



**CHECKLIST FOR COMPLIANCE WITH THE GUIDELINES ON
ONLINE TRANSACTIONS AND ACTIVITIES IN RELATION TO
UNIT TRUSTS REQUIREMENTS**

Name of applicant	:	
Name of fund	:	
Management company	:	
Date of submission	:	
Date of due diligence review	:	
Name of party performing the due diligence review	:	

Disclaimer

This checklist is intended to provide clarification on applications under the *Guidelines on Online Transactions and Activities In Relation to Unit Trusts*. This checklist sets out recommendations intended to represent the minimum requirements for applications under these guidelines. The SC shall not be responsible for any error or omission of information in submissions made by applicants.

While this checklist is proposed as a guide in preparing submissions under the *Guidelines on Online Transactions and Activities In Relation to Unit Trusts*, nothing contained herein should be construed as prejudicing the powers of the SC under the guidelines.

Declaration

I hereby declare that I have inspected the submission documents and to the best of my knowledge and belief, the contents herewith are complete and accurate.

.....

.....

Name :
(*Person responsible for submission documents*)

Name :
(*Chief Executive Officer*)

Date :

Date :

Minimum Disclosure Requirement	To Be Filled by the Submitting Party			For SC's Internal Use
	Yes	N/A	Screenshot Page	Remarks
<p>PERSONS ACTING AS E-HOST OF ONLINE PROVIDER</p> <p>4.01 Requirement to notify the management company regarding its online facilities.</p> <p>4.02 Requirement to appoint an officer responsible for compliance issues who is not involved in dealing and marketing of unit trusts.</p> <p>4.03 Requirement regarding sending of periodic statements of transactions and forwarding of reports or other documents issued by the management company.</p>				
<p>PART 1</p> <p>ELECTRONIC PROSPECTUS AND ELECTRONIC APPLICATION FORM</p> <p>FORM AND CONTENT OF ELECTRONIC PROSPECTUS</p> <p>5.01 Requirement for a valid and updated electronic prospectus that is a copy of the printed prospectus registered by the SC.</p> <p>5.02 Restriction on having any enhancement or differences in the electronic prospectus, save for those that are permitted.</p> <p>USE OF HYPERLINKS</p> <p>5.03 Restriction on embedding hyperlinks in the electronic prospectus to other information contained in other parts of the Internet site or electronic storage medium, or to third party information.</p> <p>5.04 Requirement for hyperlinks from other Internet sites or other parts of the electronic storage medium direct the investors to the beginning or the first page or the contents page of the electronic prospectus.</p> <p>5.05 Requirement for hyperlinks from the electronic prospectus to other Internet sites:</p> <p>(a) Hyperlink to Internet sites of online providers where the investor may transact in unit trusts;</p>				

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<p>(b) Hyperlink to the Internet sites of other e-host(s), in relation to the electronic prospectus in question. Such hyperlinks must comply with the requirements in paragraph 5.04 above.</p> <p>ELECTRONIC APPLICATION FORM</p> <p>5.06 Requirement that the electronic prospectus must accompany electronic application forms.</p> <p>5.07 Requirement on appearance and content of the electronic application form.</p> <p>5.08 In determining whether the electronic application form is accompanied by an electronic prospectus, the e-host may take the following measures:</p> <p>(a) Issue, circulate or distribute the electronic application form and the electronic prospectus in the same electronic document file;</p> <p>(b) Use any form of electronic mechanism by which–</p> <p>(i) the investor can gain access to the electronic application form only if he or she has access to the electronic prospectus first; or</p> <p>(ii) it can be verified that the investor viewed the electronic prospectus before completing the electronic application form.</p> <p>COMPLETE AND UNALTERED PROSPECTUS</p> <p>5.09 Requirement for measures to prevent unauthorised tampering or alteration to the electronic prospectus and electronic application form.</p> <p>5.10 Requirement that the preventative measures taken in paragraph 5.09 above must not hinder downloading or printing out a hardcopy of the electronic prospectus and electronic application form.</p> <p>5.11 Requirement regarding remedial action to rectify any breach of security or systems failure, including the inability to access the electronic prospectus, and reporting the remedial action to the SC.</p>				

