

**DIVISION 3**

**STRUCTURED WARRANTS**

**C O N T E N T S**

	<b>Page</b>
Chapter 1 <b>INTRODUCTION</b>	1
Chapter 2 <b>COVER PAGE, INSIDE COVER/ FIRST PAGE, TIMETABLE, DEFINITIONS AND CORPORATE DIRECTORY</b>	2
Chapter 3 <b>PROSPECTUS SUMMARY</b>	8
Chapter 4 <b>INFORMATION ON THE ISSUER</b>	10
Chapter 5 <b>MARKET MAKING</b>	14
Chapter 6 <b>CONFLICT OF INTEREST</b>	15
Chapter 7 <b>TERMS AND CONDITIONS OF THE STRUCTURED WARRANTS</b>	16
Chapter 8 <b>INFORMATION ON THE UNDERLYING FINANCIAL INSTRUMENT</b>	18
Chapter 9 <b>RISK FACTORS</b>	20
Chapter 10 <b>APPROVALS AND CONDITIONS</b>	22
Chapter 11 <b>EXPERT'S STATEMENTS/REPORTS</b>	23

*Part II - Contents of Prospectus (Division 3: Structured Warrants)*

Chapter 12	
<b>DOCUMENTS AVAILABLE FOR INSPECTION</b>	24
Chapter 13	
<b>APPLICATION FOR STRUCTURED WARRANTS</b>	25

## **Chapter 1**

### **INTRODUCTION**

- 1.01 This Division shall apply to a prospectus prepared in relation to the offering of structured warrants.
- 1.02 A prospectus in relation to the offering of structured warrants may be issued:
  - (a) in a single document; or
  - (b) by way of a base prospectus supported by term sheets.
- 1.03 The base prospectus and term sheets for each series of structured warrants offered pursuant to the base prospectus, must between them be in compliance with these Guidelines.
- 1.04 The base prospectus must contain information relating to the issuer. The term sheet must contain information concerning the specific issue.

#### **Guidance to Chapter 1 – Introduction**

1. Paragraph 1.01 applies to the offering of collateralised and non-collateralised structured warrants.
2. When changes are made to the base prospectus or supplementary base prospectus, the term sheet should be updated if the change has a material effect on the key features and risks of the structured warrants.

## Chapter 2

### **COVER PAGE, INSIDE COVER/ FIRST PAGE, TIMETABLE, DEFINITIONS AND CORPORATE DIRECTORY**

#### **Cover Page**

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

(a) Particulars of the issuer, including:

- (i) Name of the issuer;
- (ii) Place of incorporation; and
- (iii) Registration number.

For a foreign-incorporated issuer, to also include the registration number allocated to such issuer as a foreign company in Malaysia under the *Companies Act 2016*.

(b) The date of the prospectus;

(c) The following statements, to appear in bold:

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

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

(d) If the offering is made by way of a base prospectus supported by term sheets, the following statement must be included:

"The base prospectus and term sheet must be read together."

(e) The following statement:

"No structured warrants will be offered based on this prospectus after 12 months from the date of this prospectus."

2.02 Details of the structured warrants offering, including:

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

2.03 Name of the principal adviser, trustee or custodian and guarantor, where applicable.

**Inside Cover or First Page**

2.04 The inside cover or first page must include the following statements if not already disclosed on the cover page:

**Responsibility statements**

- (a) "The directors of the issuer [and the guarantor] (where appropriate) have seen and approved this prospectus. The directors of the issuer [and the guarantor, (where appropriate)] collectively and individually accepts full responsibility for the accuracy of the information contained in this prospectus and confirms having made all reasonable enquiries, and to the best of its [their] knowledge and belief, there is no false or misleading statement 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 or level of the [underlying financial instrument] and structured warrants may fall in value as rapidly as it may rise and investors may sustain a total loss of their investment. Prospective investors 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 following statement must be included:

“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 [or the guarantor] and have no recourse or rights against the underlying corporation which has issued the underlying shares, or the index sponsor and the companies constituting the index, or the underlying exchange-traded fund and the exchange-traded fund manager”.

#### **Statements of disclaimer**

- (e) “This prospectus has been registered by 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, opinion expressed or report contained in this prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the structured warrants being offered for investment”.
- (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 prospectus, 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. 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, (where appropriate)] obtained from Bursa Malaysia Securities Berhad for the listing of and quotation of the structured warrants being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the invitation, corporation, or its securities”.

- (h) "A copy of this prospectus, together with the application form, has been lodged with the Registrar of Companies, who takes no responsibility for its contents".

