaimer; and
 - (ii) providing the reason for the qualification, modification or disclaimer.

10. Include, in the prospectus/registration statement, an opinion from the auditors of the issuer, that
- (a) the pro forma financial statements have been properly prepared-
 - (i) on the basis referred to in paragraph 5 (c) of this Part XIII.B; and
 - (ii) where the pro forma financial statements have been provided for any reason referred to in paragraph 1 (a) of this Part XIII.B, in accordance with the matters referred to in the statements under paragraph 6 (b) and (c) of this Part XIII.B; and
 - (b) each material adjustment made to the information used in the preparation of the pro forma financial statements is appropriate for the purpose of preparing such financial statements and in accordance with ISA.

C. Change in Accounting Policies

Where there has been any material change to the issuer's accounting policies, provide a summary of the material change and the reason for and quantitative impact of such change on the financial results of the issuer or, if the issuer is a holding company, of the group for each of the financial years for which financial statements are provided pursuant to paragraph 1 of this Part XIII.A.

D. Litigation

Provide information on any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have, or have had in the 12 months immediately preceding the date of prospectus/registration statement, significant effects on the issuer's financial position or profitability. This includes governmental proceedings pending or known to be contemplated.

E. Dividends

Describe the issuer's policy on dividend distributions or, if it does not have a fixed policy, state so.

F. Significant Changes

Disclose whether or not any significant change has occurred which may have a material effect on the financial position and results of the issuer since the date of the annual financial statements, and/or since the date of the most recent interim financial statements, if any, included in the prospectus/registration statement. If there is no such change, provide an appropriate negative statement.

Part XIV

ADDITIONAL INFORMATION

A. Memorandum and Articles of Association

Provide a summary of the provisions of the issuer's constituent documents and by laws with respect to

1. the borrowing powers exercisable by the directors of the issuer; and
2. how such borrowing powers may be varied.

B. Material Contracts

Provide a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding the date of the prospectus/registration statement including dates, parties, general nature of the contracts, terms and conditions, and amount of any consideration passing to or from the issuer or any other member of the group.

C. Exchange Controls

Describe any governmental laws, decrees, regulations or other legislation of the home country of the issuer that may affect –

1. the import or export of capital, including the availability of cash and cash equivalents for use by the issuer's group.
2. the remittance of dividends, interest or other payments to non-resident holders of the issuer's Plain Debt Securities.

D. Statement by Experts

1. If the prospectus/registration statement indicates that a statement or report included in it can be attributed to an expert, disclose the expert's name, business address and qualifications. Indicate—
 - (a) that the statement or report, in the form and context in which it is included, has been included with the consent of that expert, who has

authorised the contents of that portion of the prospectus/registration statement;

- (b) the date on which the statement or report was made; and
- (c) whether or not the statement or report was prepared by the expert for the purpose of incorporation in the prospectus/registration statement.

E. Sign offs or consents

Where a person is–

- (a) named in the prospectus/registration statement and is required to provide his written consent to be so named in the prospectus/registration statement by the law of the jurisdiction in which the offer is made; or
- (b) is required to provide his written consent to the issue of the prospectus/registration statement by the law of the jurisdiction in which the offer is made,

include a statement that the person has given, and has not withdrawn, his written consent to being named in the prospectus/registration statement or to the issue of the prospectus/registration statement as the case may be.

F. Documents for public inspection

1. The issuer shall provide an indication of where the documents (or copies thereof) concerning the issuer which are referred to in the prospectus/registration statement may be inspected. Exhibits and documents on display generally should be translated into English, or a summary in English should be provided. These documents, which shall be made available for public inspection for a period of at least one year from the [effective/registration] date of the prospectus/registration statement, include –
 - (a) the constituent documents of the issuer;
 - (b) every material contract referred to in the prospectus/registration statement or, where the contract is not reduced into writing, a memorandum giving full particulars thereof;
 - (c) the directors' service contracts referred to in the prospectus/registration statement;

- (d) every report, memorandum, letter, valuation, statement or other document by any expert any part of which is included or referred to in the prospectus/registration statement;
 - (e) the audited financial statements of the issuer for each of the financial years for which audited financial statements of the issuer have been included in the prospectus/registration statement;
 - (f) if the issuer is the holding company of a group, the respective audited financial statements of the entities or businesses in the group (being entities or businesses which have audited financial statements) for each of the financial years for which audited financial statements of the issuer have been included in the prospectus/registration statement;
 - (g) if the issuer is the holding company of a pro forma group and pro forma financial statements have been included in the prospectus/registration statement, the respective audited financial statements of the entities or businesses in the pro forma group (being entities or businesses which have audited financial statements), other than the entities or businesses referred to in sub-paragraph (f), for the financial year in respect of which pro forma financial statements have been included in the prospectus/registration statement;
 - (h) any interim financial statements of the issuer, group or pro forma group, as the case may be, which are included in the prospectus/registration statement;
 - (i) any trust deed, fiscal agency agreement or other document constituting the Plain Debt Securities as the case may be;
 - (j) all notes, reports or information relating to the financial statements referred to in sub-paragraph (e), (f), (g) and (h) above; and
 - (k) in the case of a guaranteed Plain Debt Securities issue, documents (or copies) referred to in sub-paragraphs (e), (f), (g),(h) and (j) above, of the guarantor
2. Provide an indication of the resolutions, authorisations and approvals by virtue of which any Plain Debt Securities of the issuer may be issued, the nature and amount of the issue, and the number of Plain Debt Securities which may be issued, if predetermined.

G. Others

1. On the front cover of the prospectus/registration statement, provide-

- (a) the [effective/registration] date of the [prospectus/registration statement] or the date of lodgment of the supplementary [prospectus/registration statement] or replacement [prospectus/registration statement];
 - (b) the statement: This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviserll;
 - (c) the statement: A copy of this [prospectus/registration statement] has been registered by the [*insert name of the relevant regulator*]. The effectiveness of this [prospectus/registration statement] neither represent that [*insert name of the relevant regulator*] have suggested investment in the offered securities; nor contain any assurance in relation to the value or returns on the offered securities; nor shall certify the accuracy and completeness of information contained in the [prospectus/registration statement]. Registration of the [prospectus/registration statement] by the [*insert name of the relevant regulator*] does not imply that the legal or regulatory requirements have been complied with. The [*insert name of the relevant regulator*] has not, in any way, considered the merits of the Plain Debt Securities, as the case may be, being offered for investmentll;
 - (d) a statement that no Plain Debt Securities shall be allotted or allocated on the basis of the [prospectus/registration statement] later than [*insert relevant number of months as stipulated under the relevant regulations*] months after the [effective/registration] date of [the prospectus/registration statement] .
2. Disclose all approvals and conditions imposed by relevant authorities in respect of the offering or listing of the Plain Debt Securities to which the prospectus/registration statement relates.

Appendix

Definitions of Terms Used in the ASEAN Debt Disclosure Standards

Terms	Definition
associate	<p>This term, in relation to—</p> <p>(c) an individual, means a close member of the individual's family, and an entity which is controlled, directly or indirectly, by the individual;</p> <p>(d) an entity, its significant person or an entity which is controlled, directly or indirectly, by the significant person of such entity.</p>
associated company	<p>This term, in relation to an issuer, means—</p> <p>(c) any corporation, other than a subsidiary of the issuer, in which the issuer and/or one or more of its subsidiaries has or have a direct interest of not less than 20% but not more than 50% of the voting shares of the corporation; or</p> <p>(d) any corporation, other than a subsidiary or an associated company by virtue of paragraph (a), the policies of which the issuer and/or one or more of its subsidiaries is or are able to control or influence materially.</p>
close family member	<p>This term, in relation to an individual, means the individual's spouse, parent, child, sibling, spouse of his child and spouse of his sibling.</p>
common control	<p>Two or more entities or businesses are under common control if they are ultimately controlled by the same party or parties and the control is not transitory. A party is or a group of parties shall be regarded as controlling an entity or business when the party or group of parties, as a result of contractual arrangements, has or collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.</p>
directors	<p>This term, in relation to a corporation, includes:</p> <p>(a) a member of the corporation's board of directors, board of commissioners or equivalent governing body by whatever name called;</p> <p>(b) a person in accordance with whose directions or instructions the members of the corporation's board of directors, board of commissioners or equivalent governing body (by whatever name called) is accustomed to act; and</p>

	(c) an alternate or substitute member of the corporation's board of directors, board of commissioners or equivalent governing body by whatever name called.
issuer	In the case of a sukuk <i>Ijarah</i> where the issuer is a special purpose vehicle, the term issuer refers to both the issuer and the obligor under the sukuk <i>Ijarah</i> .
major shareholder	This term, in relation to a corporation, means a person who has an interest in or control over 5% or more of the voting shares of the corporation.
related party	This term, in relation to an issuer, includes: <ul style="list-style-type: none"> (f) an enterprise that directly or indirectly, controls, or is under common control with, the issuer; (g) a significant person of the issuer; (h) a director or a member of the senior management of, the issuer; (i) a close family member of the family of an individual referred to in (b) or (c); or (j) an enterprise which is controlled, directly or indirectly, by an individual referred to in (b), (c) or (d).
senior management	This term: <ul style="list-style-type: none"> (a) in relation to a corporation, means all the individuals (including directors of the corporation) who are employed in an executive capacity by the corporation and who each – <ul style="list-style-type: none"> (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the corporation; or (ii) has the capacity to make decisions which affect significantly the corporation's financial standing; and (b) in relation to a group of corporations, means all the individuals (including directors of the corporations in the group) who are employed in an executive capacity by any of the corporations in the group and who each – <ul style="list-style-type: none"> (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the group; or

	(ii) has the capacity to make decisions which affect significantly the group's financial standing;
significant person	<p>This term, in relation to a corporation, means a person –</p> <p>(d) who has an interest in or control over 10% or more of the voting shares of the corporation; or</p> <p>(e) who is in a position to control the composition of the majority of the board of directors of the corporation; or</p> <p>(f) who, directly or indirectly, has the ability to control the management and/or the policies of the corporation.</p>

DIVISION 3

STRUCTURED WARRANT

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Chapter 1

GENERAL

- 1.01 This division shall apply to a prospectus prepared in relation to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of structured warrants.
- 1.02 A prospectus in relation to the issuance of structured warrants may be issued—
- (a) in a single document; or
 - (b) by way of a base prospectus supported by term sheet(s), in which case, the base prospectus and term sheet(s) should between them comply with these guidelines. The base prospectus should contain information relating to the issuer. The term sheet should contain information concerning the specific issue. The base prospectus and term sheet(s) should each contain a statement that it should be read in conjunction with the other.
- 1.03 In determining what information is required to be included in the prospectus, regard should be given to the following:
- (a) The nature of the structured warrants;
 - (b) Business of the issuer and underlying corporation;
 - (c) The persons likely to consider acquiring the structured warrants; and
 - (d) The fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom potential investors may reasonably expect to consult.
- 1.04 The cut-off date for information to be disclosed in the prospectus should be as at the latest practicable date available prior to the issue of the prospectus, save for the requirements as set out in Chapter 9. Preparers of prospectuses should strictly observe any significant change or new matter arising that will affect the content of the prospectus and update it via a supplementary prospectus where necessary.

Chapter 2

FRONT COVER

The front cover should contain the following information and statements.

2.01 Particulars of the issuer, including:

- (a) Full name;
- (b) Place of incorporation;
- (c) Statute under which it was incorporated; and
- (d) Registration number;

For a foreign-incorporated issuer, to state, where applicable, that it has been registered as a foreign company in Malaysia under the *Companies Act 1965* together with its registration number.

2.02 The date of the prospectus.

2.03 Details of the structured warrants offering, including—

- (a) issue size and type of structured warrants;
- (b) issue price of structured warrants (if available);
- (c) listing that is sought; and
- (d) underlying financial instrument.

2.04 Name of the principal adviser, custodian and guarantor, where applicable.

2.05 The following statements, to appear in bold:

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”.

