

INDUSTRY BRIEFING BY

FIMM'S REGULATORY SERVICES DIVISION

Date: 17 May 2016 (Tuesday)

Venue: Auditorium, The Securities Commission Malaysia

FIMM

Federation of Investment Managers Malaysia



To introduce and enforce the FIMM Consolidated Rules

To implement Registration Manual for the registration of the UTS and PRS distributors and consultants

To brief on FIMM's Complaint Handling and case study

- Introduction
- Rationale for the Consolidated Rules
- Overview of the Chapters in the Consolidated Rules
- Salient points of the Consolidated Rules
- Implementation of the Consolidated Rules
- Proposed Transition Period for Revised Provisions
- Reference Point for the Consolidated Rules

- FIMM had carried out a holistic review and revision of its rules, the by-laws, circulars and guidance notes and consolidated these documents into a single document, named FIMM Consolidated Rules.
- The Consolidated Rules set out the requirements to be complied with by Distributors and Consultants for marketing and distribution of the unit trust schemes (UTS) and private retirement schemes (PRS).
- The Consolidated Rules further aims to strengthen FIMM's regulatory role as an SRO and enhance compliance, elevate professionalism standards and practices among Distributors and Consultants.
- FIMM may take action if it deems fit against a Distributor and/or Consultant for failure to comply with any provisions of the Consolidated Rules.
- The Consolidated Rules together with the FIMM Code of Ethics will constitute as FIMM's regulatory instruments.

- ❑ As an SRO, FIMM is mandated by the SC to develop rules to set standards of behaviour for its Distributors and Consultants, and promotes investor protection.
- ❑ To consolidate all FIMM's rules into a single document to ensure an effective and robustness of its Rules.
- ❑ Timely for FIMM to revise its Rules to ensure it remains relevant and effective in regulating the marketing and distribution activities of the Distributors and Consultants in the UTS and PRS;

OVERVIEW OF THE CHAPTERS IN THE CONSOLIDATED RULES

Chapter 1: Definition and Interpretations

- Sets out the definitions and interpretations used in these Rules.

Chapter 2: Power and Rules of FIMM

- Sets out the application of these Rules and powers of FIMM.

Chapter 3: Registration of Distributors and Consultants

- Sets out the registration requirements for Distributors and Consultants of the UTS and PRS.

Chapter 4: Fit and Proper Criteria

- Sets out the fit and proper criteria for registration with FIMM.

OVERVIEW OF THE CHAPTERS IN THE CONSOLIDATED RULES (con't)

FIMM

Chapter 5: Examination and Assessment

- Sets out FIMM's power to conduct examination and assessment; and/or may require the Distributors to appoint an auditor for the same on Distributors and Consultants.

Chapter 6: Investigation and Disciplinary Proceeding

- Sets out FIMM's powers to investigate, conduct disciplinary and appeal proceedings as well as the types of sanctions FIMM may take against Distributors and/or Consultants for misconduct.

Chapter 7: CPD Programme

- Sets out the requirements in relation to CPD Programme for Consultants.

Chapter 8: Dispute Resolution between Distributors

- Sets out the provisions relating to dispute resolution by way of mediation by FIMM.

OVERVIEW OF THE CHAPTERS IN THE CONSOLIDATED RULES (con't)

Chapter 9: Savings and Transitional Provisions

- Sets out the savings and transitional provisions.

Appendices

- 1-A: Categories of registration and eligibility requirements for registration as a UTS Distributor and UTS Consultant
- 1-B: Categories of registration and eligibility requirements for registration as a PRS Distributor and PRS Consultant
- 2-A: Post-registration requirements applicable to a UTS Distributor
- 2-B: Post-registration requirements applicable to a PRS Distributor
- 3-A: Complaint Form
- 3-B: Matters outside FIMM's jurisdiction
- 3-C: Examples of frivolous and/or vexatious complaints
- 3-D: Notice of Appeal
- 4 : CPD Record Form

Chapter 2: Power and Rules of FIMM

No.	Salient Points	Remarks
1.	<p>These Rules shall be read together with the securities laws and FIMM rules.</p> <p>The Consolidated Rules supersedes all FIMM’s Guidelines, By-Laws Relating to the Procedure for Disciplinary Proceedings & guidance notes, including all amendments and variations made via circulars issued by FIMM.</p>	Revised Provision
2.	<p>However, these Rules do not affect FIMM’s right :</p> <ul style="list-style-type: none"> (i) to take any action for breaches under the Old Rules discovered after the Consolidated Rules comes into effect; and (ii) to continue with any action initiated under the Old Rules after the Consolidated Rules comes into effect. 	New Provision

❑ Chapter 2: Power and Rules of FIMM

No.	Salient Points	Remarks
3.	FIMM may exercise its power pursuant to these Rules and the securities laws, among others by issuing new rules and directives, undertaking examination and investigations as well as imposing sanctions for misconduct as set out in Rule 2.2.2.	Revised Provision
4.	A person may appeal against a decision made by FIMM under the relevant provisions. However, the decision of FIMM on an appeal is final and binding.	New Provision
5.	The non-receipt of any circular/notice issued by FIMM due to failure of the Distributor/Consultant to update his contact details does not absolve their compliance to such circular/notice.	New Provision

