

Monetary Authority of Singapore

SECURITIES AND FUTURES ACT (CAP. 289)

GUIDELINES ON ELECTRONIC OFFERS OF SECURITIES, SECURITES-BASED DERIVATIVES CONTRACTS OR UNITS IN COLLECTIVE INVESTMENT SCHEMES

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GUIDELINES ON ELECTRONIC OFFERS OF SECURITIES, SECURITIES-BASED DERIVATIVES CONTRACTS OR UNITS IN COLLECTIVE INVESTMENT SCHEMES

1 PURPOSE

1.1 These Guidelines are issued pursuant to section 321 of the Securities and Futures Act (Cap. 289) ("**SFA**"). They apply primarily to offers of securities, securities-based derivatives contracts and units in collective investment schemes ("**CIS**") made through the Internet, including offers made via internet banking platforms and mobile applications. Where specified in these Guidelines, certain guidelines also apply to offers made using automated teller machines ("**ATMs**").

1.2 These Guidelines relate to statutory requirements for a prospectus, offer information statement ("**OIS**") and product highlights sheet ("**PHS**"). The Guidelines also cover security issues concerning electronic versions of offering documents, electronic subscriptions of securities, securities-based derivatives contracts or units in a CIS, and the actions to be taken by an offeror when an offer closes.

1.3 These Guidelines are not intended to and do not deal with commercial issues such as authentication of applications, repudiation of contracts or security of payments made through the Internet.

2 DEFINITIONS

2.1 Unless otherwise defined below, terms used in these Guidelines have the same meaning as defined in the SFA. In these Guidelines –

- "Electronic Offer Document" means an electronic version of an Offer Document (defined below);

- "Offer Document" means –

  (a) any document required to be provided to investors in relation to an offer of securities, securities-based derivatives contracts or units in a CIS under Part XIII of the SFA, including a prospectus, an offer information statement and a product highlights sheet; or

(b) any document required to be provided to investors in relation to an offer of securities, securities-based derivatives contracts or units in a CIS which is exempted from the prospectus requirement under Part XIII of the SFA, including a simplified disclosure document required under the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016;

- "OPERA website" means the Authority's Internet website at http://www.mas.gov.sg (under "OPERA"), or at https://eservices.mas.gov.sg/opera; and

- "product highlights sheet" or "PHS" means –

(a) a product highlights sheet referred to in sections 240AA(1) and 296A(1) of the SFA;

(b) a product highlights sheet referred to in MAS Guidelines SFA 13-G13 on the Product Highlights Sheet for Offers of Debt Securities, Hybrid Instruments and Equity Securities; or

(c) a product highlights sheet referred to in the Securities and Futures (Offers of Investments) (Exemption for Offers of Straight Debentures) Regulations 2016 and the Securities and Futures (Offers of Investments) (Exemption for Offers of Post-seasoning Debentures) Regulations 2016.

3 OFFER MADE IN OR ACCOMPANIED BY AN OFFER DOCUMENT

3.1 For an offer made through the Internet, the Authority will generally regard the requirement under the SFA for an offer to be made in or accompanied by an Offer Document, to have been complied with if –

(a) the relevant Offer Document is lodged with or registered by the Authority as required under the SFA;

(b) the offeror makes a copy of the Offer Document available to a potential investor as an Electronic Offer Document; and

(c) the offeror states clearly where copies of the Offer Document in print form may be obtained.

3.2 For the purposes of paragraph 3.1(b), the Authority will generally regard the offeror to have made an Electronic Offer Document available to a potential investor if –

(a) the Electronic Offer Document –

(i) is easily accessible for viewing online or easily downloadable for viewing by a potential investor;

(ii) can be printed;

(iii) does not differ significantly in form or content from the registered or lodged (as applicable) Offer Document that is published on the OPERA website;

(iv) is provided as a standalone document and not combined with any other document into one file, or the contents of the Electronic Offer Document is displayed in its entirety on a webpage and not combined with the contents of any other document on that same webpage[1];

(v) and any promotional material are not made available in a way that encourages an investor to make decisions on the basis of the promotional material rather than on the basis of the Offer Document; and

(b) before being given access to the application form for the offer in respect of which the Electronic Offer Document is prepared (referred to in these Guidelines as the application form), a potential investor is –

(i) provided with instructions as to how he can view or download, and print the Electronic Offer Document; and
(ii) advised that he should read the Offer Document before submitting his application.

3.3 For the purposes of paragraph 3.2(a)(iii), the Authority will generally regard a copy of the Electronic Offer Document as not differing significantly in form or content from the registered or lodged (as applicable) Offer Document if –

(a) the Electronic Offer Document contains the same information (and no more information) in substantially the same sequence as the registered or lodged (as applicable) Offer Document;

[1] For avoidance of doubt, a product highlights sheet should be made available in a separate file from any other Offer Document.