Chapter 3

INSIDE COVER/FIRST PAGE

- 3.01 There are certain types of information that are considered essential to identify the prospectus and the status of the 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

- (a) The directors of the issuer (and/or guarantor) have seen and approved this prospectus. The directors of the issuer (and/or guarantor) collectively and individually accept(s) full responsibility for the accuracy of the information contained in this prospectus and confirm(s), having made all reasonable enquiries, that to the best of its/their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this prospectus false or misleading.
- (b) [Name of principal adviser], being the principal adviser, 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 offer.

Statements of risk

- (c) Investors are warned that the price of the underlying financial instruments and structured warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore make sure they understand the terms and conditions of the structured warrants offered, the risk factors involved, and where necessary seek professional advice before investing in the structured warrants.
- (d) In the case of non-collateralised structured warrants, the issuer should also disclose the following:

The structured warrants constitute general unsecured contractual obligations of the issuer and of no other person. Therefore, if you purchase the structured warrants, you are relying on the creditworthiness of the issuer (and/or the guarantor) and have no recourse/rights against the underlying corporation."

Statements of disclaimer

- (e) A copy of this prospectus has been registered with the Securities Commission

Malaysia. The registration of this prospectus should not be taken to indicate that the Securities Commission Malaysia recommends the structured warrants offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus.¶

- (f) The Securities Commission Malaysia is not liable for any non-disclosure on the part of the issuer and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

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 AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

- (g) Approval has been or will be obtained from Bursa Malaysia Securities Bhd for the listing of and quotation of the structured warrants being offered. Admission to the Official List of Bursa Malaysia Securities Bhd is not to be taken as an indication of the merits of the invitation, corporation, or its securities.¶; and
- (h) A copy of this prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.¶

Other statements

3.02 The following additional statements should also be stated:

- (a) 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*.; and
- (b) 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 of the persons set out in section 236 of the *Capital Markets and Services Act 2007*, e.g. directors and advisers, are responsible.

Chapter 4

TIMETABLE/DEFINITIONS/TABLE OF CONTENTS/CORPORATE DIRECTORY

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

Indicative timetable

4.02 The prospectus should disclose the period during which the offering of structured warrants should remain open after the publication of the prospectus which is inclusive of the date of issue of the prospectus and which should be for a reasonable period.

4.03 The prospectus should set out the critical dates for the offering, including-

- (a) opening and closing dates of the issue and/or offer;
- (b) tentative dates of any special events, for example, date for the balloting of applications (day, month and year);
- (c) tentative price determination date (day, month and year);
- (d) tentative date for allotment of securities (day, month and year); and
- (e) tentative listing date (day, month and year).

4.04 The prospectus should state whether the directors of the issuer reserve the right to extend the closing date.

4.05 The prospectus should disclose the method of informing the public if the closing date is extended.

Definitions

4.06 A glossary of abbreviations and technical terms should be provided.

Table of contents

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

Corporate directory

4.08 The prospectus should contain details of the following persons:

- (a) Names, nationalities, addresses and professions of all directors of the issuer (to specify the independent directors);
- (b) Names of the audit committee members;
- (c) Name, address and membership number of the company secretary of the issuer;
- (d) Addresses and telephone numbers of the issuer's registered office, head/management office and the e-mail and website address (if any);
- (e) Names and addresses of the following parties (where applicable):
 - (i) Auditors;
 - (ii) Reporting accountants;
 - (iii) Solicitors;
 - (iv) Principal bankers;
 - (v) Issuing house;
 - (vi) Registrar;
 - (vii) Principal adviser;
 - (viii) Selling/Placement agents;
 - (ix) Rating agency;
 - (x) Trustee;
 - (xi) Custodian;
 - (xii) Guarantor(s);
 - (xiii) Shariah adviser;
 - (xiv) Paying agent;
 - (xv) Facility agent; and
 - (xvi) Authorised depository institutions;
- (f) Names and addresses of expert(s) whose prepared reports or excerpts or summaries are included or referred to in the prospectus; and
- (g) Name(s) of stock exchange(s) where the structured warrants and underlying shares are already listed and/or the listing is sought in relation to the prospectus.

Chapter 5

DETAILS OF STRUCTURED WARRANTS OFFERING

Information on the issuer

- 5.01 The prospectus should contain a description of the issuer, its subsidiaries or affiliates and, where applicable, the guarantor and/or the risk manager, including its history and business, its place of incorporation and business, its directors and management, its experience in the issuance and management of warrants and other equity derivatives.
- 5.02 In the case of a non-collateralised structured warrants issue, disclose the published audited consolidated financial statements for the past three financial years. Where there is a performance guarantee for the structured warrants issue, disclose the guarantor's published audited consolidated financial statements and auditor's report for the past three financial years. In the case of a fully-collateralised call warrants issue, provide the published audited financial statements for the past one financial year.
- 5.03 Where the date of a prospectus is within 15 months of the last audited financial statements of the issuer, disclose the last audited financial statements together with the latest quarterly and quarterly cumulative financial statements, including the explanatory notes.
- 5.04 Where the issue is non-collateralised, provide a description of the issuer's activities on its use of the securities, e.g. structured warrants, options and futures, swaps and similar instruments, covering the following:
- (a) The purpose for which such instruments are used;
 - (b) The hedging strategy to be employed and its internal risk management set up to mitigate the risk arising, such as market risk, credit risk, concentration risk and operational risk. If an outside risk manager has been appointed to supervise the risk management process, the terms and conditions of the agreement or guarantee should be clearly specified;
 - (c) The role of senior management in the supervision of the risk management process, including the functions and independence of its risk management, credit, finance, internal audit and compliance units; and
 - (d) The imposition and monitoring of trading and credit limits, including the procedures and authorisations necessary for such limits to be exceeded and the procedures in relation to and action which would be taken if such limits are exceeded without due authority.

- 5.05 Where the issue is fully collateralised, the issuer should disclose the security arrangement and the identity of the trustee or custodian of the underlying financial instruments.
- 5.06 On matters regarding material litigation and arbitration, disclose any litigation, arbitration or claims of material importance pending or threatened against the issuer or any member of the issuer's group which has or will have a material effect on the ability of the issuer to meet its obligations. Where the issuer is an eligible broker or licensed institution, disclose only the material litigation which is outside the ordinary course of business.
- 5.07 If the issuer or guarantor is regulated by a regulator, disclose a statement on that fact and identify the relevant regulatory body. If otherwise, provide an appropriate negative statement.
- 5.08 If the issuer or guarantor was rated by a rating agency, disclose a statement on that fact and identify the rating agency (including the rating and when it was awarded). If otherwise, provide an appropriate negative statement.
- 5.09 The prospectus should contain the salient details of underwriting/undertaking arrangements and guarantee agreements, if any.

Market making

- 5.10 Disclose whether the issuer intends to fulfil the spread requirement or provide liquidity for a structured warrant issue via market making, or both.
- 5.11 Where the issuer appoints a market maker for its issue of structured warrants, it should disclose the identity of the market maker for the issue of the structured warrants and an explanation of the relationship between the issuer and the market maker emphasising that that market maker is acting as agent for the issuer.
- 5.12 Disclose the minimum quantity of structured warrants for which liquidity will be provided.
- 5.13 Where the issuer provides liquidity via market making, disclose the circumstances under which the market maker will not be able to, and should not be obliged to provide liquidity in its structured warrants.
- 5.14 Disclose the daily market presence of the market maker.
- 5.15 Disclose the maximum spread between the bid and offer prices when liquidity is provided.
- 5.16 Disclose whether the issuer has any intention to undertake a further issue of the structured warrants.

Conflicts of interest

- 5.17 The issuer should disclose any agreement, arrangement or understanding (direct or indirect) in place at the latest practicable date between the issuer and any member of the issuer's group, and any substantial shareholder of the underlying corporation, where such agreement, arrangement or understanding will have an effect on the issuance of the structured warrants.
- 5.18 There should be disclosed a declaration of any party's existing and potential interests/ conflicts of interest in an advisory capacity (if any) vis-à-vis the issuer/group. Such parties should include advisers, firms of public accountants, law firms, experts and such other parties which provide advice to the issuer/group.

Information on the terms and conditions of the structured warrants

- 5.19 The prospectus should set out in detail the terms and conditions of the structured warrants, including but not limited to the following:
- (a) The issue size;
 - (b) A full description of the nature of the structured warrants, e.g. single or basket, exercise style (American or European), underlying financial instruments and settlement method; and
 - (c) A summary of the terms of the structured warrants, including the issue price, strike price, exercise period, expiry date, the implied volatility, gearing, effective gearing and premium. In the case of equity-linked structures, the yield of the instrument and for other structured warrants, such information as required.
- 5.20 Where the underlying financial instrument is a basket of shares, the prospectus should disclose the relevant weightings of each underlying share in the basket.
- 5.21 A description of all applicable exercise rights should be made including:
- (a) Automatic exercise at the expiry of the exercise of the structured warrants;
 - (b) For a physical settlement, the delivery of an exercise notice and payment of the exercise price, and state the period in which the issuer may deliver the underlying by electronic transfer to the holder following a valid exercise;
 - (c) The maximum number of underlying shares which the issuer is obliged to transfer upon exercise of the structured warrants;
 - (d) For a cash settlement, state clearly the method of calculating the settlement amount and the period in which the issuer may deliver the requisite cash settlement amount. Also state the issuer's obligation to provide for automatic exercise upon expiry or maturity of the structured warrants; and

- (e) The period during which the structured warrants in issue may be exercised and the date when the structured warrants mature or expire.
- 5.22 A prospectus should disclose the rights of the holders of the structured warrants in the event of a take-over, merger, liquidation, dissolution or winding-up of the issuer or a scheme of arrangement involving the shareholders of the issuer.
- 5.23 Provide a description of any other rights other than those stipulated in any of the paragraphs above conferring rights on the holder of the structured warrants.
- 5.24 The issuer is required to publish a notice on the final issue price and exercise price in a widely circulated English newspaper. A copy of the notice should be furnished to the SC on the date of publication.

Information on the underlying financial instrument

- 5.25 Where the underlying financial instrument is listed shares, the prospectus should include the following information in respect of each of the underlying corporation:
 - (a) Description of the underlying corporation, its subsidiaries, its history and business, its directors, key management and substantial shareholders;
 - (b) The published audited consolidated financial statements for the past three financial years and the latest quarterly results (where relevant);
 - (c) The date of and arrangement for adjusting the amount payable on the exercise of such rights or the entitlement due upon exercise (where applicable) to take account of any rights issue, bonus issue, sub-division, consolidation or other alteration to the share capital of the underlying corporation;
 - (d) The rights (if any) of the holders of the structured warrants to participate in any distribution and/or offers of further securities made by the underlying corporation;
 - (e) The rights (if any) of the holders of the structured warrants in the event of a take-over, merger, liquidation, dissolution or winding-up of the underlying corporation or a scheme of arrangement involving the shareholders of the underlying corporation;
 - (f) Market statistics of the underlying shares quoted on a securities exchange outside Malaysia:
 - (i) The quarterly highest and lowest market prices of the underlying shares and the composite index of the relevant stock exchange for the past three years;
 - (ii) The closing price and five-day volume-weighted average price preceding the date of the issue of the prospectus;

- (iii) The market capitalisation based on the latest closing price preceding the date of the issue of the prospectus;
 - (iv) The price-earnings multiple based on the latest closing price preceding the date of the issue of the prospectus and the latest published audited results; and
 - (v) The dividend yield based on latest closing price preceding the date of the issue of the prospectus and the latest annual dividend that was declared and paid;
- (g) Any other information concerning the relevant companies which has been published generally and which is necessary to enable an investor to make an informed assessment of the value of the structured warrants;

5.26 Where the underlying is an index, provide the following information:

- (a) A description of the index;
- (b) A description of the constituent stocks (if applicable);
- (c) The identity of the party which sponsors and/or calculates the index;
- (d) A description of the method of calculation;
- (e) The arrangements for calculation if the index is not published by the normal party;
- (f) The historic highs or lows for the last three years; and
- (g) The closing spot level as at the latest practicable date.

