



SECURITIES AND  
FUTURES COMMISSION  
證券及期貨事務監察委員會

## **A Consultation Paper on the Proposed Revisions to the Guidelines for Registered Persons Using the Internet to Collect Applications for Securities in an Initial Public Offering**

《關於註冊人在首次公開發售中利用  
互聯網收集證券認購申請的指引》的  
建議修訂諮詢文件

Hong Kong  
January 2003

香港  
2003年1月

## **A. Introduction**

1. This consultation document invites public comments on the proposed Guidelines for Persons Using the Internet to Collect Applications for Securities in a Public Offering (“the ePO Guidelines”).
2. The Guidelines for Registered Persons Using the Internet to Collect Applications for Securities in an Initial Public Offering (“eIPO Guidelines”) was first published by the SFC in July 2000. It sets out the responsibilities of a person registered with the SFC who uses the Internet to collect applications from its clients in an initial public offering (“IPO”). Such persons are also required to comply with the Guidance Note on Internet Regulation<sup>1</sup>.
3. Since its publication, different forms of electronic public offerings (“ePOs”) have evolved which make use of the Internet to distribute prospectuses, enable the downloading of application forms or the collection of application information.
4. The proposed ePO Guidelines revises the eIPO Guidelines. It aims to provide guidance on ePOs which have evolved since the publication of the eIPO Guidelines in 2000 and extends its application to all persons who take part in an ePO, including issuers, sponsors, share registrars as well as intermediaries<sup>2</sup>. The proposed ePO Guidelines cover both initial public offerings and follow on offerings, hence the renaming the guidelines to cover all public offerings. A copy of the draft ePO Guidelines is attached as Appendix 1.
5. The SFC has used the FinNet communication network to send copies of this consultation document to all intermediaries. In addition, the public may obtain copies of this consultation document free of charge at the SFC’s office and on the SFC’s Internet website at <http://www.hksfc.org.hk>.
6. The SFC invites interested parties to submit written comments on the draft ePO Guidelines no later than 26 February 2003. Any person wishing to comment should provide details of any organization whose views they represent. In addition, persons suggesting alternative approaches are encouraged to submit proposed text to be incorporated into the draft ePO Guidelines. Comments may be submitted as follows :

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<sup>1</sup> The Guidance Note on Internet Regulation published by the SFC in 1999 will be superseded in April 2003 by the Guidance Note on the Regulation of Electronic Offering and Trading of Securities and Futures Contracts.

<sup>2</sup> Intermediaries includes both licensed corporations as well as registered institutions as defined in the Securities and Futures Ordinance (“SFO”).

By mail to : SFC (ePO Guidelines)  
12/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

Attn: Supervision of Markets Division

By fax to: (852) 2521 7917

By on-line submission at: <http://www.hksfc.org.hk>

By e-mail submission to : [ePOGuidelinesConsult@hksfc.org.hk](mailto:ePOGuidelinesConsult@hksfc.org.hk)

## **B. The proposed revisions**

### *Introduction*

7. Since the publication of the existing eIPO Guidelines in July 2000, new methods of offering ePO services have evolved. In order to provide more guidance to industry participants in this rapidly evolving area, the SFC has revised and updated the eIPO Guidelines in light of its experience in previous ePOs, queries received from industry participants and the new ePO methods that have evolved since 2000.
8. In general, the draft ePO Guidelines extends the scope and application of the current eIPO Guidelines and draws a distinction between the different types of ePOs currently offered to Hong Kong investors. Additional guidance is provided on publications of electronic prospectuses and the hyperlinking to prospectuses provided on a third party's website is now permitted.

### *Extended application*

9. The draft ePO Guidelines extends its application to all persons, including issuers, sponsors, share registrars and intermediaries who take part in a public offering. The SFC believes that the roles played by issuers, their sponsors, share registrars are equally important as that of intermediaries in an ePO and accordingly, the roles they play and their responsibilities should be addressed in the draft ePO Guidelines.
10. Also, with the development of the Internet and other electronic trading mechanisms, different types of ePOs have evolved which have not been addressed in the current eIPO Guidelines. The draft ePO Guidelines attempts to address most of the different types of ePOs currently used in Hong Kong by categorising them into the “*issuer-driven ePOs*”, where the issuer elects to use ePO methods and the “*registrant-driven ePOs*”, where an intermediary elects to offer ePOs to its clients. The SFC is of the view that the responsibilities of the different parties in an ePO may be different in an “issuer-driven ePO” and a “registrant-driven ePO” and recognises the different degree of responsibilities of the parties in different types of ePOs.