(b) the Electronic Offer Document is legible;

(c) any difference in format and layout between the Electronic Offer Document and the registered or lodged (as applicable) Offer Document is immaterial;

(d) the Electronic Offer Document is clearly demarcated so that there is no doubt as to which information forms part of the Offer Document and can be relied on, and which does not form part of the Offer Document and hence should not be relied on. To inform a potential investor that only information which forms part of the Electronic Offer Document should be relied on, the offeror may include an advisory statement to such effect. The advisory statement may appear either before a potential investor is given access to the application form or on the application form itself, and in a font size no smaller than that used in the electronic prospectus or profile statement. An example of such an advisory statement is as follows:

"Any information/material falling outside the demarcated areas does not form part of the prospectus. The securities, securities-based derivatives contracts or units in the CIS (as applicable) offered herein are offered on the basis of the information in the Offer Document as set out within the demarcated areas."

3.4 For the purposes of paragraph 3.3(c), "immaterial" differences include the use of –

(a) a hyperlink to the Electronic Offer Document, from one section of the Electronic Offer Document to another or from the Electronic Offer Document to the application form or any electronic document for inspection, in accordance with paragraph 3.5;

(b) a facility to search for expressions within the prospectus;

(c) a zoom facility allowing enlargement or reduction of fonts or images;

(d) different font types, colours or font sizes (but not less than 8-point Times New Roman); and

(e) different margins or spacing.

3.5 For the purposes of paragraph 3.4(a) –

(a) a hyperlink to the Electronic Offer Document should not be provided in a manner which selectively presents only parts of the Electronic

Offer Document or which reduces the likelihood of an investor reading any part of the Electronic Offer Document. In particular, the offeror should ensure the following:

(i) a hyperlink to the Electronic Offer Document should bring a potential investor directly (i.e. without any detour to other intermediate webpages or messages) to the front page of the Electronic Offer Document, or a page which displays the contents of the Electronic Offer Document in its entirety; and

(ii) a potential investor should be able to navigate from the front page or contents page of the Electronic Offer Document to the other pages of the Offer Document. A hyperlink may be provided within the Electronic Offer Document to enable a potential investor to navigate from page to page or section to section;

(b) the offeror may provide a hyperlink from a website or webpage from which the offer is made to another website or webpage on which the Electronic Offer Document in respect of the offer is posted and which meets the requirements for Electronic Offer Documents set out in these Guidelines; and

(c) there should not be any hyperlink from the Electronic Offer Document to promotional material or to other websites or webpages, other than to the application form or to any electronic document for inspection. The website or webpage containing the application form or any electronic document for inspection (referred to in the Offer Document) should contain only such documents and the Electronic Offer Documents. The contents of the electronic version of such documents should be the same as those of the printed versions of those documents.

4 SUPPLEMENTARY OR REPLACEMENT DOCUMENT

4.1 For an offer made through the Internet, the Authority will generally regard the requirement under the SFA for a person who lodges a supplementary or replacement document to take reasonable steps to inform potential investors of such lodgment and make that document available to them, to have been complied with if –

(a) where a supplementary document is lodged with the Authority, a copy of the electronic supplementary document is made available to potential investors on the day of lodgment in addition to the Offer

Document; and

(b) where a replacement document is lodged with the Authority, a copy of the electronic replacement document is made available to potential investors on the day of lodgment in place of the original Offer Document which it replaces.

4.2 For the purposes of paragraph 4.1, the Authority will generally regard an electronic supplementary or replacement document to have been made available to potential investors if the provisions of paragraphs 3.2 to 3.5 are complied with as though a reference in those paragraphs to an Electronic Offer Document were a reference to an electronic supplementary or replacement document and a reference in those documents to a registered or lodged Offer Document were a reference to a supplementary or replacement document lodged with the Authority.

5 CAUTIONARY STATEMENTS TO BE DISPLAYED ON THE INTERNET AND ON AUTOMATED TELLER MACHINES

5.1 For offers made through the Internet, the offeror should ensure that cautionary statements are displayed to a potential investor before the potential investor is able to apply to subscribe for the securities, securities-based derivatives contracts or units in a CIS. The cautionary statements should warn the potential investor that –

(a) all investments come with risk, including the risk that the investor may lose all or part of his investment;

(b) the potential investor is responsible for his own investment decisions; and

(c) the potential investor should read the prospectus, offer information statement and product highlights sheet (as applicable) before making the application to subscribe for the securities, securities-based derivatives contracts or units in a CIS.

5.2 Paragraph 5.1 applies to offers made by means of a rights issue that are made through ATMs.

5.3 The offeror should, where possible, publish the Electronic Offer Documents on the same webpage as the cautionary statements. If the offeror instead provides on the website on which the offer is made (the "**Offering Website**"), a hyperlink to another website (the "**Linked Website**") on which the relevant Electronic Offer Document is posted, the same hyperlink should also be provided on the website containing the cautionary statements.

5.4 For offers made through ATMs (save for offers made by means of a rights issue), the following statements in the boxes below (each box representing an ATM screen) should be displayed to a potential investor before the potential investor is able to apply to subscribe for the securities, securities-based derivatives contracts or units in a CIS.