5.27 In the case of structured warrants for other securities or assets, the prospectus should contain that information which is necessary to enable an investor to make an informed assessment of the value of the structured warrants.

5.28 Issuers may fulfil the disclosure requirements under paragraphs 5.02, 5.03, 5.25 and 5.26 by way of reference to a website address.

Additional information

5.29 A statement that no securities will be allotted or issued on the basis of the prospectus later than 12 months after the date of issue of the prospectus.

Chapter 6

RISK FACTORS

- 6.01 The prospectus should contain information regarding the risks involved in purchasing the structured warrants. The risks involved include, but are not limited to—
- (a) all risks relating to the structured warrants and underlying financial instruments, such as volatility risk, liquidity risk (especially if no market making is undertaken) and all other risks which are material for an investor to make an informed decision in respect of investing in the structured warrants;
 - (b) risks associated with market disruption and settlement disruption events in relation to the underlying financial instrument;
 - (c) risks associated with events affecting the structured warrants including but not limited to, adjustments of rights/bonus issue of the underlying shares, insolvency, litigation and merger events of the underlying corporation; and
 - (d) risks associated with any termination events of the issue by the issuer.
- 6.02 For a non-collateralised structured warrants issue, the issuer is to state that buyers of the structured warrants are taking on the credit risk of the issuer and to provide its credit rating, if any.
- 6.03 The listing of risk factors in order of priority is encouraged.
- 6.04 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 7

APPROVALS AND CONDITIONS

- 7.01 The prospectus should disclose the approvals of the relevant authorities in conjunction with the structured warrants offering together with the dates of approvals and any conditions attached and the compliance thereof.
- 7.02 For any waivers from these guidelines that have been approved by the SC, to state the specific paragraph of the guidelines for which the waiver was sought and details of the approval with condition(s) (if any).

Chapter 8

EXPERTS' STATEMENTS/REPORTS

- 8.01 Where the prospectus includes a statement purporting to be made by an expert, there should be included a statement–
- (a) specifying the qualifications of such an expert and whether such an expert holds any securities in the issuer, any member of the issuer's group or has the right to nominate persons to subscribe for securities in the issuer or any member of the issuer's group and, if so, a full description thereof; and
 - (b) whether such an expert holds any securities in the underlying corporation.
- 8.02 There should be disclosed excerpts from, or summaries of, opinions expressed and conclusions recorded in the reports. The experts should state whether or not the reports were prepared for inclusion in the prospectus.
- 8.03 The experts' reports should be signed and dated within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant.
- 8.04 If the expert becomes aware of significant changes affecting the content of the 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 structured warrants,
- then the expert has an ongoing obligation to either cause the report to be updated for the changes and, where applicable, cause the issuer to issue a supplementary prospectus, or withdraw the expert's consent to the inclusion of the report in the prospectus. Failure to do so will result in the issuer and the expert being liable for any misleading statements or material omission arising from the outdated report.
- 8.05 Care should be taken by experts in making disclaimers of responsibility in their experts' reports. If the disclaimers are so wide as to cause the report to be of little or no beneficial use to investors, then inclusion of the report in the prospectus may itself be misleading.

Chapter 9

DIRECTORS' REPORT

9.01 The prospectus should contain a report by the directors of the issuer, for the period between the date to which the last audited financial statements of the issuer/group have been made up and a date not earlier than 14 days before the date of issue of the prospectus, stating whether, after due enquiry by them—

- (a) the business of the issuer/group has, in their opinion, been satisfactorily maintained;
- (b) there have, in their opinion, arisen, since the last audited financial statements of the issuer/group, any circumstances which have adversely affected the trading or the value of the assets of the issuer/group;
- (c) the current assets of the issuer/group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are contingent liabilities by reason of any guarantees or indemnities given by the issuer/group;
- (e) there have been, since the last audited financial statements of the issuer/group, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which they are aware of; or
- (f) there have been, since the last audited financial statements of the issuer/group, any material changes in the published reserves or any unusual factors affecting the profits of the issuer/group.

The report should contain full details of all matters required to be dealt with above.

Chapter 10

CONSENTS

- 10.01 The prospectus should contain statements of consents from relevant parties, such as advisers, reporting accountants, auditors, issuing houses, registrars, selling/placement agents, solicitors, external company secretaries, bankers, rating agencies and experts or inclusion of their names and (where relevant) statements and reports in the form and context in which such statements and reports appear. A statement that they have not subsequently withdrawn such consents should also be disclosed.

Chapter 11

DOCUMENTS AVAILABLE FOR INSPECTION

11.01 Provide a statement that for a period of at least 12 months from the date of issue of the prospectus, the following documents (or copies thereof), where applicable, may be inspected at a specified place in Malaysia:

- (a) The Memorandum and Articles of Association of the issuer;
- (b) Any trust deed/deed poll;
- (c) Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
- (d) All reports, letters or other documents, 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;
- (e) The audited financial statements of the issuer and its subsidiaries for the last three financial years or from the date of incorporation, if less than three years, preceding the date of prospectus;
- (f) Writ and relevant cause papers of all current material litigation and arbitration disclosed in the prospectus;
- (g) Latest audited financial statements of the issuer and its subsidiaries for the current financial period (where applicable); and
- (h) Each consent given under Chapter 10.

Chapter 12

APPLICATION FOR STRUCTURED WARRANTS

- 12.01 The prospectus should contain instructions/procedures on how to apply for the structured warrants and how to complete applications. The instructions/procedures should contain terms and conditions for application, specific steps/measures to be complied with in relation to the various modes of application for structured warrants, e.g. automated teller machines, Internet and/or physical applications and any relevant statements of disclaimers in respect of the application.
- 12.02 The addresses where completed applications should be sent should be set out in the prospectus, as well as a statement as to whom payments should be made payable.
- 12.03 The prospectus should disclose the minimum number of structured warrants that can be applied for and the multiples of additional structured warrants for which investors may apply.
- 12.04 The application form should be identifiable with the prospectus to which it relates and warn investors against signing the form without having read and understood the prospectus. Accordingly, the application form should contain the following statements:
- (a) The name of the issuer and registration number;
 - (b) The date of the prospectus to which it relates;
 - (c) The expiry date of the prospectus;
 - (d) Words to the effect that, in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus; and
 - (e) Words to the effect that investors should have read the prospectus before completing the application form.
- 12.05 The application form should not contain any investment information that is not also contained in the body of the prospectus.
- 12.06 Where applicable, the issuer should allocate all excess securities in respect of any subscription on a fair and equitable basis. In this respect, the prospectus should contain a statement that the allocation of the excess structured warrants will be made on a fair and equitable manner.

PART III

PROCEDURES FOR REGISTRATION

Chapter 1

PROSPECTUS UNDER DIVISION 1 AND 1A OF PART II

Part A: General

- 1.01 An application to register a prospectus under Division 1 and 1A of Part II must be in accordance with the submission requirements and procedures set out in this chapter.
- 1.02 The prospectus and all accompanying documents submitted to the SC must include an electronic copy of such documents in a text-searchable format.
- 1.03 Certified true copies of all reports and letters contained in the prospectus must be included as accompanying documents for the purpose of the application. Where the prospectus contains a summary of an expert's report, the corresponding full report must be submitted.
- 1.04 All reports and letters contained in the prospectus must be dated and signed.
- 1.05 All accompanying documents which are in a language other than Bahasa Malaysia or English, must be accompanied by a Bahasa Malaysia or English translation confirmed by the corporation or the principal adviser as being an accurate translation of the original documents.
- 1.06 Any application for relief from complying with the required disclosure requirements of a prospectus must be submitted at least 14 market days prior to the intended date of submission of the prospectus.

Part B: Submission of prospectus for registration (Stage 1)

- 1.07 The principal adviser must submit the prospectus for registration to the SC before 12:30 p.m.

1.08 The principal adviser must submit at least three copies of the prospectus in English, accompanied by the following documents:

- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the prospectus together with a checklist of compliance with these Guidelines;
 - (ii) A confirmation that the due diligence working group has seen and verified that the prospectus complies with the disclosure requirements as set out in the CMSA and these Guidelines;
 - (iii) A confirmation that the accompanying documents in the application are complete, duly signed and dated; and
 - (iv) A confirmation that the electronic copy of documents is the same as the physical copy of documents submitted to the SC.
- (b) Registration fee as prescribed by the SC;
- (c) Directors' and promoters' responsibility statement for the prospectus and, where applicable, the offerors' responsibility statement;
- (d) Extract of the minutes of the board of directors' meeting that approved the submission of the prospectus to the SC;
- (e) Certified true copy of the letter of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based. The letter of consent must be dated, signed and in accordance with the form specified in Appendix 1;
- (f) Certified true copy of each constituent document and the certificate of incorporation. Where the applicant is foreign incorporated, a certified true copy of each certificate of registration and constituent document of the foreign corporation;

- (g) Certified true copies of all material contracts or documents referred to in the prospectus. For contracts not reduced into writing, a memorandum which gives full particulars of the contracts which must be verified by the due diligence legal adviser;
- (h) Certified true copies of the audited financial statements of the corporation for each financial year and period, where applicable, where the audited financial statements of the corporation have been included in the prospectus;
- (i) Certified true copy of any expert's report referred to in the prospectus; and
- (j) Certified true copy of each director's existing or proposed service contract referred to in the prospectus;

1.09 **Prospectus Exposure**

The principal adviser must submit an electronic copy of the prospectus for prospectus exposure. The following statement must be prominently displayed on the cover page of the prospectus in bold and a contrasting colour:

"This document has not been registered by the Securities Commission Malaysia (SC). The information in this document may be subject to further amendments before being registered by the SC. Under no circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities."

Part C: Submission of prospectus for registration (Stage 2)

- 1.10 Upon receiving the relevant authority's approval for the corporate proposal, where applicable, the principal adviser must provide all documents required under paragraph 1.12 of Part C, to the SC before 12:30 p.m. at least seven market days prior to the intended date of registration.
- 1.11 The principal adviser must submit a copy of the prospectus in Bahasa Malaysia and English, and where applicable, in any other language, for registration by the SC.

1.12 The prospectus must be accompanied by:

- (a) A cover letter for application to register the prospectus signed by two authorised persons of the principal adviser specifying the following:
 - (i) A confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;
 - (ii) A confirmation that all requisite approvals from other relevant authorities have been obtained;
 - (iii) A confirmation that the electronic copy of documents is the same as the physical copy of documents submitted to the SC;
 - (iv) A confirmation that the consents from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based have not been withdrawn; and
 - (v) Where a prospectus is in a language other than Bahasa Malaysia or English, a confirmation by the corporation or the principal adviser that such prospectus is an accurate translation of the Bahasa Malaysia or English prospectus.
- (b) Extract of the minutes of the board of directors' meeting that approved the registration and issuance of the prospectus;
- (c) Certified true copy of any material contract, report or document referred to in the prospectus, which was entered into or updated after submission was made to the SC under Part B;
- (d) Where the financial information has been updated after submission was made to the SC under Part B, certified true copies of the audited financial statements of the corporation for the updated financial year or period, where applicable;
- (e) Where the corporation is a holding corporation, certified true copies of the audited financial statements of its subsidiaries for each financial year and period, in electronic form only; and

- (f) For any revision to the prospectus that was cleared by the SC under Part B, the following must be provided to the SC:
 - (i) Marked-up copy of the revised prospectus; and
 - (ii) Letter of confirmation from the principal adviser stating that the due diligence working group–
 - A. has seen and confirmed the revisions made to the prospectus; and
 - B. has seen and verified that the prospectus complies with the disclosure requirements of the CMSA and relevant guidelines.