**Other statements**

- (i) "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 issuer".
- (j) "The information disclosed in the prospectus is in accordance with the requirements under the Capital Markets and Services Act 2007 for which any person set out in section 236 of the Capital Markets and Services Act 2007 is responsible".

**Indicative Timetable**

- 2.05 Disclose the timetable, including the following critical dates:
  - (a) opening and closing dates of the offering;
  - (b) price determination date;
  - (c) date for allotment of structured warrants; and
  - (d) listing date.
- 2.06 The prospectus must 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 should be for a reasonable period.
- 2.07 The prospectus must state whether the directors of the issuer reserve the right to make any change to the timetable.
- 2.08 The prospectus must disclose the method of informing the public if there are changes to the timetable.

## **Definitions**

2.09 The prospectus must disclose a glossary of abbreviations and technical terms used in the prospectus.

## **Corporate Directory**

2.10 The directory must contain the following details:

- (a) Name, designation, nationality, profession and address of each director of the issuer, including specifying whether the director is independent or non-independent;
- (b) Names of the audit committee members;
- (c) Name, address, and membership number of the company secretary;
- (d) Address, telephone number, email and website addresses of the issuer's registered office and head office;
- (e) Names and addresses of the following parties, (where applicable):
  - (i) Auditors;
  - (ii) Solicitors;
  - (iii) Principal bankers;
  - (iv) Issuing house;
  - (v) Registrar;
  - (vi) Principal adviser;
  - (vii) Rating agency;
  - (viii) Guarantor;
  - (ix) Trustee;
  - (x) Custodian;
  - (xi) Selling or Placement agents; and
  - (xii) Any other person connected to the offering
- (f) Name, address and qualification of the expert whose prepared reports, excerpts or summaries are included or referred to in the prospectus. If the expert is a corporation or a firm, to disclose the name of the individuals responsible for preparing the reports, excerpts or summaries; and
- (g) Name of the stock exchange where the structured warrants and underlying shares are already listed or the listing is sought in relation to the prospectus.



**Guidance to Chapter 2 – Cover Page, Inside Cover/First Page, Timetable, Definitions and Corporate Directory**

1. If the offering is made by way of a base prospectus supported by term sheet as stipulated under paragraph 1.02(b), the requirements of paragraph 2.02 should be included in the term sheet.
2. In relation to paragraph 2.04(c), the statement shall be modified according to whether the underlying financial instruments are shares, units of an exchange- traded fund or index.
3. In relation to paragraph 2.04(d), the statement shall be modified according to:
  - (i) whether the offering is guaranteed; and
  - (ii) whether the underlying financial instruments are shares, units of an exchange-traded fund or index.

## **Chapter 3**

### **PROSPECTUS SUMMARY**

- 3.01 The Prospectus Summary must provide a concise overview of the issuer and highlights of significant matters disclosed elsewhere in the prospectus.
- 3.02 The Prospectus Summary must contain the following:
- (a) Information of the proposed structured warrants offering which includes its type and exercise style;
  - (b) Key features of the issuer's background and business activities;
  - (c) Issuer's consolidated financial highlights. The highlights must include each financial year for the period covered by the historical financial information as disclosed in the prospectus; and
  - (d) Key risk factors that would have a material adverse effect on the issuer's business operations, financial position and results, and investors' investments in the structured warrants.
- 3.03 Where there is a performance guarantee for the offering of the structured warrants, the requirements of paragraph 3.02(b) and 3.02(c) must be disclosed for the guarantor.
- 3.04 The Prospectus Summary must not exceed 10 pages and must be placed at the beginning of the prospectus.
- 3.05 The Prospectus Summary must be consistent with the disclosures in other parts of the prospectus.
- 3.06 At the top of the Prospectus Summary, the following warning statement must be disclosed in bold:

**"This Prospectus Summary only highlights the key information from other parts of this prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole prospectus and the relevant term sheets prior to deciding on whether to invest in the structured warrants."**

**Guidance to Chapter 3 – Prospectus Summary**

1. It is encouraged to use diagrams and illustrations such as graphs, charts, flowcharts and tables to present information in the Prospectus Summary.
2. The Prospectus Summary should include appropriate cross-references to the specific sections of the prospectus which set out the full details on the respective matters.