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<p>5.12 Requirement regarding retention of the format and information displayed when accessing an electronic prospectus and electronic application form.</p> <p>5.13 Requirement to provide the SC with access to and copies of the records.</p> <p>ACCESS TO ELECTRONIC PROSPECTUS AND ELECTRONIC APPLICATION FORM</p> <p>5.14 Requirement for instructions on how to hyperlink to, access, view or download the electronic prospectus and the electronic application form.</p> <p>5.15 Requirement to provide software free of charge where such software is required to access, view or download the electronic prospectus or electronic application form.</p> <p>ADVERTISEMENT, PROMOTIONAL MATERIAL, AND OTHER INFORMATIONAL MATERIAL</p> <p>5.16 Requirement that the electronic prospectus is presented in a way that investment decisions are made on the basis of the prospectus, and not the advertisement, promotional material or other informational material.</p> <p>5.17 Requirement to demarcate the electronic prospectus and electronic application form in a designated area.</p> <p>5.18 Requirement for a statement that information falling outside of the designated area does not form part of the electronic prospectus and that the units are offered solely on the basis of the information contained in the electronic prospectus.</p> <p>5.19 Requirement regarding advertisement, promotional material or other informational material:</p> <p>(a) Advertisement, promotional material or other informational material must not appear on the same page or document as the electronic prospectus and electronic application form;</p> <p>(b) No embedded hyperlinks within the electronic prospectus or electronic application form which allow links to the advertisement, promotional material or other informational material; and</p>				

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<p>(c) The size of the advertisement, promotional material or other informational material is not disproportionate to the size of the prospectus.</p> <p>5.20 Requirement for the issuance, circulation or distribution of the electronic prospectus, electronic application form, advertisement, promotional material, and other informational material to comply with the UTF Guidelines and the UTF Advertising Guidelines.</p> <p>SUPPLEMENTARY PROSPECTUSES</p> <p>5.21 Requirement for the supplementary prospectus and the application form to be issued, circulated or distributed in the same manner as the original prospectus.</p> <p>5.22 Requirement to issue, circulate or distribute the original prospectus electronically together with the supplementary prospectus and application form where the supplementary prospectus is to be issued, circulated or distributed electronically and the original prospectus was earlier distributed in printed form only.</p> <p>5.23 Requirement for hyperlinks from the supplementary prospectus to the original prospectus to direct the client to the specific change or addition made to the original prospectus.</p> <p>NOTICES</p> <p>5.24 Requirement to prominently display notices upon the issuance, circulation or distribution of electronic prospectuses and electronic application forms.</p> <p>5.25 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. As a guide, regard must be given to the font sizes used on the Internet site or electronic medium and the presentation of the information therein. The notices should, if possible, be presented in type of the same size as the rest or the majority of the text in the Internet site or electronic medium.</p>				

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<p>NOTICES (cont'd)</p> <p>5.26 Requirement that the text for the notices is provided by the management company.</p> <p>5.27 Requirement on notice of availability and location of printed prospectus.</p> <p>5.28 Requirement on notice of close of application for collective investment schemes with a prescribed period.</p> <p>5.29 Requirement on notice when the electronic prospectus is distributed after the close of the application period.</p> <p>5.30 Requirement on notice as to the person responsible for the issuance, circulation or dissemination of the electronic prospectus and electronic application form.</p> <p>LIST OF E-HOSTS</p> <p>5.31 Requirement for management companies to post a notice on its website regarding the e-hosts.</p> <p>5.32 Requirement to update the management companies' website on changes regarding the e-hosts.</p>				

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<p>PART 2</p> <p>ONLINE TRANSACTIONS OF UNIT TRUSTS</p> <p>ACCOMPANIMENT BY ELECTRONIC PROSPECTUS</p> <p>6.01 Requirement that an electronic prospectus accompanies the facility for online transactions of unit trusts.</p> <p>NOTICES</p> <p>6.02 Requirement to prominently display notices to accompany the facility for online transactions of unit trusts.</p> <p>6.03 In determining whether the notices are sufficiently prominent, the overall layout and size of the notices accompanying the facility providing for online transactions of unit trusts must be taken into account. As a guide, regard must be given to the font sizes used on the Internet site or electronic medium and the presentation of the information therein. The notices should, if possible, be presented in type of the same size as the rest or the majority of the text in the Internet site or electronic medium.</p> <p>6.04 Requirement on notice as to the risk of using the Internet.</p> <p>6.05 Requirement on notice as to alternative methods for transacting in collective investment schemes.</p> <p>6.06 Requirement on notice as to the person responsible for the facility providing for online transactions of unit trusts.</p> <p>6.07 Requirement on notice as to the procedures for withdrawal of collective investment schemes application made when supplementary prospectus is issued.</p> <p>6.08 Requirement on notice that the application for units in a collective investment scheme cannot be withdrawn where a supplementary prospectus has been registered after the issuance or transfer of unit trusts to the investor.</p> <p>6.09 Requirement on notice as to the processing of online applications.</p>				