Chapter 3: Registration of Distributors and Consultants

No.	Salient Points	Remarks
1.	<p>Post-registration assessment for UTS and PRS (“PRA”)</p> <ul style="list-style-type: none"> • A Distributor must conduct a PRA and submit an assessment report to FIMM at least 14 days before the expiry of the 6-month period upon: <ul style="list-style-type: none"> (i) Commencement of operations; and (ii) A Distributor changes its process of registering client’s investment from a client-name account system to a nominee system. • The PRA may be conducted by: <ul style="list-style-type: none"> (i) A person responsible for compliance functions of the Distributor. In this case the said assessment must be approved by the Board prior to submission to FIMM; or (ii) An external auditor. • For any gaps identified during the PRA, a Distributor must submit a progress report on a semi-annual basis to FIMM until all gaps have been rectified. 	New provision

Chapter 3: Registration of Distributors and Consultants (Con't)

No.	Salient Points	Remarks
2.	<p>Annual Compliance Review (“ACR”)</p> <ul style="list-style-type: none"> • An ACR may be conducted by : <ul style="list-style-type: none"> (i) An internal or an external auditor; and (ii) A Distributor who is a CUTA or CPRA is given an option to appoint a person responsible for compliance functions. • A distributor must submit an annual self-assessment report and to take corrective measure to address gaps identified within the time period specified by FIMM. 	New Provision

Chapter 3: Registration of Distributors and Consultants (Con't)

No.	Salient Points	Remarks
3.	<p>Distribution and sub-distribution arrangements</p> <ul style="list-style-type: none"> • Any distribution arrangement made by the Distributor other than a UTMC, a PRS Provider or an Operator is referred to as sub-distribution arrangement. • In the case of a sub-distribution arrangement : <ol style="list-style-type: none"> (i) a UTMC or PRS Provider must provide a sub-distributor with relevant product information. In relation to a foreign fund, a sub-distributor must ensure it receives relevant product information from the main distributor; (ii) The main distributor must obtain prior consent from UTMC, PRS Provider or the Operator. (iii) A sub-distributor must provide investor details to the main distributor for the purpose of furnishing the same to the UTMC, PRS Provider or Operator. However, this requirement does not apply to a sub-distributor who operates a nominee system. 	Enhanced Provision

Chapter 3: Registration of Distributors and Consultants (Con't)

No.	Salient Points	Remarks
4.	<p>Submission requirements:</p> <ul style="list-style-type: none"> Complaints received from investors and general public together with the Trend analysis on complaints received – within 7 business days from the end of every quarter of a calendar year; List of Consultants and their CPD points within 10 business days from 31st December each year. 	Revised / New Timeline
5.	<p>Notification requirements:</p> <ul style="list-style-type: none"> Date of commencement of operations – for Insurance and Takaful Brokers – within 1 business day after commencement of operations. Other Distributors – status quo (at least 1 business day before commencement of operations). Name and particulars of a Schemes – for Insurance and Takaful Broker – within 1 business day after the Scheme is marketed and distributed. 	Revised / New Timeline

❑ Chapter 3: Registration of Distributors and Consultants (Con't)

No.	Salient Points	Remarks
	<p>Notification requirements (Con't):</p> <ul style="list-style-type: none"> • Change of authorised representatives, corporate information and other relevant details – At least 1 business day before the change takes effect • Location and particulars of collection point and additional distribution point including mobile distribution point – within 7 business days upon operationalizing the point. • Particulars of mergers and acquisitions involving a Distributor – within 1 month from the date of Legal Day One • Termination of distribution arrangement – At least 14 business days before the termination of the arrangement 	<p>Revised / New Timeline</p>

□ Chapter 3: Registration of Distributors and Consultants (Con't)

No.	Salient Points	Remarks
	<p>Notification requirements (Con't):</p> <ul style="list-style-type: none"> • Variation of distribution arrangement – within 7 business days after the variation • Termination or winding up of a Scheme – Within 7 business days after the termination or winding up. • Cessation of operations of Distributors – at least 14 business days before the proposed date of cessation. • Resignation, termination or variation of registration particulars of a Consultant – within 1 business day from the date of resignation, termination or variation 	<p>Revised / new Timeline</p>

❑ Chapter 4: Fit and Proper Criteria

No.	Salient Points	Remarks
1.	<p>In assessing whether a person (Distributor or Consultant) is fit and proper, FIMM will consider the following criteria:</p> <ul style="list-style-type: none"> (a) Honesty, integrity and reputation; (b) Competence and capability; and (c) Financial soundness and solvency <p>The onus is on the person to establish that he is fit and proper instead of FIMM.</p>	New Provision
2.	<p>A Distributor is responsible in monitoring its Consultant's continuous compliance with the fit and proper criteria and immediately notify FIMM if the Distributor discovers that its Consultant is no longer fit and proper by stating:</p> <ul style="list-style-type: none"> (a) the circumstances leading to such discovery; (b) the basis for its views on the fit and properness of its Consultant; and (c) relevant supporting documents 	Existing with enhanced process