## Chapter 4

### INFORMATION ON THE ISSUER

#### Background

4.01 The prospectus must contain a description of the issuer including:

- (a) Date and place of incorporation together with the registration number of the issuer and, if applicable, the guarantor. For a foreign-incorporated issuer, to also include the registration number allocated to such issuer as a foreign company in Malaysia under the *Companies Act 2016*;
- (b) The issuer's history and business;
- (c) If the issuer is part of a group, disclose the group's organisation structure together with notes describing the structure. Where there is a performance guarantee, disclose the relationship between the issuer and the guarantor. If the guarantor is part of a group, disclose the guarantor group's organisation structure together with notes describing the structure. If the issuer or guarantor is not the ultimate holding company of the group, a statement of such fact must be provided;
- (d) The information on each of the issuer's subsidiaries, joint ventures and associated companies including:
  - (i) Name;
  - (ii) Date and place of incorporation together with the registration number;
  - (iii) Principal place of business;
  - (iv) Principal activities; and
  - (v) Proportion of ownership interest.
- (e) The name and designation of the issuer's directors and key senior management.

#### Business Overview

- 4.02 Details on the issuer's business must be disclosed, including its experience in the offering and management of warrants and other equity derivatives.
- 4.03 Where there is a performance guarantee, to disclose the background and business activities of the guarantor.

### **Financial Information**

- 4.04 Disclose the issuer's published audited consolidated financial statements and the auditor's report for the past three financial years.
- 4.05 Where there is a performance guarantee for the structured warrants offering, disclose the guarantor's published audited consolidated financial statements and the auditors' report for the past three financial years.
- 4.06 The date of the prospectus must not be later than six months after the end of the most recent financial year. If the date of the prospectus is later than six months after the end of the most recent financial year, the unaudited interim financial report must be provided and the selected financial information must be disclosed.

### **Risk Management**

- 4.07 In the case of a non-collateralised structured warrant, provide a description of the issuer's activities on its use of the securities such as structured warrants, options, futures, swaps and similar instruments and disclose the following:
  - (a) The purpose for which such instruments are used;
  - (b) The hedging strategy employed;
  - (c) The methods employed to identify, monitor, evaluate, manage and mitigate risks such as market risk, credit risk, concentration risk and operational risk;
  - (d) If an external risk manager has been appointed to supervise the risk management process, to disclose the identity of the risk manager and the terms and conditions of the risk management agreement;
  - (e) The role of key 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;
  - (f) The role of the audit committee (if applicable);
  - (g) The policy with respect to counterparty selection criteria and monitoring; and
  - (h) 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 an action which would be taken if such limits are exceeded without due authority.

- 4.08 In the case of a fully collateralised structured warrant, the issuer must disclose the security arrangement and the identity of the trustee or custodian of the underlying financial instruments.

### **Material Litigation**

- 4.09 On matters regarding material litigation and arbitration, disclose any litigation, arbitration or claims 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, to only disclose the material litigation which is outside the ordinary course of business of the issuer. If there is none, provide an appropriate negative statement.

### **Other Information**

- 4.10 Disclose the regulatory body regulating the issuer (and guarantor, if applicable). If the issuer or guarantor is not regulated, provide a statement of the fact.
- 4.11 If the issuer or guarantor was rated by a rating agency, disclose a statement on the fact and identify the rating agency (including the rating and when it was awarded). If otherwise, provide an appropriate negative statement.
- 4.12 The prospectus must disclose:
- (a) the salient terms of the trust deed; and
  - (b) the salient terms of the underwriting or undertaking agreement, if any.
- 4.13 If the issuance of the structured warrants is non-collateralised and the issuer does not possess the credit rating of at least an investment grade, the prospectus must disclose the salient terms of the guarantee agreement.
- 4.14 Disclose all material contracts, not being contracts in the ordinary course of business, entered into within the period covered by the historical financial information as disclosed in the prospectus up to the date of the prospectus.

The following particulars must be disclosed for each contract:

- (a) Date;
- (b) Parties to the contract;
- (c) Subject matter of the contract; and

(d) The consideration and the manner it is to be satisfied.

**Guidance to Chapter 4 – Information on the Issuer**

1. With reference to paragraphs 4.02 and 4.03, the disclosure on the business activities of the issuer and guarantor (if applicable) should not contain elements of publicity.