Part D: Supplementary prospectus and replacement prospectus

- 1.13 For registration of a supplementary prospectus, the supplementary prospectus must be submitted to the SC before 12:30 p.m. at least three market days prior to the intended date of registration.
- 1.14 For registration of a replacement prospectus, the replacement prospectus must be submitted to the SC before 12:30 p.m. at least seven market days prior to the intended date of registration.
- 1.15 For registration of a supplementary or replacement prospectus, the principal adviser must include–
 - (a) the documents required under paragraphs 1.08 of Part B and 1.12 of Part C above, where applicable; and
 - (b) a list highlighting the original statements from the previously registered prospectus and the amended statements.

Part E: Post registration

1.16 The principal adviser must provide the SC with the following:

- (a) On the date of issuance of the prospectus, a confirmation that–
 - (i) the printed prospectus is the same as the prospectus registered by the SC; and
 - (ii) where applicable, the electronic prospectus complies with the requirements under Division 2 of Part IV; and
- (b) Two copies each of the printed prospectus in Bahasa Malaysia, English and where applicable, in any other language.

Guidance to Chapter 1 - General

1. Where any document is amended after submission, marked-up copies (including deletions of information) together with the corresponding electronic copy should be submitted to the SC.
2. The name and designation of the person who has signed the document should be stated below his signature.
3. Where a written consent, a letter or a report submitted to the SC, is issued by a business or professional firm, the signature appearing on such documents should be in the name of the firm and in the personal name of the signatory.

Guidance to paragraph 1.01 of Part A – Right to return prospectus

4. The SC reserves the right to return the prospectus if in its opinion–
 - (a) the disclosure in the prospectus is incomplete or inadequate;
 - (b) the prospectus is not in its final or complete form; or
 - (c) the prospectus is not accompanied by all relevant materials or documents.

Guidance to paragraph 1.02 of Part A – Electronic submission

5. The electronic copy submitted to the SC should be easily identifiable and complete.

Guidance to paragraph 1.04 of Part A – Reports and letters

6. All reports and letters should be dated and signed within a reasonable time, which generally should not be earlier than the latest practicable date.

Guidance to paragraph 1.06 of Part A – Relief application

7. The relief application should be accompanied with the relevant supporting documents and the prescribed fee.
8. The corporation and its principal adviser are encouraged to consult the SC prior to making a relief application.
9. For relief from disclosing certain clauses of a material contract to be made available for public inspection, specific justification must be provided for each clause of the material contract proposed to be redacted.

Guidance to paragraph 1.07 of Part B – Completeness of prospectus

10. The information in the prospectus must be substantially complete except in relation to information that by its nature can only be finalised and incorporated after the relevant authorities' approvals for the corporate proposal. For example, agreements relating to underwriting, cornerstone investors and lock-up arrangements for cornerstone investors.

Guidance to paragraph 1.08(e) of Part B – Letter of consent

11. A letter of consent is not required for a statement made in a prospectus that has been extracted from an official statement by:
 - (a) Malaysian and foreign governments including federal government, state government, province, county or municipality, a statutory or regulatory authority, or any agency or body carrying out a regulatory function; and
 - (b) United Nations and its organisations.

Guidance to paragraph 1.09 of Part B – Prospectus exposure

12. The following information disclosed in the electronic copy of the prospectus for prospectus exposure may be redacted:
- (a) Pricing of securities and related disclosures such as amount for utilisation of proceeds and pro forma effects of the issuance of the securities;
 - (b) Indicative timetable for the listing; and
 - (c) Salient terms of agreements relating to underwriting and cornerstone investors, if any.

For the purpose of prospectus exposure, the accountants' report and the pro forma letter need not be signed and dated.

Letter of Consent under Section 244 of the CMAA

[*date of letter*]

Board of Directors, [*name of applicant*]

Dear Sir

[*name of applicant*] – [*identify the prospectus submitted to the SC*] in relation to the [*provide brief description of the proposed offer*] (the "**Offer**")

We, [*insert name of expert*], named as [*state capacity of expert in relation to the prospectus*] in the [*identify the prospectus submitted to the SC*] in relation to the Offer, do hereby consent to act in that capacity in relation to the [*identify the prospectus submitted to the SC*].

We have given and have not subsequently withdrawn our written consent before the date of issue of the [*identify the prospectus submitted to the SC*] with the inclusion of the following:

- (i) our name and all references thereto; and
- (ii) [*in the case of a report or letter, insert the title of the report or letter*].

in the form and context in which they are included in the [*identify the prospectus submitted to the SC*].

Yours faithfully,

[*signature*]

[*insert name of the authorised persons of the firm or of the individual expert, as the case may be*]

Chapter 2

PROSPECTUS UNDER DIVISIONS 2 AND 2A OF PART II

Part A: General

- 2.01 An application to register a prospectus under Divisions 2 and 2A of Part II must be in accordance with the submission requirements and procedures set out in this chapter.
- 2.02 The prospectus, pricing supplement and all accompanying documents submitted to the SC must include an electronic copy of such documents in a text-searchable Portable Document Format (PDF).
- 2.03 Certified true copies of all reports and letters contained in the prospectus must be included as accompanying documents for the purpose of the application. Where the prospectus contains a summary of an expert's report, the corresponding full report must be submitted.
- 2.04 All reports and letters contained in the prospectus must be dated and signed.
- 2.05 All accompanying documents which are in the language other than Bahasa Malaysia or English must be accompanied by a Bahasa Malaysia or English translation confirmed by the corporation or the principal adviser as being an accurate translation of the original documents.
- 2.06 Any application for relief from complying with the required disclosure requirements of a prospectus must be submitted at least 14 market days prior to the intended date of submission of the prospectus.

Part B: Submission of prospectus for registration (Stage 1)

2.07 The principal adviser must submit at least two physical copies of the prospectus in English, accompanied by the following documents:

- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the prospectus together with a checklist of compliance with these Guidelines;
 - (ii) A confirmation that the due diligence working group has seen and verified that the prospectus complies with the disclosure requirements as set out in the CMSA and these Guidelines;
 - (iii) A confirmation that the accompanying documents in the application are complete, duly signed and dated; and
 - (iv) A confirmation that the electronic copy of documents is the same as the physical copy of documents submitted to the SC;
- (b) Registration fee as prescribed by the SC;
- (c) Directors' responsibility statement for the prospectus;
- (d) Extract of the minutes of the board of directors' meeting that approved the submission of the prospectus to the SC;
- (e) Certified true copy of the letter of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based;
- (f) Certified true copy of each constituent document and the certificate of incorporation. Where the applicant is foreign incorporated, a certified true copy of each certificate of registration and constituent document of the foreign corporation;
- (g) Certified true copies of all material contracts or documents referred to in the prospectus. For contracts not reduced into writing, a memorandum which gives full particulars of the contracts which must be verified by the due diligence legal adviser;
- (h) Certified true copy of any expert's reports referred to in the prospectus; and
- (i) The electronic copy of the prospectus should include the following statement in bold and a contrasting colour on the cover page:

"This document has not been registered by the Securities Commission Malaysia (SC). The information in this document may be subject to further amendments before being registered by the SC. Under no

circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities.”

Part C: Submission of prospectus for registration (Stage 2)

- 2.08 Upon receiving the relevant authority's approval for the offer, where applicable, the principal adviser must provide all documents required under paragraph 2.11 of Part C, to the SC before 12.30 p.m. at least seven market days prior to the intended date of registration.
- 2.09 The principal adviser must submit the following:
- (a) For registration with the SC, one copy of the prospectus each in Bahasa Malaysia and English; and
 - (b) For lodgement with the Registrar of Companies, one copy of the prospectus each in Bahasa Malaysia and English.
- 2.10 The prospectus must be accompanied by:
- (a) A cover letter for application to register the prospectus signed by two authorised persons of the principal adviser specifying the following:
 - (i) A confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;
 - (ii) A confirmation that all requisite approvals from other relevant authorities have been obtained;
 - (iii) A confirmation that the electronic copy of documents is the same as the physical copy of documents submitted to the SC; and
 - (iv) A confirmation that the consents from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based have not been withdrawn.
 - (b) Extract of the minutes of the board of directors' meeting that approved the registration and issuance of the prospectus;
 - (c) Certified true copy of any material contract, report or document referred to in the prospectus, which was entered into or updated after submission was made to the SC under Part B; and
 - (d) For any revision to the prospectus that was cleared by the SC under Part B, letter of confirmation from the principal adviser stating that the due diligence working group –
 - (i) has seen and confirmed the revisions made to the prospectus; and

- (ii) has seen and verified that the prospectus complies with the disclosure requirements of the CMSA and relevant guidelines.

Pricing supplement

- 2.11 For the registration of pricing supplement, the principal adviser/issuer must ensure that the pricing supplement is accompanied by the following documents:
- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the pricing supplement;
 - (ii) A confirmation that the due diligence working group has seen and verified that the pricing supplement complies with the disclosure requirements as set out in the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors*; and
 - (iii) A confirmation that the electronic copy of documents is the same as the physical copy of documents submitted to the SC.

Supplementary prospectus and replacement

- 2.12 For registration of a supplementary prospectus, the supplementary prospectus must be submitted to the SC as soon as practicable and at least three market days prior to the intended registration date.
- 2.13 For registration of a replacement prospectus, the replacement prospectus must be submitted to the SC before 12.30 p.m. at least seven market days prior to the intended date of registration.
- 2.14 For registration of a supplementary or replacement prospectus, the principal adviser must include the documents required under paragraphs 2.07 of Part B and 2.10 of Part C above, where applicable, and a list highlighting the original statements from the previously registered prospectus and the amended statements.

Post registration

- 2.15 The principal adviser should provide the SC with three copies each of the printed prospectuses in English and Bahasa Malaysia upon issuance.

Guidance to Chapter 2 - General

1. Where any document is amended after submission, marked-up copies (including deletions of information) together with the corresponding electronic copy should be submitted to the SC.
2. The name and designation of the person who has signed the document should be stated below his signature.
3. Where a written consent, a letter or a report submitted to the SC, is issued by a business or professional firm, the signature appearing on such documents should be in the name of the firm and in the personal name of the signatory.

Guidance to paragraph 2.01 of Part A – Right to return prospectus

4. The SC reserves the right to return the prospectus if in its opinion–
 - (a) the disclosure in the prospectus is incomplete or inadequate;
 - (b) the prospectus is not in its final or complete form; or
 - (c) the prospectus is not accompanied by all relevant materials or documents.

Guidance to paragraph 2.02 of Part A – Electronic submission

5. The electronic copy submitted to the SC should be easily identifiable and complete.

Guidance to paragraph 2.04 of Part A – Reports and letters

6. All reports and letters should be dated and signed within a reasonable time, which generally should not be earlier than the latest practicable date.

Guidance to paragraph 2.06 of Part A – Relief application

7. The relief application should be accompanied with the relevant supporting documents and the prescribed fee.
8. The corporation and its principal adviser are encouraged to consult the SC prior to making a relief application.
9. For relief from disclosing certain clauses of a material contract to be made available for public inspection, specific justification must be provided for each clause of the material contract proposed to be redacted.

Guidance to paragraph 2.07 of Part B – Completeness of prospectus

10. The information in the prospectus must be substantially complete except in relation to information that by its nature can only be finalised and incorporated after the relevant authorities' approvals for the corporate proposal. For example, agreements relating to underwriting, cornerstone investors and lock-up arrangements for cornerstone investors.

Guidance to paragraph 2.07(e) of Part B – Letter of consent

11. A letter of consent is not required for a statement made in a prospectus that has been extracted from an official statement by:
 - (a) Malaysian and foreign governments including federal government, state government, province, county or municipality, a statutory or regulatory authority, or any agency or body carrying out a regulatory function; and
 - (b) United Nations and its organisations.