*Extended scope*

11. The SFC believes that although not addressed in the existing eIPO Guidelines, different ePO methods have evolved. In developing and offering these new ePO methods, industry participants may have inadvertently contravened relevant legislative or regulatory requirements. Whilst the SFC believes that these ePO methods should be encouraged, it feels that greater certainty for industry participants can be provided by addressing these new ePO methods.
12. Accordingly, the 'definition' of an ePO is extended to that beyond collection of applications by Internet and will apply to any public offering where part of or the entire process is dealt with electronically, whether by Internet or by other electronic trading mechanisms. For example, the draft ePO Guidelines will apply to ePOs where an intermediary provides a soft copy of an application form on its website for downloading by its clients and intermediaries who provide electronic prospectuses on its website to clients to enable them to complete application forms manually *etc.*. Such services are currently not addressed in the existing eIPO Guidelines.

*Other revisions*

13. Other revisions to the eIPO Guidelines includes a new section on electronic prospectuses and hyperlinking to electronic prospectuses on the issuer's or a third party's website. The SFC has specifically included a section on these issues because although the current eIPO Guidelines require an electronic prospectus to be provided by the intermediary on its website, the SFC is aware that some intermediaries are providing hyperlinks to electronic prospectuses on the websites of third parties. Whilst the SFC believes that hyperlinking should be permitted, it also takes the view that certain 'conditions' should be met when providing the hyperlink.
14. Finally, additional guidance (on issues which have arisen in previous ePOs or were queries raised by industry participants) is provided in relation to each step of an ePO, whether issuer or registrant driven.

**C. Other matters**

15. Please note that the names of the commentators and the contents of their submissions may be published on the SFC web site and in other documents to be published by the SFC. In this connection, please read the Personal Information Collection Statement attached to this consultation paper.
16. You may not wish your name to be published by the SFC. If this is the case, please state that you wish your name to be withheld from publication when you make your submission.

## **Personal Information Collection Statement**

1. This Personal Information Collection Statement (“PICS”) is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. The PICS sets out the purposes for which your Personal Data<sup>3</sup> will be used following collection, what you are agreeing to with respect to the SFC’s use of your Personal Data and your rights under the PDPO.

### **Purpose of Collection**

2. The Personal Data provided in your submission to the SFC in response to this Consultation Paper may be used by the SFC for one or more of the following purposes:
  - to administer the relevant Ordinances, rules, regulations, codes and guidelines made or promulgated pursuant to the powers vested in the SFC
  - for the purposes of performing the SFC’s statutory functions under the relevant Ordinances
  - for research and statistical purposes
  - other purposes permitted by law

### **Transfer of Personal Data**

3. Personal Data may be disclosed by the SFC to the members of the public in Hong Kong and elsewhere, as part of the public consultation on the Consultation Paper. The names of persons who submit comments on the Consultation Paper together with the whole or part of their submission may be disclosed to members of the public. This will be done by publishing this information on the SFC web site and in documents to be published by the SFC throughout and at the conclusion of the consultation period.

### **Access to Data**

4. You have the right to request access to and correction of your Personal Data in accordance with the provisions of the PDPO. Your right of access includes the right to obtain a copy of your Personal Data provided in your submission on the Consultation Paper. The SFC has the right to charge a reasonable fee for processing any data access request.

### **Enquiries**

5. Any enquiries regarding the Personal Data provided in your submission on the Consultation Paper, or requests for access to Personal Data or correction of Personal Data, should be addressed in writing to:

The Data Privacy Officer  
The Securities and Futures Commission  
12/F, Edinburgh Tower, The Landmark  
15 Queen’s Road Central, Hong Kong

A copy of the Privacy Policy Statement adopted by the SFC is available upon request.

