

**Extract of the Guidelines on Personal Offers made pursuant to the Exemption for Small Offers [Revised on 8 June 2016]**

**6 RELATIONSHIPS THAT WOULD AND WOULD NOT SATISFY THE “PERSONAL OFFER” TEST**

[...]

Previous indication before that date by that person that indicate to a specified person that he is interested in offers of that kind

[...]

6.9 Any offeror who intends to solicit the help of a specified person in its offer of securities in reliance on the small offers exemption and the specified person who is relied upon should make sure that there are proper pre-qualification procedures in place to ensure that–

- a) investors who are offered the securities possess sufficient knowledge or experience to understand the risks of investing in the securities offered in reliance on the small offers exemption (the “Knowledge or Experience Test”); or
- b) the specified person is satisfied that that the investment is suitable for the investor in light of the investor’s investment objectives and risk tolerance ( the “Suitability Assessment Test”).

6.10 The Authority would generally consider a specified person to have in place the proper pre-qualification procedures to pre-qualify investors for small offers if the specified person carries out the following steps before any offer of securities is made to a potential investor –

Step 1:

The specified person obtains, by means of a generic and neutral questionnaire that does not refer to any specific offer of securities, an indication from the potential investor that he is interested in offers of securities made under the small offers exemption.

Step 2:

The specified person administers the “Knowledge or Experience Test” or “Suitability Assessment Test” to pre-qualify the investor.

Step 3:

(a) Where the “Knowledge or Experience Test” is chosen

The specified person should assess and be satisfied that the investor has sufficient knowledge or experience to invest in the offers of securities made under the small offers exemption. Please refer to Appendix 1 for a list of acceptable criteria.

(b) Where the “Suitability Assessment Test” is chosen

The specified person should assess and is satisfied that the investment in the offers of securities made under the small offers exemption is suitable for the investor in light of his investment objectives and risk tolerance. Please refer to Appendix 1 for examples of the questions that the specified person should, at a minimum, ask the investor to facilitate the assessment.

Step 4:

For every offer of securities made through an online crowdfunding platform, the specified person should, at the minimum, provide the general risk disclosure statement set out in Appendix 2, and require the potential investor to provide an acknowledgement, either electronically or in writing, that he has read and understood the risks disclosure statement and is fully aware of and accepts the risks as set out in the general risk disclosure statement, as part of its pre-qualification procedure. The information (including footnotes and references) to be contained in the general risk disclosure statement and acknowledgement should be prepared in accordance with the format, including font size of at least 13-point Calibri or equivalent with 1.2 multiple line spacing and colour, as set out in Appendix 2.

With the completion of steps 1 to 4, the potential investor is considered to be qualified (“qualified investor”). Only qualified investors are allowed to acquire securities on the online crowdfunding platform.

Step 5:

For every offer of securities, before a qualified investor is allowed to acquire the securities being offered, the specified person should require the qualified investor to confirm in writing, or electronically, that there are no material changes to the information submitted by him for the purpose of the “Knowledge or Experience Test” or “Suitability Assessment Test” since it was last conducted. If there are material changes, the investor will cease to be a qualified investor until such time he is re-assessed in accordance with Steps 1 to 4 to be one.

6.11 If the investor does not provide the confirmation as set out in Step 5, or if there are material changes to the information previously submitted, the specified person should re-assess whether the investor is a qualified investor in accordance with Steps 1 to 4.

6.12 The specified person should in any case provide the general risk disclosure statement set out in Appendix 2, and obtain an acknowledgement, either in writing

or electronically, from the qualified investor of the risks as set out in the general risk disclosure statement at least once every 12 months since his most recent pre-qualification. If the qualified investor does not provide the acknowledgement, the specified person should not allow the qualified investor to acquire any securities via the platform until it has obtained the necessary acknowledgement. The offeror should also make sure that the specified person has in place proper procedures to ensure that such steps are taken. The delivery of the risk disclosure statement and the acknowledgement of risks may be done electronically (e.g. through an online system) if the specified person is able to ensure the effectiveness of such a mechanism.

6.13 For the avoidance of doubt, any offeror who intends to solicit the help of a specified person in its offer should ensure that the specified person, acting as its agent, has in place proper procedures to adhere to the pre-qualification procedures and disclosure requirements set out in paragraphs 6.10 to 6.12 above.

6.14 Other than putting in place proper pre-qualification procedures, the offeror and the specified person who is relied upon should also ensure that there are identification and authentication procedures to ensure that the offer of securities are only made available to qualified investors. This could be done, for example, by publishing the list of securities made under an exempted offer on a password-protected webpage such that only qualified investors will be allowed to view and subscribe for the securities being offered<sup>1</sup>.

[...]

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<sup>1</sup> The specified person concerned should also include prominent warning statements on the webpage to highlight that (a) the securities are offered pursuant to the small offers exemption and thus, are not subject to prospectus requirements; (b) statutory liability relating to contents of prospectuses do not apply; and (c) investors should consider carefully if investments in such securities are suitable in light of their investment objectives and risk tolerance.