Chapter 3

PROSPECTUS UNDER DIVISION 3 OF PART II

Introduction

- 3.01 An application to register a prospectus under Division 3 of Part II must be in accordance with the submission requirements and procedures set out in this chapter.
- 3.02 The SC will not register a prospectus unless it is in its final/complete form and is accompanied by all required materials/documents. The SC reserves the right to refuse registration and return the prospectus if in its opinion–
- 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.
- 3.03 The original or certified true copies of all reports¹ and letters contained in the registrable prospectus must be included as accompanying documents in the registration file. For certified true copies, state the identity and position of the person certifying the said documents.
- 3.04 All reports and letters, e.g. reporting accountants' reports and letters, directors' report, and other experts' report, contained in the registrable prospectus must be dated and signed. Advisers should ensure that the directors' report included in the prospectus is dated within the maximum stipulated 14 days as at the intended date of registration.
- 3.05 All accompanying documents furnished, which are in the language other than Bahasa Malaysia or English, should be accompanied by a Bahasa Malaysia or English translation confirmed by the corporation or the adviser as being an accurate translation of the original documents.

Submission of registrable prospectus

- 3.06 A registrable prospectus should be submitted to the SC–
- (a) in relation to an offering and/or listing on the Main Market, concurrently with the corporate proposal seeking approval from the SC under section 212 of the CMSA;

¹ Where the prospectus contains a summary of an expert's report, the corresponding full report should be submitted.

- (b) in relation to an offering and/or listing on the ACE Market, at a practicable date that allows sufficient time for the SC to vet the registrable prospectus;
- (c) in relation to an offering and/or listing of structured warrants, at least 14 market days prior to the intended date of registration; or
- (d) in relation to registrable term sheet(s), at least one market day prior to the intended date of registration.

3.07 Any application for relief from complying with the required disclosure requirements of a prospectus should be submitted:

- (a) concurrently with submission of prospectuses under sub-paragraphs 3.06(a) and (b); and
- (b) at least 14 market days prior to the intended date of submission of prospectuses under sub-paragraph 3.06(c).

The relief application must be accompanied with the relevant supporting documents and the appropriate fee.

3.08 The SC may publish the registrable prospectus on the 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).

3.09 For the registration of a prospectus, the principal adviser must ensure that the registrable prospectus is accompanied by the following documents:

- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the prospectus together with a completed compliance schedule;
 - (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 CMSA and this guidelines; and
 - (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated;
- (b) Three registrable copies of the prospectus in English;
- (c) Submission and registration fees as prescribed by the SC's fees regulations;
- (d) Directors' responsibility statement for the prospectus and, where applicable, the offerors' and promoters' responsibility statement. In the case of 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. If an agent or alternate director signs the responsibility statement on behalf of a director, there should be clear reference made to the responsibility statement of such fact;

- (e) Original written authorisations by directors appointing any agent to sign the responsibility statement on their behalf;
- (f) Original copies of all letters of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based. The consent letter is to be addressed to the issuer/offeror;
- (g) Memorandum and Articles of Association (M&A) and the certificate of incorporation. If the original copy is not submitted, a copy of the M&A, certified by the company secretary, is acceptable. Where the issuer is foreign-incorporated, provide a certified copy of the certificate of registration and certified copies of constituent documents of the foreign corporation that may affect shareholders' rights and protection, and directors' powers;
- (h) Certified copies of all material contracts or documents referred to in the prospectus. For contracts not in writing, a memorandum which gives full particulars of the contracts. Copies of all material contracts submitted during registration must be certified by the due diligence lawyers;
- (i) Original or certified copies of the audited financial statements of the corporation and its subsidiaries for the last three to five financial years (or such shorter period that the corporation/group has been in operation), preceding the date of prospectus. Copies of the audited financial statements must be certified by the auditor;
- (j) Original or certified copies of the latest audited financial statements of the corporation and its subsidiaries for the current financial period (where applicable). Copies of the audited financial statements must be certified by the auditor;
- (k) Original or certified copies of any expert's reports disclosed in the prospectus. These reports should be in English and Bahasa Malaysia. Where an expert does not possess the capability to prepare a report in Bahasa Malaysia, the corporation should provide a Bahasa Malaysia translation of the expert's report, subject to the following:
 - (i) The translated report in the Bahasa Malaysia prospectus must be accompanied by a statement that – the translated repo is based on the original expert's report in the English prospectus; and
 - (ii) The corporation or the adviser must provide a letter of undertaking to the SC assuming liability for the translated expert's repo;

- (l) Copy of the application form in English, for prospectuses submitted under sub- paragraph 3.06(c);
- (m) Letter of confirmation from the principal adviser that the electronic copy of the prospectus is the same as the registrable prospectus submitted to the SC, save for the requirement under sub-paragraph 3.09(n); and
- (n) Soft copy (in English) of the registrable prospectus in pdf format. For prospectuses submitted under sub-paragraphs 3.06(a) and (b), the soft copy should include the following statement in bold and a prominent colour on the cover page – This document has not been registered by the Securities Commission Malaysia (SC). The information in this document may be subject to further amendments before being registered by the SC. Under no circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities.

For prospectuses submitted under sub-paragraph 3.06(c), only the English version is required for the documents referred to in sub-paragraphs (b) and (k) above. In addition, the following documents under sub -paragraphs 3.12(e) and (h) (English newspaper only) are required to be submitted at this stage.

Confirmation of registration for prospectuses submitted under sub-paragraphs 3.06(a) and (b)

- 3.10 The principal adviser should provide a confirmation of registration together with any relevant updated pages and the documents required under paragraph 3.12 to the SC before 12.30 p.m. at least seven market days prior to the intended date of registration.
- 3.11 Prior to providing the confirmation of registration, the following must be clearly resolved:
 - (a) Any outstanding issue regarding applications for relief from and/or clarification under Division 3; and
 - (b) Any pending matters arising from the section 212 approval, including among others, application for variation to the terms/ conditions of approval, extension of time, etc.
- 3.12 The following documents are to be submitted to the SC upon confirmation of registration:
 - (a) A confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;
 - (b) Registrable copies of the prospectus (printer's proof) (two copies each in Bahasa Malaysia and English and in two separate registration files) for registration with the SC and lodgement with the Registrar of Companies respectively, together with a confirmation from the principal adviser that the

printer's proof is an accurate reproduction of the registrable prospectus and any required amendments;

- (c) Letter of confirmation from the principal adviser that the printed copy of the prospectus is the same as the registrable prospectus registered with the SC;
- (d) Letter of confirmation from the principal adviser that the consents provided under paragraph 3.09(f) have not been withdrawn;
- (e) Copy of letter of approval from any other relevant authority (e.g. Ministry of International Trade and Industry, Bursa Malaysia Securities and Bank Negara Malaysia);
- (f) Certified copy of the underwriting agreement;
- (g) Copy of the application form in English and Bahasa Malaysia;
- (h) For any revision to the registrable prospectus including the incorporation of comments received from prospectus exposure, the following are to be provided to the SC:
 - (i) Soft copy of the revised and final and complete form of the registrable prospectus in pdf format;
 - (ii) Letter of compliance from the principal adviser stating that the due diligence working group is aware of all comments raised and that the group has seen and confirmed the revisions made to the registrable prospectus; and
 - (iii) Letter of confirmation (updated) from the principal adviser that the electronic copy of the prospectus is the same as the registrable prospectus registered with the SC.

Term sheet(s)

- 3.13 Any application for relief from complying with the required disclosure requirements should be resolved prior to the intended date of submission of the registrable term sheet(s).
- 3.14 For the registration of term sheet(s), the principal adviser/issuer must ensure that the registrable term sheet(s) is accompanied by the following documents:
 - (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the term sheet(s) together with a completed compliance schedule;
 - (ii) A confirmation that the due diligence working group has seen and

verified that the term sheet(s) complies with the minimum disclosure requirements as laid down in the CMSA and the *Prospectus Guidelines*;

- (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 issuance of the term sheet(s), have been met.
-
- (b) Registrable copies of the term sheet(s) (two copies in English and in two separate registration files) for registration with the SC and lodgment with the Registrar of Companies respectively;
 - (c) Directors' responsibility statement for the term sheet(s);
 - (d) Original written authorisations by directors appointing any agent to sign the responsibility statement on their behalf;
 - (e) Original copies of all letters of consent from any person who has made a statement included in the term sheet(s) or on which a statement made in the term sheet(s) is based. The consent letter is to be addressed to the issuer;
 - (f) Copy of letter of approval from any other relevant authority (e.g. Ministry of International Trade and Industry, Bursa Malaysia Securities and Bank Negara Malaysia);
 - (g) Certified copies of all material contracts or documents referred to in the term sheet(s). For contracts not in writing, a memorandum which gives full particulars of the contracts. Copies of all material contracts submitted during registration must be certified by the due diligence lawyers;
 - (h) Original or certified copies of any expert's reports disclosed in the term sheet(s);
 - (i) Letter of confirmation from the principal adviser that the electronic copy of the term sheet(s) is the same as the registrable term sheet(s) submitted to the SC;
 - (j) Soft copy (in English) of the registrable term sheet(s) in pdf format; and
 - (k) Copy of the application form in English, if applicable.

Supplementary prospectus and replacement prospectus

- 3.15 For registration of a supplementary prospectus, the registrable prospectus should be submitted to the SC as soon as practicable and at least three market days prior to the intended registration date.
- 3.16 For registration of a replacement prospectus, paragraph 3.10 should apply.
- 3.17 For registration of a supplementary or replacement prospectus, the principal adviser should include the documents required under paragraph 3.09 and 3.14 above and a list highlighting the original statements from the previously registered prospectus and the amended statements.

Post registration

- 3.18 The principal adviser should provide the SC with three printed copies each of the English and Bahasa Malaysia prospectuses upon issuance.

Division 1

Plain Language Guide for Prospectus

PURPOSE

This division seeks to provide guidance on the usage of plain language in preparing a prospectus under these guidelines.

1.0 INTRODUCTION

The language and readability of disclosure documents, such as prospectuses, can be improved. This guide provides tips on how to create simple and friendly prospectuses using plain English. Prospectuses that are written in plain English will be easier for investors to understand. It is important that investors are able to grasp the vital information in prospectuses so that they can use that information to make informed investment decisions. Investors will be encouraged to read prospectuses written in a clear, concise manner, using language that is simple and easily understood.

By using plain English, preparers of prospectuses will be able to get their message across more easily and in a friendlier way. Therefore, we need to move away from the current prospectus drafting style which uses a legalistic approach, and contains too much jargon and too many long sentences, while still ensuring that information is fully disclosed.

The shift to plain English requires a new style of thinking and writing. This may take some time and effort but the benefits will be worthwhile. When drafting, keep the audience in mind and remember that not everyone is legally or financially trained. The language used should be pitched at a level the intended audience can understand.

2.0 LIABILITY FOR PROSPECTUS CONTENTS

Section 3.0 provides examples to illustrate the principles of plain English. These examples are not exhaustive and you may use your own style of drafting plain English documents. However, always bear in mind that prospectuses are offer documents and you, as a party involved in the preparation of prospectuses and/or member of the due diligence working group, must ensure that these prospectuses meet all regulatory requirements, namely the *CMSA* and the *Prospectus Guidelines*.

The use of plain English should not reduce your liability or obscure your responsibility to investors. Your duty to disclose relevant and important information remains paramount as does your role to ensure that there is no false or misleading statement, or material omission that would make any statement false or misleading in a prospectus.

3.0 PROPOSED NEW STYLE

3.01 Overview

Here, we highlight some common problems in the current style of drafting prospectuses.

Current Style	New Style
Reference to generic names such as “the Company” or the name of the company	Use personal pronouns
Long sentences	Draft clear and concise sentences
Abstract words	Use common everyday words
Superfluous words	Avoid superfluous words
Passive voice	Use active voice
Nouns	Change nouns to verbs
Legal and financial jargon	Use less legal and financial jargon

Current Style	New Style
Negative sentences	Use positive sentences and not multiple negatives
Numerous defined terms	Use defined terms sparingly
Unreadable design and layout	Use an effective layout

You may wish to refer to other websites given at the end of this document for a more comprehensive understanding of the use of plain English.