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<sup>3</sup> Personal Data means personal data as defined in the Personal Data (Privacy) Ordinance, Cap 486 (“PDPO”)

**Guidelines for Persons using the Internet  
to Collect Applications for Securities  
in a Public Offering**

**Hong Kong  
[March 2003]**

## **1. Introduction**

- 1.1 For the purpose of these Guidelines, an electronic public offering (ePO) is where the Internet<sup>1</sup> is used to display/disseminate prospectuses and applications forms and/or to collect applications or application instructions from the public (applicants) during an initial public offering (“IPO”) or any follow-on offering.
- 1.2 These Guidelines aim to provide guidance to persons who offer ePO services. Such persons should also refer to and comply with the Guidance Note on the Regulation of Electronic Offering and Trading of Securities and Futures Contracts issued by the Commission.
- 1.3 The Commission would like to stress that investors should be encouraged to make informed investment decisions and takes the view that industry participants should endeavour to assist investors to make informed investment decisions. Therefore, persons offering facilities to enable the distribution and/or collection of applications or application instructions in a securities offering should ensure that the application forms or facilities enabling the collection of application instructions (e.g. in the case of the Internet, the application instruction input screen) are accompanied by a copy of the relevant prospectus (and any supplemental information and announcements relevant to the offering).
- 1.4 These Guidelines do not have the force of law. A failure by any person to comply with any provision of the Guidelines that applies to it or him -
- (a) shall not by itself render him liable to any judicial or other proceedings, but in any proceedings under the SFO before any court the Guidelines shall be admissible in evidence, and if any provision set out in the Guidelines appears to the court to be relevant to any question arising in the proceedings it shall be taken in account in determining the question; and
  - (b) the Commission shall consider whether such failure tends to reflect adversely on the person’s fitness and properness of operating such services.
- 1.5 These Guidelines supersede the Guidelines for Registered Persons Using the Internet to Collect Applications for Securities in an Initial Public Offering published by the Commission in July 2000. Persons who wish to offer ePO services should also refer to and comply with the various codes, regulations and guidelines issued by the Commission as well as any relevant legislation.

### **Background**

- 1.6 There are various forms of ePO. The sections below describe the more popular methods currently used in the Hong Kong securities market.
- 1.7 In traditional public offerings, applicants wishing to participate would collect paper copies of the prospectus and application forms, complete the application forms<sup>2</sup> and

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<sup>1</sup> The term “Internet” in these Guidelines refers to electronic trading mechanisms (e.g. hand held or wireless trading devices) and the Internet.

<sup>2</sup> In these Guidelines, “application forms” means paper copies of the application forms prescribed by the issuer, and where appropriate, scanned copies of such paper application forms. It does not include application instructions or application instructions input screens.

deliver the completed forms to receiving banks<sup>3</sup> in person. Receiving banks, on collection of the application forms and cheque payments would send the application forms to the relevant share registrar for processing after the cheques have been honoured. ePOs differ from the traditional public offerings in that all or some of the processes in the public offering are electronic rather than manual or paper-based.

- 1.8 In some ePOs, the interaction between the applicant and the intermediary (the front-end process of the public offering) may be done electronically, e.g., electronic prospectuses are made available or disseminated, and/or application instructions are collected electronically. The procedures between the intermediary, the receiving bank, share registrar and issuer (the back-end process of the ePO) may also be electronic, i.e., the application data from applicants are sent on a CD-ROM (or other media) with a completed bulk application form<sup>4</sup> by the intermediary to the receiving bank.
- 1.9 Alternatively, where the front-end process is electronic, the back-end process can be completed via the traditional method, e.g., by the manual delivery of completed paper forms to the receiving bank in person. The Commission is aware that this method is common in respect of yellow form applications.
- 1.10 An ePO can also be described as “issuer-driven” or “registrant-driven”. An “issuer-driven” ePO is where the issuer decides to offer an ePO mechanism through eligible service providers (“ESPs”)<sup>5</sup>. This usually involves the provision of an electronic prospectus by the issuer to ESPs, the electronic collection of application information from applicants by ESPs, and the electronic collection and transmission of application data from ESPs to receiving banks or share registrars.<sup>6</sup> Thus, in “issuer-driven” ePOs, both front-end and back-end processes of the ePO would normally be done electronically.
- 1.11 A “registrant-driven” ePO differs in that an intermediary may collect application instructions from its clients electronically (or manually<sup>7</sup>) but the application information would be delivered to the receiving bank in the traditional, paper-based manner. The issuer would have little or no role in this service. Thus, in “registrant-driven” ePOs, the front-end process of the ePO may be manual or electronic whilst the back-end process is normally manual.
- 1.12 In addition, there is the CCASS eIPO service offered by the Hong Kong Exchanges and Clearing Limited, which involves data communication between only CCASS and its participants. The CCASS eIPO procedures can be found in the General Rules of CCASS and the CCASS Operational Procedures published by Hong Kong Securities Clearing Company Limited.

