

FREQUENTLY-ASKED QUESTIONS

PRINCIPAL ADVISER GUIDELINES

1) What is the rationale behind the issuance of the new Principal Adviser Guidelines?

- The Principal Adviser Guidelines (Guidelines) is issued to provide clarity on the eligibility of corporate finance advisers to act as principal advisers and the types of corporate proposals they are permitted to submit to the SC. Further, the Guidelines sets out the additional eligibility criteria that principal advisers need to fulfill in the event they wish to submit specific types of corporate proposals to the SC.
- Previously, information relating to the categories of corporate finance advisers eligible to act as principal advisers was stated in the respective SC guidelines governing different types of corporate proposals and capital market products. The Guidelines is meant to consolidate this information into a document which will act as a single point of reference. Further, the Guidelines impose minimum competency standards for principal advisers seeking to submit specific corporate proposals. The objective of this is to protect the integrity and reputation of the capital market.

2) Who will fall within the scope of the Guidelines?

- The Guidelines is generally applicable to all corporate finance advisers seeking to submit applications to the SC, in the capacity of principal advisers, for all types of corporate proposals falling under Part VI of the CMSA. However, Chapter 3 of the Guidelines will only be applicable if these principal advisers seek to submit specific corporate proposals i.e. an IPO on Bursa Securities, transfer of listing to the Main Market on Bursa Securities, secondary listing of foreign corporations on Bursa Securities or a significant acquisition that requires the SC's approval under section 212 of the CMSA.

3) Will a person who submits applications for corporate proposals to the SC in the capacity of an issuer fall within the scope of the Guidelines?

- No. The Guidelines will only be applicable to principal advisers submitting corporate proposals to the SC on behalf of their clients. A person, who seeks to submit applications to the SC in a capacity of other than that of principal adviser, will fall outside the scope of the Guidelines. This means that the Guidelines will not be applicable to, for example, a person who seeks to submit corporate

proposals to the SC in the capacity of an issuer. In this regard, the information with respect to the categories of eligible issuers will still be found in the relevant guidelines governing different types of corporate proposals and capital market products. For example, if a person needs to find out the categories of eligible issuers for the issuance of structured products, that person must refer to the Guidelines on the Offering of Structured Products.

4) Would principal advisers who are not able to comply with the requirements under Chapter 3 of the Guidelines be permitted to make submissions for other types of corporate proposals apart from the specific corporate proposals?

- Yes. The requirements under Chapter 3 are only applicable to corporate finance advisers seeking to act as principal advisers for specific corporate proposals involving IPOs on Bursa Securities, transfer of listing to the Main Market on Bursa Securities, secondary listing of foreign corporations on Bursa Securities or a significant acquisition. Such advisers must first be admitted to the Approved List.

5) When is the new Principal Adviser Guidelines effective? Would principal advisers who are not able to comply with the requirements under Chapter 3 of the Guidelines be given a time frame to observe the requirements?

- The new Principal Adviser Guidelines is effective on 3 August 2009. Thereafter, the SC will only accept submissions for specific corporate proposals from principal advisers who are on the Approved List.

6) Assuming that only the minimum requirements are met, what would happen if one of the Qualified Senior Personnel leave but the principal adviser has a job which is already in advance stage? Would the principal adviser still be able to submit?

- Firstly, when notifying that the minimum requirements are no longer met, the principal adviser is to also inform the SC on the targeted submission date of the said affected submission. SC will assess whether it is really in an advance stage. If yes, and the submission is presumably handled by the remaining Qualified Senior Personnel all along, the submission can be made.

7) What happens if the job at hand was being undertaken by the Qualified Senior Personnel who is leaving?

- The principal adviser would have to demonstrate to the SC how it is able to ensure that the loss of the Qualified Senior Personnel would not in any way compromise the quality of submission that will be made to the SC.

8) In the event a principal adviser is suspended by the SC from making submissions under Section 212 of the CMAA, what would be the impact on the principal adviser who is on the Approved List?

- The principal adviser would also be suspended from the Approved List until the tenure of suspension has ended whereupon the principal adviser would be readmitted after demonstrating to the SC's satisfaction the measures and actions taken to prevent the incidents leading to the suspension from reoccurring.

9) What kind of records should be maintained for purposes of SC's review?

- The list of records or documents would include, but not be limited to, the mandate letters, list of personnel involved in the engagement, the role played by the personnel, the organisation chart showing the position of the personnel for each job performed and the designation of the personnel at the material point in time.

10) Since the SC will be conducting a periodic review, how long must the principal advisers retain their internal records?

- At least 5 years. Nonetheless, it is encouraged that records be maintained for a longer period particularly in the event where the proposals involve legal proceedings etc

11) Would the SC recognise experience gained overseas?

- Yes, the SC would recognise overseas experience for purposes of meeting the requirements as set out in paragraph 3.04 of the Principal Adviser Guidelines.

12) Is the Qualified Senior Personnel required to meet the requirements as set out in paragraph 3.04(b) on a continuous basis even after the principal adviser has been admitted to the Approved List?

- Once the principal adviser has been admitted to the Approved List and the nominated senior personnel is recognised by the SC as a Qualified Senior Personnel, the designated Qualified Senior Personnel is deemed to have met the requirements on a continuous basis thereafter provided that the Qualified Senior Personnel remains involved in corporate finance work.

13) What would the SC consider as relevant rules/laws/regulations with regards to requirements as stipulated in paragraph 3.07 of the Guidelines?

- The relevant rules/laws/regulations are deemed to be only in relation to areas of corporate finance and investment advisory.

14) Would the SC recognise proposals for purposes of meeting the requirements of paragraph 3.04 if the proposals have yet to be submitted to the relevant authorities?

- With regard to the work experience stated in paragraph 6 of Schedule 3, the types of proposals listed must have been managed by the Qualified Senior Personnel from the point of engagement until it is considered by the relevant authorities.