3.02 Use personal pronouns

The current style of drafting a prospectus is in the third party where reference is made to “the Company” or the name of the company. Instead, the prospectus should be drafted as if the issuer is speaking directly to the potential investor using personal pronouns, such as “we”, “us” and “our” and referring to the investors as “you”. In other words, the prospectus should come across as a medium for

the issuer to communicate directly with the investors. Adopting personal pronouns for the issuer does not reduce the liability of the parties involved in the preparation of the prospectus.

The pronouns should be used consistently to ensure that readers are clear about the identities of the parties mentioned in a prospectus. To avoid confusion, explain at the outset who or whom the pronouns refer to. For example, “we” should refer only to the issuer, i.e. the company, and not the group of companies, promoters, directors or advisers.

Your audience comes from diverse backgrounds, and they may view and understand things differently. When you use personal pronouns, there is greater clarity in your message in addition to sounding more personal and friendly. This is because:

- Personal pronouns aid your reader’s comprehension, as they clarify what applies to your reader and what applies to you;
- They allow you to directly address your reader, creating an appealing tone that will keep your reader reading;
- They help you to avoid abstractions and to use common everyday words;
- They keep your sentences short; and
- First- and second-person pronouns are not gender-specific, allowing you to avoid the “he” or “she” pronouns. The pronouns to use are first-person plural (we, us, our/ours) and second-person singular (you, your/yours).

For example, a common qualification found in prospectuses is:

The following prospectus summary is only a summary of the salient information about the company and the public issue. Investors should read and understand the entire prospectus prior to deciding whether to invest in the public issue shares. The following information is qualified in its entirety and should be read in conjunction with the more detailed information and financial statements appearing elsewhere in this prospectus.

The above paragraph may be drafted in plain English as:

This is a summary of the salient information in the prospectus. It does not contain all the information that may be important to you. You should read and understand the entire prospectus carefully before you decide to invest in this public issue of shares.

3.03 Draft clear and concise sentences

For example, a common disclaimer found in prospectuses is:

No person is authorised to give any information or to make any representation not contained herein in connection with the Issue/Offer and if given or made, such information or representation must not be relied upon as having been authorised by the Company and/or the Offerors. Neither the delivery of this prospectus nor any Issue/Offer in connection with this prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

The above paragraph may be drafted in plain English as:

We have not authorised any person to give any information or represent us in relation to this Issue/Offer. Bear in mind also that this prospectus shall not represent or imply that there have been no change in the Company's affairs since the issuance of this prospectus.

3.04 Use common everyday words

“Foray”, “peripherals”, “paraphernalia”, “excitation”, “sequential”, “miniaturisation”
... when you read these words, can you understand them immediately? Do you try to form a picture of what they mean but at the end, they remain vague? Most people may have no idea what these words mean. Furthermore, such uncommon words may have different meanings for different people.

As such, use common everyday words in your examples so that your reader is not perplexed but can better digest the complex information important for making investment decisions.

Replace unnecessary complex words with simpler ones, for example–

- “end” instead of “terminate”;
- “explain” rather than “elucidate”; and
- “use” instead of “utilise”.

When a shorter and simpler synonym exists, use it.

3.05 Avoid superfluous words

There is a tendency to use superfluous words. Such words may lend an air of importance, but in fact, are less precise. You can often find a simpler word to use, for example:

Superfluous	Simple
In the event that	If
Despite the fact that	Although
In light of	Because, since

Sometimes, superfluous words are used when one is unsure of a more concise alternative word. The tendency is to let loose several words, hoping at least one of them conveys the intended meaning. This may work sometimes, but more often it only confuses the reader. Therefore, identify and use a single word or phrase to capture an intended meaning.

For example, a statement that normally appears at the beginning of the Information Summary section of prospectuses is:

The following summary information is only a summary of the salient information about ABC Berhad.

A simpler way to say this is:

This summary highlights some salient information about us.

3.06 Use active voice

Readers tend to understand sentences that are written in the active voice more quickly and easily as compared to those written in the passive voice. The passive voice often fails to emphasise who will take the action.

Examples include:

Passive	Active
The stock is bought by the investors.	The investors buy the stock.
The application for the public issue will close at the time and date as stated above or such other date or dates as the Directors of the Company and the Managing Director may in their absolute discretion mutually decide.	Our Managing Director and Directors may mutually decide, at their absolute discretion, to extend the closing time and date that are stated above to any later date or dates.

3.07 Change nouns to verbs

These examples show how substituting nouns with strong verbs can enhance sentences:

Nouns	Verbs
An application will be made to Bursa Malaysia Securities within 3 market days.	We will apply to Bursa Malaysia Securities within 3 market days.
The Court's decision will be obtained on 29 February 2004.	The Court will decide on 29 February 2004.

3.08 Use less legal and financial jargon

“Notwithstanding”, “*ab initio*”, “*inure*”, “*res gestae*”, “*herein*” ... such jargon confuses readers. Instead, use common words to get your points across. Where there is no plain English alternative, explain what the term means when you first use it.

For example, this is commonly found in prospectuses:

The Managing Underwriter and Underwriters as defined and referred thereto in Section 1 of this Prospectus have thereby agreed to undertake to underwrite the 7,000,000 Public Issue Shares to be issued to the following parties, namely the Malaysian Public, the Directors, eligible employees and business associates of ABC Berhad, as well as the 18,000,000 Offer Shares to be offered to the Malaysian Public and Identified Placees. Save and as otherwise provided hereafter in this Prospectus, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement referred thereto.

You may draft it in plain English as follows:

The Managing Underwriter and Underwriters have agreed to underwrite the 7,000,000 Public Issue Shares to be issued to the Malaysian Public, the Directors, eligible employees and business associates of ABC Berhad, as well as the 18,000,000 Offer Shares to be offered to the Malaysian Public and Identified Placees. Unless otherwise stated, all capitalised terms have the same meanings as defined in the Underwriting Agreement.

If you have been in the financial or legal industry for some time, you may not realise that you are using legal or financial jargon, and it may take time to change. Of course, it is quite impossible to eliminate all legal and financial terms in drafting an offer document. In instances where there is no plain English alternative, consider explaining the term to aid investors' comprehension. Elaboration of technical terms would also help to enhance investor education.

3.09 Use positive sentences and not multiple negatives

Positive sentences are normally shorter and easier to understand, as compared to their negative counterparts.

For example, a negative sentence is:

Persons other than preference shareholders may not receive these dividends.

The above sentence may be written in a positive way as:

Only preference shareholders may receive these dividends.

You should also try to avoid multiple negative phrases, especially when a single word that means the same thing can be used.

For example, such a sentence is:

Our services are **not unlike** that of multinational corporations providing the same services.

The above sentence may be written as:

Our services are **similar** to those of multinational corporations providing the same type of services.

3.10 Use defined terms sparingly

Use defined terms sparingly. Often found in legal documents, terms are usually defined and listed down in the “definition” section at the beginning of a document. Although this is customary, it may discourage readers from getting beyond the first page. The need to memorise the terms and to flip through pages over and over again is overwhelming and some readers eventually give up reading. As a plain English expert says,

“Do not let a shortcut for the writer become a roadblock for the reader.”

3.11 Use an effective layout

Use tables, bulleted lists, diagrams and graphs to reduce text and increase clarity.

Tables are often clearer and quicker in conveying information than long text.

For example:

Our consultancy services cover the European market, Middle East market, Australian market, North American market and the local domestic market. The marketing team handling the European market and Middle East market is located in our Penang office, and for the Australian market, North American market and the local domestic market, our marketing team based in KL is responsible.

Our Penang marketing team accounts for 60% of our revenue, whilst the remaining 40% is derived from the KL marketing team.

A more effective layout is:

Details of our consultancy services are:

Marketing teams	Markets covered	% of revenue
Penang	Europe and Middle East	60
KL	Australia, North America and local domestic	40

Where possible and appropriate, use bullets to list information. Such a format makes it easier for readers to absorb a large amount of information at a glance, rather than perusing long and often repetitive sentences.

For example:

The criteria of allocation for eligible employees is based on the job position of the employee, his length of service with the Company, whether he is a union member and that he has attained the age of 18 years.

A more effective presentation is:

The criteria for allocation for eligible employees is:

- job position;
- length of service;
- whether a union member; and
- at least 18 years old.

The use of charts and graphs are encouraged as it enhances the depth of investor analysis and enables an investor to make better investment decisions.

For example:

RM'000/Year	2001	2002	2003	2004	2005(F)
Revenue	20,000	25,000	34,000	43,000	55,000
PAT after MI	4,200	5,400	7,600	8,900	12,400

The following graph, which is plotted using the figures above, clearly shows the widening gap between revenue and profit after tax and minority interest (PAT after MI). In addition, other graphs which indicate the trend in profit margins or operating expenses can also be used to confirm the above finding.

Most, if not all, prospectuses are printed in black and white. You can improve visual appearance and avoid monotony by the clever use of layout tools such as—

- different fonts and font sizes; and
- borders and shadings.

However, such graphic enhancements should not distract the reader's attention or reduce the legibility of the text.

4.0 REFERENCES

We see easy-to-read offering documents in many international financial markets, such as in the United States of America, Canada and Hong Kong. For reference and to further understand the use of plain English, we encourage you to browse through international websites such as—

- <http://www.sec.gov>
(US Securities and Exchange Commission);
- <http://www.sfc.hk/sfc/html/EN/>
(Securities and Futures Commission, Hong Kong); and
- <http://www.bcsc.bc.ca>
(British Columbia Securities Commission, Canada).

Division 2

ELECTRONIC PROSPECTUSES AND ELECTRONIC APPLICATION FORMS

Division 2: Electronic Prospectuses And Application

1.0 PURPOSE

- 1.01 This division provides guidance to persons who intend to—
- (a) issue, circulate or distribute electronic prospectuses and electronic application forms; and/or
 - (b) provide for Internet securities application.

2.0 SCOPE

- 2.01 Any person who seeks to—
- (a) issue, circulate or distribute electronic prospectuses and electronic application forms is required to comply with sections 3.0 and 5.0 of this division; or
 - (b) provide for Internet securities application is required to comply with sections 3.0, 4.0 and 5.0 of this division.
- 2.02 For the avoidance of doubt, the issuance, circulation or distribution of electronic prospectuses and electronic application forms shall include hyperlinks to such electronic prospectuses and electronic application forms.
- 2.03 This division is intended to facilitate the provision of facilities for the activities set out in paragraph 1.01, which are to be carried out via new channels of communication. This division will complement the existing manual and paper-based channels, as well as the ESA system which operates via automated teller machines or other such media as may from time to time be permitted.
- 2.04 The SC may, where it deems appropriate, allow any exemption and/or variation from this division.

3.0 ELECTRONIC PROSPECTUSES AND ELECTRONIC APPLICATION FORMS

Issuance, circulation or distribution of electronic prospectuses and electronic application forms by the issuer

- 3.01 Issuers will only be allowed to issue, circulate or distribute electronic prospectuses and electronic application forms provided that they are accompanied by a notice

stating that the electronic prospectuses and electronic application forms are issued, circulated and distributed for informational purposes only.

Form and content of electronic prospectus

- 3.02 The e-host must ensure that the electronic prospectus issued, circulated or distributed is a copy of the corresponding prospectus that has been registered by the SC.
- 3.03 The SC will not undertake the pre-vetting of the electronic prospectus on the basis that the electronic prospectus is a copy of the prospectus that has been registered. The electronic prospectus constitutes a “copy” of the corresponding prospectus when it is a reproduction of the registered printed prospectus, containing the same information and appearing in the same sequence.
- 3.04 The following enhancements or differences in the electronic prospectus are permitted:
- (a) Search functions for searching defined expressions in the electronic prospectus;
 - (b) Hypertext links within the electronic prospectus;
 - (c) Zoom facility for enlarging or reducing the information displayed;
 - (d) Prompts to assist the applicant to use and find information in the electronic prospectus;
 - (e) Audio version of the prospectus; and
 - (f) Facility to print out a hardcopy version or download into an electronic storage medium.