## **Chapter 5**

### **MARKET MAKING**

- 5.01 Disclose whether the issuer intends to fulfil the spread requirement upon initial listing or provide liquidity for a structured warrant offering via market making, or both.
- 5.02 Where the issuer appoints a market maker for its offering of structured warrants, disclose the identity of the market maker and provide an explanation on the relationship between the issuer and the market maker emphasising the fact that the market maker is acting as an agent of the issuer.
- 5.03 Disclose the minimum quantity of the structured warrants required for bid and offer quotes for which liquidity will be provided.
- 5.04 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.
- 5.05 Disclose the daily market presence of the market maker.
- 5.06 Disclose the maximum spread between the bid and offer process when liquidity is provided.
- 5.07 Disclose whether the issuer has any intention to undertake a further issue of the structured warrants.
- 5.08 If the issuer intends to undertake a further issue of the structured warrants, to disclose the conditions for further issue to be made.



## **Chapter 6**

### **CONFLICT OF INTEREST**

6.01 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 offering of the structured warrants.

If there is no such situation, to provide an appropriate negative statement.

6.02 The following must be disclosed:

- (i) a declaration of any party's existing and potential interests or conflict of interest in an advisory capacity, if any, vis-à-vis the issuer or group and whether such a party 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
- (ii) the steps taken to resolve, eliminate or mitigate such conflict if there is any existing or potential conflict of interest.

If there is no such situation, to provide an appropriate negative statement.

#### **Guidance to Paragraph 6.02 – Conflict of Interest**

1. The declaration to be provided should include parties such as advisers, firms of public accountants, law firms, experts and such other parties which provide advice to the issuer or group.

## **Chapter 7**

### **TERMS AND CONDITIONS OF THE STRUCTURED WARRANTS**

- 7.01 The prospectus must 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 warrant e.g. single or basket, exercise style (American or European), underlying financial instruments and settlement method (physical settlement or cash settlement);
  - (c) A summary of the terms of the structured warrants, including:
    - (i) issue price;
    - (ii) strike price or level;
    - (iii) exercise period;
    - (iv) expiry date;
    - (v) implied volatility;
    - (vi) gearing;
    - (vii) effective gearing; and
    - (viii) premium.
  - (d) A statement to indicate that the values disclosed in paragraph 7.01(c) may not be comparable to similar information provided by other issuers;
  - (e) In the case of equity-linked structures, the yield of the instrument and for other structured warrants, such information as required; and
  - (f) The applicable fees and charges for the exercise of the structured warrants.
- 7.02 The prospectus must set out a description of all applicable exercise rights including:
- (a) Automatic exercise at the expiry of the exercise period 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;

*Part II - Contents of Prospectus (Division 3: Structured Warrants)*

- (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.
- 7.03 A prospectus must disclose the rights of the holders of the structured warrants in the event of a:
- (a) take-over;
  - (b) merger;
  - (c) liquidation;
  - (d) dissolution or winding-up of the issuer; or
  - (e) a scheme of arrangement involving the shareholders of the issuer.
- 7.04 Provide a description of any other rights other than those stipulated in any of the paragraphs conferring rights on the holder of the structured warrants.
- 7.05 In relation to the rights of the holders referred to in paragraphs 7.03 and 7.04, the disclosures must be in the main sections of the prospectus and not by way of reference to an appendix.
- 7.06 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 must be furnished to the SC on the date of publication.

**Guidance to Chapter 7 - Terms and Conditions of the Structured Warrants**

1. To aid investor's understanding, an illustration of the best and worst case scenario should be provided. The scenario analysis should include the potential gains or losses from investing in the structured warrants.

## **Chapter 8**

### **INFORMATION ON THE UNDERLYING FINANCIAL INSTRUMENT**

#### **Listed Shares**

- 8.01 Where the underlying financial instrument is listed shares, the prospectus must 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) Name of the stock exchange where the shares are listed;
  - (c) The published audited consolidated financial statements for the past three financial years and the latest quarterly results (where applicable) and how prospective investors can obtain such information;
  - (d) 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;
  - (e) The rights, if any, of the holders of the structured warrants to participate in any distribution or offers of further securities made by the underlying corporation; and
  - (f) 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.
- 8.02 For shares listed on a securities exchange outside Malaysia, to also disclose the following:
- (a) 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;
  - (b) The closing price and five-day volume-weighted average price preceding the price fixing date;

- (c) The market capitalisation based on the latest closing price at price fixing date;
  - (d) The price-earnings multiple based on the latest closing price at price fixing date and the latest published audited results; and
  - (e) The dividend yield based on latest closing price at price fixing date and the latest annual dividend that was declared and paid.
- 8.03 Any other information concerning the relevant underlying corporation, which has been published, and which is necessary to enable an investor to make an informed assessment of the value of the structured warrants.