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<p>NOTICES (cont'd)</p> <p>6.10 Requirement on notice as to the suspension of transactions of unit trusts.</p> <p>6.11 Requirement on notice as to procedures regarding redemption, switching, transfer, and exercise of cooling-off right.</p> <p>SUBMISSION OF APPLICATION FORMS AND CONFIRMATIONS</p> <p>6.12 Requirement that before submitting an electronic application form the investor or client gives confirmation on:</p> <p>(a) The investor has read and understood the electronic prospectus;</p> <p>(b) The client has read and agrees to the terms and conditions on the website;</p> <p>(c) The investor is eligible to apply for the units in the collective investment scheme; and</p> <p>(d) The client consents to disclosure of information to the relevant entities including the SC.</p> <p>6.13 Requirement for confirmation of receipt of the online transaction upon submission of the electronic application form that can be downloaded or printed, with instructions on how to print or download.</p> <p>6.14 Requirement for mechanisms to reject any application forms that are submitted or monies paid after the close of the application period or during the suspension period.</p> <p>6.15 Requirement where a supplementary prospectus has been registered by the SC, the online transactions of unit trusts facility must contain–</p> <p>(a) a mechanism by which online applications made in relation to an original prospectus can be withdrawn; or</p> <p>(b) notification of the procedures for withdrawal of online applications resulting from the issuance of a supplementary prospectus.</p>				

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OPENING OF ONLINE TRANSACTIONS ACCOUNT				
6.16 Requirement for policies and procedures relating to– (a) instructions on how to open an online transactions account; (b) procedures to ensure compliance with the “know your client” rule; and (c) reliable authentication mechanism to ensure client's identity.				
REDEMPTION, TRANSFER, AND SWITCHING OF UNITS				
6.17 Requirement regarding disclosure of procedures and policies on online redemption, switching, and transfer by and payment.				
6.18 Requirement for confirmation of receipt of application for redemption, switching or transfer that can be downloaded or printed, with instructions on how to print or download.				
6.19 Requirement for notification of procedures if the facility does not provide for online redemption, switching or transfer of units.				
COOLING-OFF RIGHT				
6.20 Requirement for the cooling-off right for clients who purchase units online to be similar to investors who purchase units through the traditional mode.				
6.21 Requirement for mechanisms and notification for clients to exercise the cooling-off right and to obtain refund of monies.				
6.22 Requirement for confirmation of receipt of the exercise of the cooling-off right that can be downloaded or printed, with instructions on how to print or download.				
6.23 Requirement for notification of the procedures to exercise the cooling-off right where the online provider does not provide for online exercise of the cooling-off right.				

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<p>SYSTEMS SECURITY AND INTEGRITY</p> <p>6.24 Requirement for systems and security measures to ensure the reliability, availability, integrity, and confidentiality of the application or other related information or transactions transmitted via the facility, including the following measures:</p> <ul style="list-style-type: none"> (a) Proper audit trails to track access, transactions, and changes made to client data and traffic data; (b) System capacity, performance, and resilience; (c) Back-up systems and procedures to cater for possible outages, transmission delay, disruption, and system capacity problems; (d) Confidentiality, protection, and privacy of any personal information and proprietary information transmitted; (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. <p>6.25 Requirement regarding remedial action to rectify any breach of security or systems failure, including inability to access the electronic prospectus or to the facility providing for online trading of units, and reporting the remedial action to the SC.</p> <p>6.26 Requirement regarding retention of the format and information displayed when submitting an application for units in a collective investment scheme.</p> <p>6.27 The SC may-</p> <ul style="list-style-type: none"> (a) audit and conduct examination on the facility providing for online transactions of unit trusts and systems; (b) require the online provider to provide the SC with access to and copies of the audit logs on all applications for units in the scheme transmitted through the facility; 				