Use of hyperlinks

- 3.05 The electronic prospectus will not be allowed to contain embedded hyperlinks to other information contained in other parts of the Internet site on or electronic storage medium in which the electronic prospectus appears, or to third-party information. The SC will consider the presence of such hyperlinks as an indication of the adoption or endorsement of the hyperlinked information, and their inclusion in the electronic prospectus, therefore, does not represent a “copy” of the prospectus registered by the SC.
- 3.06 Hyperlinks in the electronic prospectus to other Internet sites are only permitted in the following circumstances:
- (a) Hyperlinks to Internet sites of application providers where the applicant may apply for the securities; and
 - (b) Hyperlinks to Internet sites of other e-hosts, in relation to the electronic prospectus in question. Such hyperlinks must comply with the requirements in 3.07.

- 3.07 Hyperlinks from other Internet sites or other parts of the electronic storage medium to the electronic prospectus are allowed provided that the hyperlinks direct the applicant either to the beginning or the first page of the electronic prospectus or a page which displays the contents of the electronic prospectus in its entirety.

Electronic application form

- 3.08 Electronic application forms must be accompanied by a copy of the prospectus that has been registered by the SC.
- 3.09 In determining whether the electronic application form is accompanied by an electronic prospectus, the e-host may take the following measures:
- (a) Issue, circulate or distribute the electronic application form and the electronic prospectus in the same electronic document file; and/or
 - (b) Use any form of electronic mechanism by which—
 - (i) the applicant can gain access to the electronic application form only if he or she has access first to the electronic prospectus; and/or
 - (ii) some other form of verification which can otherwise verify that the applicant has viewed the electronic prospectus before completing the electronic application form.

Complete and unaltered prospectus

- 3.10 The e-host must take adequate and appropriate measures to ensure that the electronic prospectus and electronic application form are prevented from unauthorised tampering or alteration.
- 3.11 The measures that are taken to ensure that the electronic prospectus and electronic application form are prevented from unauthorised tampering or alteration must not in any way hinder the applicant from downloading the documents into an electronic storage medium or printing out a hardcopy of the same.
- 3.12 The e-host must take remedial action as soon as is reasonably practicable to rectify any breach of security or systems failure – such breach includes but is not limited to the inability to access the electronic prospectus – and reported to the SC within 24 hours of such remedial action being taken.
- 3.13 The e-host must retain a copy of the format and information displayed to an applicant when accessing an electronic prospectus and electronic application form in a durable and legible medium for seven years.
- 3.14 The SC may have access to and/or request for copies of the records required under paragraph 3.13.

Access to the electronic prospectus and electronic application form

- 3.15 The e-host must provide clear and simple instructions as to how an applicant can hyperlink to, as well as access, view or download the electronic prospectus and the electronic application form.
- 3.16 In the event access to the electronic prospectus or electronic application form requires a particular software to access, view or download, the e-host must provide the applicant with such software or the address of the Internet site where such software may be obtained free of charge.

Advertisement, promotional and other informational materials

- 3.17 The e-host must ensure that the electronic prospectus is presented in a way that the applicant will make his or her investment decision on the basis of the prospectus, and not on the basis of the advertisement, promotional material or other informational material.
- 3.18 The e-host must clearly demarcate the electronic prospectus and electronic application form in a designated area so as not to create any confusion between the advertisement, promotional material or other informational material and the electronic prospectus.
- 3.19 The e-host must include a statement in the designated area to inform the applicant that any other information that falls outside of the designated area does not form part of the electronic prospectus and that the securities are offered solely on the basis of the information contained in the electronic prospectus.
- 3.20 As a guide, the following must be complied with:
 - (a) Advertisement, promotional material or other informational material must not appear on the same page/document as the electronic prospectus and electronic application form;
 - (b) Hyperlinks must not be embedded within the body of the electronic prospectus or electronic application form which allow links to the advertisement, promotional material or other informational material; and
 - (c) The size of the advertisement, promotional material or other informational material is not disproportionate to the size of the prospectus so as to draw attention to the advertisement, promotional material or other informational material, or away from the electronic prospectus.
- 3.21 The issuance, circulation or distribution of the electronic prospectus and electronic application form must also comply with the *Guidelines on Advertising* issued on 18 September 2000.

Supplementary/replacement Prospectuses

- 3.22 A supplementary/replacement prospectus that has been registered by the SC, and the accompanying application form must be issued, circulated or distributed in the same manner as that utilised for the original prospectus. Therefore, if the applicant is given access to the original prospectus and application form through the Internet or electronic storage medium, then the applicant should similarly be given access to the supplementary/replacement prospectus and the accompanying application form through the Internet or electronic storage medium.
- 3.23 If the supplementary prospectus and the accompanying application form are intended to be issued, circulated or distributed electronically unlike the original prospectus, the original prospectus must be issued, circulated or distributed together with the supplementary prospectus and the accompanying application form.
- 3.24 Hyperlinks from the supplementary prospectus to the original prospectus will be allowed provided that the hyperlink directs the investor to the specific changes or additions made to the original prospectus.

Notices

- 3.25 The e-host must prominently display the following notices to accompany the issuance, circulation or distribution of electronic prospectuses and electronic application forms.
- 3.26 In determining whether the notices are sufficiently prominent, the overall layout and size of the notices in relation to the electronic prospectus and electronic application form must be taken into account.
- 3.27 If the e-host is not the issuer or its adviser, the issuer and its adviser must provide to the e-host the text for the notices required by this paragraph with the electronic prospectus and electronic application form.

Notice of availability and location of paper/printed prospectus

- 3.28 The electronic prospectus and electronic application form must be accompanied by a statement that paper/printed prospectuses and application forms are also available. The statement shall also inform the applicant of the location where copies of the paper/ printed prospectus and application form can be obtained.

Notice of specifications for manual submission

- 3.29 The electronic prospectus and electronic application form must be accompanied by a statement that in the event the applicant wishes to print a hardcopy of the electronic application form for manual or postal transmission, such application

must comply with specifications set by the relevant recipient of the securities application in relation to, without limitation, the following matters:

- (a) Size, width, length and colour of the envelope within which the electronic application form is to be transmitted; and
- (b) The address of the relevant recipient to whom the application is to be transmitted.

Notices in relation to securities offerings accessible overseas

3.30 The electronic prospectus and electronic application form must be accompanied by a notice containing a jurisdictional disclaimer to the effect that the securities offer is only intended to be made available in Malaysia or to any person in Malaysia.

Notice of close of application

3.31 The issuance, circulation or distribution of the electronic prospectus and electronic application form must be accompanied by a notice stating the following:

- (a) The closing date of the application period; and
- (b) That no securities will be allotted or issued on the basis of that electronic prospectus after the closing date.

3.32 Upon the close of the application period as prescribed in the prospectus, such electronic prospectus may continue to be issued, circulated or distributed electronically, provided that it must be accompanied by a notice stating that the electronic prospectus is made available for purely informational and archiving purposes.

Notice as to the person responsible for the issuance, circulation or dissemination of the electronic prospectus and electronic application form

3.33 The electronic prospectus and electronic application form must be accompanied by a notice informing the applicant as to—

- (a) the identity of the person responsible for the Internet site or electronic storage medium on or in which the electronic prospectus and the electronic application form are posted or contained; or
- (b) the identity of the person responsible for the Internet site 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.

4.0 INTERNET SECURITIES APPLICATION

Notices

- 4.01 The application provider must prominently display the following notices to accompany the facility providing for Internet securities application.
- 4.02 In determining whether the notices are sufficiently prominent, the overall layout and size of the notices accompanying the facility providing for Internet securities application must be taken into account.

Notice as to the risk of using the internet

- 4.03 The facility for Internet securities application must be accompanied by a notice, warning the applicant of the inherent risks of conducting transactions through the Internet and that an applicant wishing to apply for securities through the Internet assumes such risks.

Notice as to alternative methods of securities application

- 4.04 The facility for Internet securities application must be accompanied by a notice informing the applicant of alternative methods of transmitting securities application other than via the facility for Internet securities application.

Notice as to the person responsible for the facility for internet securities application

- 4.05 The facility for Internet securities application must be accompanied by a notice disclosing—
- (a) the relationship between the application provider and issuer; and
 - (b) the role played by the application provider in the application process.

Notice as to the procedures for withdrawal of securities application made when supplementary/replacement prospectus is Issued

- 4.06 The facility for Internet securities application must be accompanied by a notice informing the applicants of the mechanisms or procedures for the withdrawal of a securities application resulting from the issuance of a supplementary/replacement prospectus.

Notice on security of system

- 4.07 The facility for Internet securities application must be accompanied by a notice informing the applicant on the measures taken to protect the confidentiality and security of the information provided by the applicant through the application provider's website.

Submission of application forms and confirmations

- 4.08 An applicant must be required to provide the following confirmations prior to submitting an Internet securities application:
- (a) That the applicant has read the prospectus and fully understood its contents;
 - (b) That the applicant has read and agreed to be bound by the terms and conditions of the Internet securities application;
 - (c) That this is the only application that the applicant is submitting;
 - (d) That the applicant is eligible to apply for the securities, e.g. that he has attained 18 years of age and that he is a citizen of Malaysia; and
 - (e) That the applicant gives consent to the person providing the facility for Internet securities application to disclose information pertaining to the applicant to the relevant entities involved in the application process, as well as to the SC.
- 4.09 The applicant must receive a confirmation of receipt of the Internet securities application upon submission of the electronic application form. The applicant must be able to download the confirmation into an electronic storage medium or print out a hardcopy for his or her own record. The application provider must provide clear and simple instructions as to how an applicant can print or download the confirmation.
- 4.10 Appropriate steps or mechanisms must be put in place to reject any application forms that are submitted or monies paid after the close of the application period.
- 4.11 Where a supplementary/replacement prospectus has been registered by the SC in relation to a securities offering for which a facility for Internet securities application was made available, the facility for Internet securities application must contain—
- (a) a mechanism by which the Internet securities application made in relation to an original prospectus can be withdrawn by the applicant; and/or
 - (b) a notification informing the applicant of the procedures for the withdrawal of an Internet securities application resulting from the issuance of a supplementary prospectus.

Systems security and integrity

- 4.12 The application provider must put in place adequate and appropriate systems, and security measures to ensure the reliability, availability, integrity and confidentiality of the securities application or other related information or transactions transmitted via the facility for Internet securities application including, without limitation, measures to ensure the following:
- (a) Proper audit trails to track access, transactions and changes made to applicant data which includes, but is not limited to, information relating to applicant data, such as applicant's name, address, account number, contact details and traffic data, such as the date, time, size, duration, webpage visited and content of communication;
 - (b) System capacity, performance and resilience;
 - (c) Back-up systems and procedures to cater for possible outages, transmission delays, disruptions and/or system capacity problems;
 - (d) Confidentiality, protection and privacy of any personal information transmitted by the applicant;
 - (e) Detection and prevention of unauthorised access to the system;
 - (f) Proper documentation and formalised policies and procedures pertaining to the system; and
 - (g) Proper controls including access control, input output control and physical control.
- 4.13 The application provider must take remedial action as soon as is reasonably practicable to rectify any breach of security or systems failure, such breach includes but is not limited to the inability to access the electronic prospectus that is posted on the Internet site and/or to the securities application facility, and reported to the SC within 24 hours of such remedial action being taken.
- 4.14 The application provider must retain a copy of the format and information displayed to an applicant when submitting an Internet securities application in a durable and legible medium for seven years.
- 4.15 The SC may—
- (a) conduct examination on and/or audit of the facility for Internet securities application and related systems;
 - (b) have access to and/or request for copies of the audit logs on all Internet securities application transmitted through the facility for Internet securities application;
 - (c) have access to and/or request for copies of the records required under paragraph 4.14; and

- (d) have access to and/or request for such other information as it deems necessary.