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<sup>3</sup> An exception is in cases where yellow/nominee forms are used. Investors would provide their application information to intermediaries, so that the intermediary can complete the yellow nominee forms on their behalf.

<sup>4</sup> Also referred to as “ESP application forms”. These are paper application forms that are prescribed by the issuer and completed by ESPs when the submission of applications from the ESP to the receiving bank is done electronically.

<sup>5</sup> These are persons licensed by or registered with the Commission (i.e. intermediaries) and who have passed the data conformity tests organized by the Federation of Share Registrars.

<sup>6</sup> “The Operational Procedures for eIPO Applications Submitted Via Banks/Stockbrokers” is available at the Federation of Share Registrars’ website at [www.fedsrld.com](http://www.fedsrld.com).

<sup>7</sup> Where application data is collected manually, the ‘electronic’ element in the ePO process may be the electronic display or distribution of the prospectus via the Internet, on the intermediary’s website.



## **2. Issuer-driven ePO**

### **2.1 General**

- 2.1.1 In an issuer-driven ePO, responsibility for the coordination, the capacity of back-end systems, testing, contingency planning and decision-making *etc.* of the public offering (including the ePO) fall on the issuer, the sponsor and share registrar. In practice, the sponsor would be expected to drive and coordinate the ePO.
- 2.1.2 The need for and the level of coordination, contingency planning and capacity testing *etc.* will vary according to the scale of the ePO and the preferences of the issuer. These should be carefully considered by the sponsor. In addition, if large public interest in the public offering is anticipated, consultation with the Corporate Finance Division of the Commission is encouraged. Sponsors acting for issuers should also refer to the Corporate Finance Adviser Code of Conduct for additional guidance in relation to public offerings.
- 2.1.3 The following sections set out some of the issues that an issuer, the sponsor or share registrar should consider in an ePO. Issuers who set up a standalone website for a public offering where application instructions may be collected from investors should also have regard to the issues, where applicable, in paragraph 2.7.

### **2.2 Selection**

- 2.2.1 It is the issuer's choice whether to have an ePO in addition to the conventional, paper-based public offering. If the issuer wishes to do so, it should invite suitable ESPs to provide ePO services or facilities.
- 2.2.2 Only intermediaries who have passed the data conformity tests organised by the Federation of Share Registrars are eligible to take part in an issuer-driven ePO where the back-end of the ePO is electronic, that is to say, as an ESP.
- 2.2.3 A list of current ESPs is available from the Federation of Share Registrars ([www.fedsrltd.com](http://www.fedsrltd.com)).

### **2.3 Preparation of Prospectus**

- 2.3.1 The issuer should prepare the prospectus (including any supplemental prospectus and announcements in connection with the offering) in paper and electronic form. An electronic prospectus should be prepared in a format that cannot be tampered with. When the paper and electronic form of the prospectus are available, a copy of both (the paper and the electronic form either on CD-ROM or other electronic means) and a list of all websites and/or other places where the paper and electronic prospectuses and application procedures will be made available should be sent to the Listing Division of HKEx (in the case of listed securities) or the Corporate Finance Division of the Commission (in other cases).

