

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