

1. Introduction

- 1.1 For the purpose of these Guidelines, an electronic public offering (ePO) takes place where the Internet (or other electronic means¹) is used to display or provide access to prospectuses, applications form

- 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 applications 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, e.g., the application data from applicants are sent on a CD-ROM (or other media) with a completed bulk application form⁵ 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 application forms to the receiving bank in person. The Commission is aware that this method is common in respect of traditional yellow application forms.
- 1.10 An ePO can also be described as “issuer-driven” or “registrant-driven”. For the purposes of these Guidelines, an “issuer-driven” ePO is where the issuer decides to offer an ePO mechanism through intermediaries who are eligible service providers (“ESPs”)⁶. 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.⁷ 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 applications from its clients electronically (or manually⁸) but the applications may be delivered to the issuer or the receiving bank either in the traditional, paper-based manner or in any other way specified by the issuer (e.g., in recent public offering of retail bonds, applications can only be made through designated placing banks who have entered into a contractual arrangement with the issuer. Or, an online broker/intermediary who offers ePO services but is not part of the issuer’s syndi

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 issuer and the sponsor. Sponsors acting for issuers should also refer to the Corporate Finance Adviser Code of Conduct as amended from time to time for additional.9628 703.7836 Tm.7836 11.998 0 0 11.998 301958189689

- (d) the date, procedures and media (e.g. CD-ROM or file transfer) for ESPs to collect the public offer documents from the issuer;
- (e) specific instructions, if any, as to how ESPs should post the public offer

2.6 Contingency and Planning

- 2.6.1 Issuers and sponsors should have a contingency plan to deal with emergency situations relating to the ePO.
- 2.6.2 Issuers and sponsors should also ensure that there is a central point for the coordination of all parties involved in the ePO. The coordination team should consist of representative of all parties involved in the ePO.
- 2.6.3 The level of contingency planning and coor

- (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 delineation of the area containing the public offer documents and a warning to applicants that any information falling outside those areas is not part of the public offer documents and the securities are offered solely on the basis of the information in the public offer documents;
 - 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 a

3. Registrant-driven ePO

3.1 *General*

3.1.1

rejected by them. These intermediaries should liaise with the issuer for details of the format of the downloaded and printed application forms that the receiving bank will accept. If the issuer's consent and the required information are not given, the intermediary will usually be unable to offer this service.

4. Other matters

4.1 *Electronic prospectus*

4.1.1 Public offer documents in both English and Chinese versions must be displayed or accessible by hyperlink on the intermediary's website.

4.1.2 The following enhancements or differences between the paper version and an electronic version of any public offer documents 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 document. The prompts should not contain any information that does not appear in the registered paper document; 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 in an issuer-driven ePO, in a registrant-driven ePO, the intermediary is expected to ensure that a copy of any supplemental prospectus is provided on its website at the same time as it is made available to the public by the issuer.

4.2 *Hyperlinking to electronic prospectuses*

4.2.1 As an alternative to providing a copy of the public offer documents on its website, an intermediary may establish a hyperlink from its website to the website of the issuer (or any standalone website set up by the issuer for the duration of the public offering) or that of a suitable third party. Any intermediary wishing to use this method should:

- (a) consider obtaining prior consent from the issuer (or the third party) to establish the hyperlink¹⁵. The intermediary should indicate on its webpage containing the hyperlink whether 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 intermediary's website and entering the website of the other person;
- (c) ensure that the webpage or the icon containing the hyperlink clearly describes where the hyperlink leads. Subject to (b) above, a hyperlink described as leading to the prospectus (or other public offer document, as the case may be)

¹⁵ Please refer to footnote 13 above.

must provide direct access to the front cover or table of contents of the relevant document. Hyperlinks described as leading to the prospectus (or other public offer document) which lead to webpages containing information other than the relevant document or to certain parts of the document are not acceptable for these purposes;

- (d) put in place procedures to monitor the performance of the hyperlink to ensure that applicants using the intermediary's webpage can access the electronic public offer documents on the relevant website for the duration of or for so long as applications are being accepted through that intermediary; and
- (e) immediately cease to accept applications through its website if the hyperlink fails to provide applicants with proper access to the public offer documents on the issuer/third party's website.