### **2.4 Information to ESPs**

- 2.4.1 The issuer should provide detailed instructions, a timetable and other information relevant to the ESP's role in the public offering (including the ePO) to ESPs prior to the commencement of the public offering. Such information includes—

- (a) the electronic prospectus, any supplemental prospectus and announcements;
- (b) whether, and if so, the date on which, a draft electronic prospectus will be sent by the issuer to ESPs for the purposes of formatting their websites;
- (c) details of whether hyperlinking to the electronic prospectus on the issuer's website<sup>8</sup> is permitted and the issuer's requirements, if any, for hyperlinking;
- (d) the date, procedures and media (e.g. CD-ROM or file transfer) for ESPs to collect the electronic prospectus from the issuer;
- (e) specific instructions, if any, as to how ESPs should post the electronic prospectus and application instructions input screen on their websites;
- (f) the date and time on which ESPs should post the electronic prospectus and application input screen on their websites;
- (g) disclosure statements, if any, which the issuer requires ESPs to post on their websites; and instructions, if any, if ESPs are required to obtain consent from the issuer to post the issuer's logo on their websites;
- (h) the date or time on which ESPs may begin to collect applications and the date or time when collections should cease;
- (i) timing, procedures and other details in relation to the share registrar's procedures for acknowledging receipt of electronic applications from ESPs;
- (j) details of pre-defined systems specifications, if required, for data submitted by ESPs to share registrars;
- (k) the dates and procedures for ESPs to collect the ESP application form/bulk application forms from the issuer;
- (l) details of how and when ESPs should submit the completed electronic applications and payments to the relevant share registrar (and/or the receiving bank);
- (m) procedures for resubmission of application data<sup>9</sup>, if this is permitted<sup>10</sup>; and
- (n) where there are exceptions (e.g., missing data, errors) to the data submitted by ESPs, the ESP should be notified and the exceptions rectified.

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<sup>8</sup> This will include any standalone website for the public offering which the issuer may set up for the offering.

<sup>9</sup> In some ePOs, the issuer (or its sponsor or share registrar) may accept re-submission of application data where the application information initially submitted is found to contain errors or incomplete information.

<sup>10</sup> Ideally this should be communicated prior to the commencement of the ePO. However, if subsequent to the commencement, it is decided that resubmission of application data is permitted, this should be communicated to ESPs as soon as possible.

## **2.5 Information to the public**

- 2.5.1 If the issuer has its own website (including any standalone website set up by the issuer for the public offering), it should consider posting a list of the participating ESPs, a timetable and other procedural details of the public offering (including the ePO) on its website.
- 2.5.2 The availability of ePO and a list of the participating ESPs should also be set out in the prospectus, application form and in any formal notice relating to the public offering.

## **2.6 Contingency and Planning**

- 2.6.1 Issuers should have a contingency plan to deal with emergency situations relating to the public offering, including the ePO.
- 2.6.2 Issuers should also ensure that there is a central point for the coordination of all parties involved in the public offering, including the ePO. The coordination team should consist of all parties involved in the public offering, including the ePO team.
- 2.6.3 The level of contingency planning and coordination may vary according to the scale of each public offering, the potential popularity of the public offering and the preferences of the issuer.

## **2.7 ESP's role**

- 2.7.1 The ESP is responsible for the compliance and system integrity for the front-end process of the ePO. This would include the applications it collects and the electronic interface of its website.
- 2.7.2 Where applicable, an ESP should ensure that :
  - (a) it adheres to the issuer's, the sponsor's or the share registrar's instructions in relation to the overall coordination and timing of the ePO;
  - (b) a full copy of the electronic prospectus, any supplemental prospectus and announcements (in both English and Chinese language), and the application instruction input screen are available on its website. The electronic prospectus, supplemental prospectus and announcements should be identical to those provided by the issuer;
  - (c) the electronic prospectus, supplemental prospectus, announcements and application procedures/input screen are complete, placed close to each other and cannot be tampered with;
  - (d) if a hyperlink to an electronic prospectus is provided, the matters in paragraph 4.2 are addressed;
  - (e) the electronic prospectus, supplemental prospectus and announcements (or a hyperlink to these documents) on the ESP's website is displayed or made available at the same time as paper copies of the prospectus are made available to the public;