5.0 SUBMISSIONS TO THE SC

Documents to be provided to the SC

- 5.01 Prior to the provision of the facilities set out in paragraph 1.01, the e-host and application provider must provide the SC with—
- (a) a written declaration by the internal auditors of the e-host or application provider, in accordance with Appendix 1, on the reliability, availability, integrity and confidentiality of the systems and controls providing for these facilities in relation to an—
- (i) e-host, measures to ensure compliance with paragraph 3.10, in respect of the issuance, circulation or distribution of the electronic prospectus and electronic application form; or
- (ii) application provider, measures to ensure compliance with—
- paragraphs 3.10 and 4.12, in respect of the issuance, circulation or distribution of the electronic prospectus and providing the facility for Internet securities application; or
 - paragraph 3.07 and 4.12, in respect of providing a hyperlink to the electronic prospectus and providing the facility for Internet securities application; and
- (b) a written declaration by the director or authorised person in accordance with Appendix 2 stating that the e-host or application provider has complied with and will continue to comply with these guidelines.
- 5.02 The following must be provided by the adviser to the SC for registration of the prospectus:
- (a) The address of the Internet sites on which the electronic prospectus and electronic application form will be made available and/or a copy of the electronic storage medium containing the electronic prospectus and electronic application form;
- (b) The date on which the electronic prospectus will be first posted on the relevant Internet site, or will be first issued, circulated or distributed via the electronic storage medium; and
- (c) Such other information as maybe required by the SC.

5.03 All documents sent to the SC for these guidelines should be addressed to:

The Chairman
Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

(Attn: Corporate Finance and Investments)

APPENDIX 1

DECLARATION BY INTERNAL AUDITOR

Date: *(date of lodgement)*

The Chairman
Securities Commission Malaysia
3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

Dear Sir
(name of the e-host or application provider)

Declaration Letter by Internal Auditors on Systems and Controls for the Electronic Prospectuses and Internet Securities Application

****** We, the internal auditors of *(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 and electronic application form comply with paragraph 3.10 of the *Electronic Prospectuses and Application Guidelines*.

****** We, the internal auditors of *(name of 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 form, and facilities providing for Internet securities application, comply with paragraphs 3.10 and 4.12 of the *Electronic Prospectuses and Application Guidelines*.

****** We, the internal auditors of *(name of application provider)*, hereby declare that we have exercised due diligence and made reasonable enquiries to ensure that the systems and controls providing a hyperlink to the electronic prospectus and facilities providing for Internet securities application, comply with paragraphs 3.07 and 4.12 of the *Electronic Prospectuses and Application Guidelines*.

We also undertake to immediately provide the SC with all such information or confirmation as the SC may from time to time require in relation to the systems and controls providing for the electronic prospectus and/or Internet securities application.

We declare that we will ensure continuous compliance with the stated 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 with respect to the systems and controls of the facilities.

The above declaration has been signed by me as the internal auditor of *(name of the e-host or application provider)*.

Yours faithfully,

.....

Signature

Name:

Designation: (Head, Internal Audit or its equivalent)

Date:

Name: *(name of the e-host or application provider)*

Address: *(address of the e-host or application provider)*** delete where appropriate

APPENDIX 2

DECLARATION BY DIRECTOR OR AUTHORISED PERSON

Date: *(date of lodgement)*

The Chairman
Securities Commission Malaysia
3, Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

Dear Sir
(name of the e-host or application provider)

Declaration Letter for the Electronic Prospectuses and Internet Securities Application

We, *(name of the e-host or application provider)*, hereby declare that we shall ensure that the electronic prospectus provided on the Internet site at *(address of the Internet site)* or electronic storage medium *(details of the type of electronic storage medium)* is a copy of the prospectus that has been duly registered by the SC.

We, hereby declare that we shall exercise due diligence and make reasonable enquiries to ensure that *(name of the e-host or application provider)* fully complies with the requirements in (**section(s) 3.0 and/or 4.0) of the *Electronic Prospectuses and Application Guidelines*.

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 stated 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 *(**director/authorised person)* of *(name of the e-host or application provider)*.

Yours faithfully,

.....
Signature

Name:

Designation:

Date:

Name: *(name of the e-host or application provider)*

Address: *(address of the e-host or application provider)*

** delete where appropriate

Division 3: Advertising Guidelines

1.0 PURPOSE

- 1.01 This division sets out the policy of the SC on the advertising of securities offerings regulated under section 241 of the CMSA. This division is to be read together with section 241 of the CMSA.
- 1.02 Section 241 of the CMSA and this division sets a clear distinction between pre-prospectus and post-prospectus advertising. The pre-prospectus period is before a prospectus is registered with the SC and covers two periods--
- (a) before submission of a prospectus to the SC; and
 - (b) after submission of the prospectus until registration by the SC;

The post-prospectus period refers to a period after registration of a prospectus by the SC.

- 1.03 The restrictions in advertising contained in the CMSA are aimed for the prospectus, and not advertising, to be the primary basis of investment decisions. Pre-prospectus advertising campaigns should not encourage investors to make investment decisions before a prospectus is available. Once an investment decision is made, the influence of a subsequent prospectus is diminished.
- 1.04 Standard disclosures such as company profiles or corporate matters and information on directors of the company, are not subjected to the advertising provisions of the CMSA and this division. The guiding principle is that this division will apply to notices that issue, offer to subscribe for or purchase securities, or refer to a prospectus or an issue, intended issue, offer, intended offer, invitation or intended invitation in respect of securities, or another notice that refers to a prospectus.

2.0 PRE-PROSPECTUS ADVERTISING

- 2.01 Subsection 241(4) of the CMSA provides that, in pre-prospectus advertising, notices which seek to carry out any of the acts referred to in subsection 241(1) will--
- (a) require the consent of the SC; and
 - (b) be required to contain no more than the information listed in subsection 241(4)(b)(i) to (ix) of the CMSA.
- 2.02 These restrictions essentially require that the SC's consent be obtained before any information can be disseminated for any proposed offering of securities.
- 2.03 Pre-prospectus advertising may be divided into two main periods:
- (a) Before submission of a prospectus to the SC; and

- (b) After submission of the prospectus until registration by the SC.

Before submission of a prospectus to the SC

- 2.04 During this period, an impending offer of securities can be referred to but the provisions of subsection 241(4)(b)(i) to (ix) of the CMSA must be adhered to very closely. No other information may be disseminated during this period, either verbally or in writing.

After submission of a prospectus until registration by the SC

- 2.05 The SC recognises the need for issuers to carry out preparatory work associated with a proposed offer of securities. During this period, issuers may disclose a wider range of information. In this regard, the consent of the SC is deemed to be given in the following circumstances:

(a) *Presentations*

- (i) The presentations, both oral and written, are to be made by the issuer;
- (ii) Any other person (such as the principal adviser or the lead manager) making the presentation must be authorised by the issuer to conduct the presentation;
- (iii) The relief is not available to licensed dealers, exempt dealers, licensed investment advisers, licensed fund managers, exempt fund managers and their representatives acting on their own behalf;
- (iv) The presentations may be attended only by the categories of persons set out in Schedules 6 and 7 of the CMSA, members of the press and financial analysts;
- (v) Any written material circulated at these presentations may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer; and
- (vi) Information provided in oral form may include, in addition to the information set out in sub-paragraph (v) above, the proposed utilisation of funds, statistics about the offering including pro forma net tangible assets/net assets, earnings per share, price-earnings ratio, the historical performance of the issuer and forward looking statements backed by proper assumptions.

(b) *Announcements made upon obtaining underwriting mandate*

- (i) The persons who can make such announcements are the parties to the underwriting agreement;
- (ii) The announcements shall pertain to agreements which are to be or have

been signed; and

- (iii) Any written information on the offer may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer.

(c) *Announcements made upon the joint signing of underwriting agreements*

- (i) The persons who can make such announcements are the parties to the agreement;
- (ii) The announcements shall be confined to agreements which are to be or have been signed; and
- (iii) Any written information relating to the offer may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer.

(d) *Concise statements*

Any notice which refers to a proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, securities may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer.

2.06 It is not intended for such pre-prospectus restrictions to inhibit the free flow of non-promotional information to raise public awareness of a securities offering.

2.07 In granting the SC's blanket consent on the abovementioned activities, it is crucial that these activities are not conducted in a way that encourage retail investors to make investment decisions without the benefit of a prospectus.

Therefore, issuers should not attempt to induce such investors into investing in proposed offers of securities without adequate disclosures being made. For this reason, the prospectus, rather than the advertising campaign of the issuer, should be treated as the source of all relevant information for the proposed issue or offer of securities.

3.0 POST-PROSPECTUS ADVERTISING

3.01 The post-prospectus period refers to the time after the prospectus has been registered with the SC and lodged with the Registrar of Companies.

3.02 Any information disseminated after the registration of the prospectus, either verbally or in writing, is allowed if the information is contained in the prospectus. However, the condition is that in the interest of investor protection, an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, securities must be accompanied by a prospectus together with a set of application forms to be completed by the investor.

4.0 GENERAL PRINCIPLES

- 4.01 Information contained in advertisements must be consistent with information contained in the prospectus.
- 4.02 The language used must be clear, concise and effective. The contents must not be false, biased or misleading, and the issuer must have reasonable grounds to believe that this is the case.
- 4.03 The advertisement should advise investors—
- (a) to read and understand the contents of the prospectus before investing;
 - (b) of the date of the prospectus and specify where a copy of the prospectus can be obtained;
 - (c) of the risks specific to the securities referred to in the advertisement; and
 - (d) to make their own risk assessment and seek professional advice, where necessary.
- 4.04 Advertisements must not, in any way, mislead a prospective investor.
- 4.05 Information on the risks of investing in the securities should be prominent and legible. The font size of the text should be proportionate to the font size that predominates the advertisement and must not be presented in a style designed to reduce its impact.
- 4.06 Advertisements should not contain language, artwork or graphics that are inaccurate or inconsistent with the prospectus for the proposed offer of securities.
- 4.07 It is the responsibility of issuers to ensure that the advertisements comply with all other relevant laws and regulations.

5.0 RESTRICTIONS IN RELATION TO SOPHISTICATED INVESTORS

- 5.01 Section 241 of the CMSA which contains restrictions in advertising is not intended to apply to sophisticated investors (please refer to Schedule 6, Part B and Schedule 7, Part B of the CMSA). Therefore, issuers may be able to carry out certain activities in preparation for or in view of a placement exercise which may otherwise not be in compliance with the advertising restrictions under section 241 of the CMSA, provided that the notices are directed towards the persons who are set out in Schedules 6 or 7 of the CMSA. For example, in the case of a bond issue, where the bonds are issued on a “when issued” basis and the issuer or the adviser/lead manager wants to obtain a certain degree of feedback from potential investors to determine the level of pricing or potential investors’ level of commitment. Such an exercise, if directed at Schedule 6 or Schedule 7 categories of investors, will not be regarded as falling within the advertising restrictions under section 241 of the CMSA.

6.0 POST-BALLOTING SPEECHES

- 6.01 Announcements by principal advisers or issuers as to whether the issue was undersubscribed or oversubscribed, and the extent of the undersubscription or oversubscription is allowed to be made without having to obtain the SC's prior approval.

7.0 REPORTS ON AFFAIRS OF LISTED CORPORATION

- 7.01 The restrictions in relation to advertising set out in subsection 241(1) of the CMSA do not apply to a number of situations which include those set out in paragraph 241(7)(a) of the CMSA which states the following:

"Subsection 241(1) shall not apply to the issuing or publishing of a report that relates to the affairs of a corporation, a unit trust scheme or a prescribed investment scheme, that is listed on a stock exchange which is or has been published only to that stock exchange by or on behalf of the corporation, unit trust scheme or prescribed investment scheme."

Therefore, it should be noted that announcements, reports and notices made to the relevant stock exchange in compliance with its listing requirements, for purposes of dissemination to the public, will be regarded as exempt from the advertising restrictions under section 241 of the CMSA.