(a) The ATM screen should indicate how the user can obtain a copy of the Offer Document via a QR code and that he should read the Offer Document before submitting his application. The QR code should provide a link to a landing page where the Offer Document is labelled clearly.

IMPORTANT

- Read the offer document before subscribing for the securities.
- Obtain the offer document from our bank branches, website or via the following QR Code.

[QR Code]

(b) The ATM screen should display the general risk warnings stated below.

WARNING

- All investments come with risks.
- You can lose money on your investment.
- Invest only if you understand and can monitor your investment.

(c) The ATM screen should display one of the following product category risk warnings screens after the general risk warnings.

For equities:

RISK WARNING FOR EQUITIES

- The issuer may not always pay you dividends.
- You will likely lose money if the issuer gets into financial difficulties.
- If the issuer is wound up, shareholders will be the last to be paid off.

For units in real estate investment trusts (REITs):

RISK WARNING FOR REITS

- The REIT may pay less distribution if rental or occupancy rates fall.
- You will likely lose money if the REIT gets into financial difficulties.
- If a REIT is wound up, unitholders will be the last to be paid off.

For corporate bonds with fixed maturity:

RISK WARNING FOR BONDS

- You are lending money to the issuer.
- The issuer may not pay you interest or redeem your bond if it gets into financial difficulties.
- You may not be able to sell the bonds before it matures, or you may have to sell the bonds at a loss.

For perpetual securities and preference shares:

RISK WARNING FOR PERPETUAL SECURITIES/ PREFERENCE SHARES

- The issuer may not redeem the securities on the scheduled call dates.
- The terms of the securities may allow the issuer to stop paying distributions to you.
- You will likely lose money if the issuer gets into financial difficulties.
- The issuer is not required to return the principal amount to you as the securities have no maturity date.

For asset backed securities:

RISK WARNING FOR ASSET BACKED SECURITIES

- You are lending money to the issuer who owns the underlying assets.
- Whether you receive interest or your principal back depends on the cash flow from the underlying assets.
- Know how to monitor the cash flow from the underlying assets.
- You may not be able to sell your investment before it matures, or you may have to sell the securities at a loss.

For units in business trusts (BTs):

RISK WARNING FOR BUSINESS TRUST UNITS

- The Business Trust may not always pay you distributions.
- You will likely lose money if the Business Trust gets into financial difficulties.
- If the Business Trust is wound up, unitholders will be the last to be paid off.

For stapled securities comprising units in a REIT and a BT:

RISK WARNING FOR STAPLED SECURITIES

- The stapled securities may pay less distribution if rental or occupancy rates fall.
- You will likely lose money if the REIT or business trust gets into financial difficulties.
- If the REIT and business trust are wound up, unitholders will be the last to be paid off.

For all other types of stapled securities:

RISK WARNING FOR STAPLED SECURITIES

- The stapled securities may pay less distribution if the revenue from underlying assets fall.
- You will likely lose money if either of the stapled entities gets into financial difficulties.
- If the stapled entities are wound up, unitholders will be the last to be paid off.

For Exchange-Traded Funds:

RISK WARNING FOR EXCHANGE-TRADED FUNDS

- The value of the ETF may not exactly track the price changes of the underlying index or assets.
- There is no guarantee that you will receive any return from this investment.
- You may not be able to sell your ETF units, or you may have to sell your units at a loss.

(d) The ATM screen should also display a clear warning statement on investment diversification either immediately before or on the same ATM screen as the one which requires the user to key in the quantity of securities the user wishes to apply for.

- Diversify your investments.
- Avoid investing a large portion of your money in a single issuer.

6 SECURITY ISSUES RELATING TO AN ELECTRONIC OFFER DOCUMENT, ELECTRONIC SUPPLEMENTARY DOCUMENT, ELECTRONIC REPLACEMENT DOCUMENT AND ELECTRONIC DOCUMENT FOR INSPECTION

6.1 The offeror should ensure that reasonable and adequate safeguards are

put in place to prevent unauthorised modification to the contents of an Electronic Offer Document, electronic supplementary document, electronic replacement document or electronic document for inspection, to ensure that a potential investor is given access to a complete and unaltered copy of such document. In the event of tampering, the offeror may be asked to:

(a) show that reasonable preventive security measures had been taken; and

(b) ensure that remedial action is taken as soon as reasonably practicable to rectify any breach of security.

7 SUBMISSION OF ELECTRONIC APPLICATIONS

7.1 Any electronic facility for the submission of applications in respect of the offer (save for ATMs) should allow potential investors to print or send to themselves a copy of the electronically submitted application form.

8 ACTION TO BE TAKEN BY OFFEROR ONCE OFFER CLOSES

8.1 Where the offeror continues to maintain an Electronic Offer Document, an electronic supplementary document or an electronic replacement document on the Offering Website or the Linked Website, the offeror should take reasonable steps to ensure that once the offer closes –

(a) no application for subscription of securities, securities-based derivatives contracts or units in a CIS or monies can be accepted in respect of the offer; and

(b) the Offering Website and the Linked Website do not give a potential investor an impression that the offer is still open.