- (f) information on its website relating to the ePO is in both the English and Chinese language;
- (g) a statement to the effect that no applications or monies can be accepted once the public offering closes, or where the ESP has any reason to believe that the electronic prospectus or applications have been tampered with, or if there are duplicate applications to the issuer;
- (h) if reasonably required by the issuer, information requested in relation to the level of securities applications and volume the ESP processes during the ePO is provided to the issuer to enable the issuer to monitor the ePO;
- (i) the design of its website and its operation should –
  - i. give applicants access to free software to download, extract compressed files (if necessary), view and print the electronic prospectus and/or application input screen;
  - ii. give applicants contact information for technical support or enquiries in connection with the operation of the ePO service and the website;
  - iii. give applicants an opportunity to read or access the electronic prospectus before being given access to the webpages where the application information (e.g. number of securities to be applied for, selection of payment methods) is collected;
  - iv. require applicants to confirm separately the following before being given access to the webpages where the application information is collected:
    - they have been provided with sufficient opportunity to access the prospectus and the information disclosed in the prospectus;
    - they have read and agree to be bound by the terms and conditions set out in the ePO service provider's website; and
    - they are eligible to apply;
  - v. require the input and validation of HK identity card details (or other information) of applicants as required by the issuer;
- (j) a confirmation is given to the applicants as soon as possible once it has received the application instructions submitted by them;
- (k) the applicants are able to print a copy of the relevant webpages containing the details of application information inputted by them and the confirmation message;
- (l) the design of the website and presentation of the ePO information encourages investors to make investment decisions based on the contents of the prospectus rather than promotional or marketing information;

- (m) there are sufficient procedures to monitor the ePO service it provides and to ensure the ePO service is offered in accordance with the issuer's instructions;
- (n) there are reasonable measures to ensure that its computer systems have sufficient capacity and security to protect the integrity of the transactions. Moreover, documented contingency plans should be put in place to deal with the situation where the securities application collection service or the display/download of the electronic prospectus provided through the Internet is disrupted;
- (o) information is provided on its website to enable potential applicants to determine whether the service is suitable for them. This should include –
  - i. the types of persons who are eligible to use the service (e.g. existing clients);
  - ii. a clear indication as to the area containing the electronic prospectus and a warning to applicants that any information falling outside those areas is not part of the prospectus and the securities are offered solely on the basis of the information in the prospectus;
  - iii. the procedures which an applicant must go through to make a valid application, including the issuer's terms and conditions;
  - iv. dates and timing for various stages of the ePO including deadlines for submitting applications and making payments;
  - v. detailed instructions and information in relation to the application procedures including any requirements or arrangement which applicants must have in place so that they can use the service, e.g., a list of payment methods, limitations associated with the payment methods such as service lead time or transaction limits *etc.*, circumstances and procedures for refunding monies to applicants, procedures for distributing and registering securities certificates or crediting to applicant's account, description of the fees and charges that may be made to the applicant and deadlines for submission of the application ;
  - vi. a statement that potential applicants should read the prospectus prior to making an investment decision and should make the investment decision based on the prospectus rather than on promotional or marketing materials;
  - vii. warnings that, in using the service, the applicant assumes the risks associated with conducting transactions over the Internet (e.g. that the transactions may be subject to interruption, transmission blackout, delayed transmission due to Internet traffic or incorrect data transmission due to the public nature of the Internet);
  - viii. a list of places where applicants can obtain copies of the prospectus and application forms including paper or electronic copies; and

- ix. a prominent statement on its website informing applicants that the website belongs to the ESP and not the issuer and that in using the ePO service, the ESP is the applicant's (and not the issuer's) agent.

### **3. Registrant-driven ePO**

#### **3.1 General**

- 3.1.1 A registrant-driven ePO differs from an issuer-driven ePO in that the issuer has little or no responsibility towards the intermediary and the need for coordinating the back-end of the ePO is absent.
- 3.1.2 The intermediary's responsibilities in this type of ePO are the same as an ESP's in an issuer-driven ePO (paragraph 2.7 except 2.7.2(a) and (h)). In addition, the intermediary should also take the responsibility to seek the issuer's consent to display the prospectus or electronic prospectus on its website, ensure that the electronic prospectus is identical to that provided by the issuer (if it is provided) and if not provided by the issuer, that it is identical to the prospectus registered under the Companies Ordinance. The intermediary will also have to ensure that any supplemental prospectus and announcements are made available on its website at the same time as and when these documents go public.