### **Indices**

- 8.04 Where the underlying financial instrument 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 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.
- 8.05 In the case of structured warrants for other securities or assets, the prospectus must contain information which is necessary to enable an investor to make an informed assessment of the value of the structured warrants.
- 8.06 For the purposes of paragraphs 4.04, 4.05, 4.06, 8.01, 8.02 and 8.04, an issuer may make reference to a website address.
- 8.07 Where the underlying financial instrument is a basket, the prospectus must disclose the relevant weightings of each underlying share in the basket.

## **Chapter 9**

### **RISK FACTORS**

- 9.01 The prospectus must contain information regarding the risks involved in purchasing the structured warrants. The risks involved include, but are not limited to:
- (a) risks relating to the issuer;
  - (b) risks relating to the underlying financial instrument;
  - (c) risks relating to the structured warrants such as volatility risk, liquidity risk (especially if no market making is undertaken), leverage risk, currency risk, credit risk and all other risks which are material for an investor to make an informed decision in respect of investing in the structured warrants;
  - (d) risks associated with market disruption and settlement disruption events in relation to the underlying financial instrument;
  - (e) risks associated with events affecting the structured warrants including but not limited to, adjustments of rights or bonus issue of the underlying shares, insolvency, litigation and merger events of the underlying corporation;
  - (f) risks associated with any termination events of the issue by the issuer; and
  - (g) potential tax implications for prospective investors who wish to invest in the structured warrants including, where applicable, a reference to any duties or taxes payable on exercise, expiry or maturity of the structured warrants.
- 9.02 For a non-collateralised structured warrants offering, to provide a statement that investors of the structured warrants are taking on the credit risk of the issuer and to provide the issuer's credit rating, if any.
- 9.03 Where there is a performance guarantee, to provide a statement that the investors of the structured warrants are taking on the credit risk of the guarantor and to provide the guarantor's credit rating.

#### **Guidance to Chapter 9 – Risk Factors**

1. With reference to paragraph 9.01, the listing of risk factors should be in order of priority.

2. Risk factors should be listed in such manner whereby the risks that would have the highest impact should be prominently disclosed at the beginning of each section.
3. The purpose of risk factors is to provide meaningful cautionary statement to investors. Hence, any disclaimer statement should not be so wide as to prevent risk factors from having this effect. For example, the use of the following statement should be avoided:

*"The risks set out below are not an exhaustive list of the risk factors involved in purchasing the structured warrants."*

4. Risk factors should not be disclosed in a vague and generic manner. It should be specific and tailored to the underlying financial instrument so that investors can understand the nature of, or circumstances giving rise to the risk.

## **Chapter 10**

### **APPROVALS AND CONDITIONS**

- 10.01 The prospectus must disclose the approvals of the relevant authorities in relation to the structured warrants offering, the dates of the approvals and any conditions attached to the said approvals and the compliance thereof.
- 10.02 For any specific relief obtained from compliance with relevant securities laws, guidelines and other regulatory requirements, to disclose the details of the approval and any condition imposed.



## **Chapter 11**

### **EXPERT'S STATEMENTS/REPORTS**

- 11.01 There must be disclosed excerpts from, or summaries of, opinions expressed and conclusions recorded in the reports. The experts must state whether or not the reports were prepared for inclusion in the prospectus.
- 11.02 The experts' reports must be signed and dated within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant.
- 11.03 If the expert becomes aware of significant changes affecting the content of the report, either:
- (a) between the date of the report and the date of the prospectus; or
  - (b) after the date of the prospectus and before the offering 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.
- 11.04 Care must 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 12**

### **DOCUMENTS AVAILABLE FOR INSPECTION**

- 12.01 Provide a statement that for a period of 12 months from the date of issue of the prospectus, the following documents (or copies thereof) may be inspected at a specified place in Malaysia:
- (a) The constitution of the issuer;
  - (b) The trust deed, if applicable;
  - (c) The deed poll;
  - (d) The guarantee deed poll, if applicable;
  - (e) Each material contract referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
  - (f) 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;
  - (g) The audited consolidated 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;
  - (h) Writ and relevant cause papers of all current material litigation and arbitration disclosed in the prospectus;
  - (i) Latest audited consolidated financial statements of the issuer and its subsidiaries for the current financial period, where applicable;
  - (j) Each consent given by parties as disclosed in the prospectus; and
  - (k) The guarantee agreement as disclosed in the prospectus, if applicable.

## **Chapter 13**

### **APPLICATION FOR STRUCTURED WARRANTS**

13.01 Disclose the procedures for application of structured warrants.

13.02 The contents of the application form must not be contrary to any information that is in the prospectus.