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<p>SYSTEMS SECURITY AND INTEGRITY (Cont'd)</p> <p>(c) require the online provider to provide the SC with access to and request for copies of records; and</p> <p>(d) require the online provider to provide the SC with other information.</p> <p>LIST OF ONLINE PROVIDERS</p> <p>6.28 Requirement for management companies to post a notice on its website regarding the online providers.</p> <p>6.29 Requirement to update the management company on changes regarding the online providers.</p> <p>SAFEGUARDING CLIENTS' MONIES AND PROPERTIES</p> <p>6.30 Requirement to safeguard clients' monies and properties from conversion or inappropriate use by employees or agents.</p> <p>6.31 Requirement for online providers who are third-party distributors to keep clients' monies in trust accounts with licensed institutions, and withdraw or transfer monies following clients' instructions.</p> <p>6.32 Requirement not to invest clients' monies in securities or other assets which the online provider or its officer has a financial interest or derives a pecuniary benefit.</p> <p>DUTIES, ROLES AND RESPONSIBILITIES</p> <p>6.33 Requirement to treat clients in a fair and equitable manner.</p> <p>6.34 Requirement to clearly stipulate and disclose fees or charges.</p> <p>6.35 Requirement for third party distributor to forward clients instructions and monies to the management company within a stipulated time.</p>				

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<p>PART 3</p> <p>ONLINE ACTIVITIES IN RELATION TO UNIT TRUSTS</p> <p>CONTENTS OF INTERNET SITE AND OTHER ELECTRONIC MEDIUM</p> <p>7.01 Requirement for contents posted on Internet sites and other electronic medium to comply with regulatory requirements.</p> <p>7.02 Requirement for internet sites containing specific timeframe or time-sensitive information to provide clients with a reasonable opportunity to access or read them, as well as retain the information by printing, downloading or being given continuous access to the information.</p> <p>7.03 Requirement for information posted on the Internet site to be regularly updated.</p> <p>7.04 The SC encourages the Internet site to provide a section dedicated to investor education on collective investment schemes.</p> <p>MASS CUSTOMISATION</p> <p>7.05 General permission for customisation of information except for:</p> <p>(a) Contents of electronic prospectus;</p> <p>(b) Advertisements;</p> <p>(c) Disclaimers and notices; and</p> <p>(d) Information required to be disclosed in accordance with relevant regulatory requirements.</p> <p>COMMUNICATION VIA ELECTRONIC MEANS</p> <p>Annual Report, Interim Report, and Other Information</p> <p>7.06 Requirement to ensure that printed copies of the annual and interim reports are available upon request where distribution of information is via electronic transmissions.</p>				

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7.07 Requirement that the delivery mode permits effective communication and is consented to by investors.				
7.08 Requirement to maintain the electronic version of the annual and interim report on the Internet site until it is superseded.				
7.09 Requirement on consent to receive information through electronic means, requires maintaining record of the consent and where consent is not given furnishing a printed copy of information via postal mail.				
7.10 Requirement where communication is by posting on the Internet site, there must be means to notify investors that such information exists.				
7.11 General prohibition on share-hawking or spam mail other than share-hawking to existing clients.				
ONLINE PRIVACY POLICIES				
7.12 Requirement for consistent and user-friendly privacy statements on the Internet site.				
7.13 Requirement for alternatives to be given when the Internet site requires details about users.				
7.14 Required disclosure on the Internet site:				
(a) Types of information pertaining to the client that is collected;				
(b) Information collected that will be disclosed, and to whom the information is disclosed to;				
(c) Rights of investors to "opt-out" of disclosure and how the rights can be exercised;				
(d) Security measures undertaken to protect the confidentiality and security of information provided; and				
(e) Any other information that may be required by the SC.				
7.15 Requirement on notice of the risks of sending confidential information through the Internet site, e-mails or other electronic means.				

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<p>SAFEGUARDING OF RECORDS AND INFORMATION</p> <p>7.16 Requirement for policies and procedures on administrative, technical, and physical safeguards for the protection of clients' records and information.</p> <p>7.17 Requirement for security measures to safeguard the transmission of clients' records and information. The requirements in 6.24 must be complied with.</p> <p>ADVERTISEMENTS ON THE INTERNET</p> <p>7.18 Requirement for advertisement which are not made available in printed form to be delivered to the SC and the advertisements to be subjected to relevant regulatory requirements, the UTF Guidelines and UTF Advertising Guidelines.</p> <p>7.19 Requirement for banner advertisements to comply with the UTF Advertising Guidelines and the banner is limited to depiction of name or service offered where the online provider is a third party distributor.</p> <p>7.20 Requirement that banners with an embedded hyperlink to another Internet site where collective investment schemes are advertised must be directed to the beginning or the first page or the contents page of the electronic prospectus.</p> <p>DUTIES, ROLES AND RESPONSIBILITIES</p> <p>7.21 Requirement to clearly stipulate and disclose fees or charges for other services.</p> <p>7.22 Requirement to comply with relevant provisions of paragraph 6.30 to 6.32 in respect of monies or properties received under paragraph 7.21.</p>				