#### **3.2 Other types of registrant-driven ePOs**

- 3.2.1 The Commission is also aware that in some registrant-driven ePOs, electronic application forms<sup>11</sup> (in addition to the electronic prospectus) are made available on intermediaries' websites for downloading and printing by applicants. The printed application forms are then handled in the traditional, paper-based method – i.e., they are completed manually by applicants and submitted to the intermediary who will then submit the paper forms to the receiving banks.
- 3.2.2 In addition to the issues listed in paragraph 3.1, intermediaries who offer this type of ePO service should ensure that they have the issuer's consent to do so. They should also ensure that the application forms it collects and delivers to the issuer, the share registrar or receiving bank (as the case may be) will not be rejected by them. These intermediaries should liaise with the issuer to ascertain the details in relation to the format of the downloaded and printed application forms which will be accepted by the receiving bank.
- 3.2.3 If the issuer's consent and the required information are not given, the intermediary will be unable to offer this service.
- 3.2.4 There are also some public offerings (e.g., public offering of retail bonds) where clients submit application instructions to intermediaries (by e-mail or via a website), which are then aggregated (with application instructions from other clients of the intermediary) and translated by the intermediary into an application made by the intermediary to the issuer (or receiving bank) on behalf of the clients. Intermediaries offering this type of service are reminded that a copy of the prospectus (electronic or

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<sup>11</sup> For example, scanned copies of the paper application forms prescribed by the issuer.

paper and any supplemental prospectus and announcements) should accompany the facility enabling the collection of such application instructions.

#### **4. Other matters**

##### **4.1 *Electronic prospectus***

4.1.1 Subject to paragraph 4.1.2 below, the application procedures and the electronic prospectus (including supplemental prospectus and announcements) displayed on an ESP's or intermediary's website should be in both the English and Chinese language and identical to that provided by the issuer (where the ePO is issuer-driven) or to the registered paper prospectus (where the ePO is registrant-driven).

4.1.2 The following enhancements or differences between the registered paper prospectus and an electronic prospectus are acceptable –

- (a) a search facility for defined expressions;
- (b) hypertext links within the prospectus;
- (c) prompts to assist readers to use and find information in the electronic prospectus. The prompts should not contain any prospectus information that does not appear in the registered paper prospectus; and
- (d) a zoom facility so that readers may enlarge or reduce the information displayed.

4.1.3 Whilst the issuer is expected to inform and provide ESPs with electronic supplemental prospectuses and announcements in an issuer-driven ePO, in a registrant-driven ePO, the intermediary is expected to ensure that copies of any supplemental prospectus and announcements are provided on its website at the same time as when they are made public.

##### **4.2 *Hyperlinking to electronic prospectuses***

4.2.1 As an alternative to providing a copy of the electronic prospectus on its website, an ESP or an intermediary may establish a hyperlink from its website to the website of the issuer (including a standalone website set up by the issuer for the public offering) or that of a suitable third party. Any person wishing to use this method should: (the following only apply where a hyperlink to an electronic prospectus on the issuer or a third party's website is offered instead of providing of a copy of the electronic prospectus on the issuer's website. These do not apply to additional hyperlinks to other webpages) :

- (a) obtain prior consent from the issuer or the third party to establish the hyperlink. The ESP, intermediary should indicate on its webpage containing the hyperlink that consent has been obtained;
- (b) ensure that the webpage or the 'icon' containing the hyperlink contains a clear message to inform applicants that they are leaving the ESP/intermediary's website and entering the website of another person and any appropriate disclaimers;

- (c) ensure that the hyperlink provides direct access to the front cover or table of contents of a full and up to date version of the electronic prospectus (from which other pages can be accessed). Hyperlinks to webpages containing information additional to the prospectus or to only certain parts of the prospectus are generally not acceptable;
- (d) put in place procedures to monitor the performance of the hyperlink to ensure that applicants using the ESP's, the intermediary's webpage can access the electronic prospectus on the issuer/third party's website during the offering period; and
- (e) immediately cease to accept applications through its website if the hyperlink fails to provide applicants with proper access to the electronic prospectus on the issuer/third party's website.