❑ Chapter 4: Fit and Proper Criteria (Con't)

No.	Salient Points	Remarks
3.	<p>A Distributor may submit a written recommendation to FIMM to bar its Consultant from future registration by submitting a report containing the following:</p> <ul style="list-style-type: none"> (a) Name, identification number and effective date of termination of the employment or agency of the Consultant; (b) Chronology of events leading to the termination; (c) Grounds for the termination and consideration that the Consultant is no longer fit and proper; and (d) Any other relevant supporting documents 	Existing with enhanced process

❑ Chapter 5: Examination and Assessment

No.	Salient Points	Remarks
1.	Powers of FIMM to conduct examination and assessment on Distributors and Consultants relating to the marketing and distribution of UTS and PRS, at any time.	New Provision
2.	Powers of FIMM to require the Distributor to appoint an external auditor to carry out such examination and assessment on Distributors and Consultants in respect of the scope as may be prescribed by FIMM.	Enhanced Provision
3.	The appointed external auditor must submit a report or an interim report of such examination and assessment directly to FIMM.	New Provision

❑ Chapter 5: Examination and Assessment (Con't)

No.	Salient Points	Remarks
4.	FIMM may examine, without any prior notice, the business and activities of the Distributors and Consultants in relation to the marketing and distribution of UTS and PRS.	New Provision
5.	For the purposes of examination and assessment, the Distributors and Consultants must give all assistance and co-operation to FIMM or the external auditor during the course of their examination as set out in Rule 5.1.10.	New Provision
6.	A Distributor and Consultant shall not hinder, delay or obstruct the examination and assessment carried out by FIMM or the external auditor.	New Provision

❑ Chapter 6: Investigation and Disciplinary Proceeding

No.	Salient Points	Remarks
1.	Powers of FIMM to seek co-operation and to obtain information from Distributors and Consultants to facilitate investigation by FIMM i.e. to procure the attendance of Distributors and Consultants for statement recording.	New Provision
2.	Sanctions: (i) Impose a maximum fine of RM100,000 for Distributors and RM50,000 for Consultants; (ii) Require Consultants to undertake additional CPD Points; (iii) Require Distributors to take additional measures to prevent recurrence of misconduct i.e. adequate training, SOP in place and corrective measures; (iv) Barring a person from future registration.	Revised Provision
3.	Effect of non-payment of fines: • Shall be deemed to be in itself a non-compliance of the Rules • Distributor/Consultant shall remain liable to pay the unpaid fines and the renewal of registration shall be suspended	New Provision

□ Chapter 7: CPD Programme

No.	Salient Points	Remarks
1.	CPD Programme is applicable to all Consultants registered with the Distributors of the UTS and PRS.	Revised Provision
2.	A former Consultant who applies for registration within 3 years from the date of withdrawal of his registration, he must either acquire 16 CPD points or in lieu thereof, he must re-sit and pass the CUTE / PRS Examination	Revised Provision
3.	Only programmes that focus on the following areas are eligible for CPD points : (a) Ethics and professional conduct; (b) Regulations and guidelines, capital market products and operations, economics; and (c) Sales and marketing, advisory skills and personal development skills.	Revised Provision

❑ Chapter 8: Dispute Resolution between Distributors

No.	Salient Points	Remarks
1.	Dispute between Distributors in relation to matters governed by the Consolidated Rules may be referred to FIMM for resolution by way of mediation.	New Provision
2.	FIMM may determine the manner in which the mediation is to be conducted.	New Provision
3.	<p>Where an agreement is reached at the conclusion of the mediation, a settlement agreement is concluded by the parties to the dispute and shall be binding on the parties.</p> <p>However, mediation conducted by FIMM shall not prevent parties to the dispute from commencing any civil action in court or arbitration.</p>	New Provision

❑ Chapter 9: Savings and Transitional Provisions

No.	Salient Points	Remarks
1.	All actions, directions and notifications made under the Old Rules before the Consolidated Rules comes into effect and will continue to remain in full force and effect in relation to its provisions.	New Provision
2.	Any application for registration that is pending immediately before the Consolidated Rules comes into effect shall be deemed as application for registration under the By-Laws.	Consolidation of provisions
3.	For any misconduct occurring before the effective date of the Consolidated Rules, the sanctions that the /disciplinary Committee or the Appeal Committee may take are limited to the types of sanctions provided in Clause 5.8 of the By-Laws.	Consolidation of provisions

□ Appendices

Appendix	Salient Point	Remarks
1-A and 1-B	<ol style="list-style-type: none"> 1. CPRA: <ul style="list-style-type: none"> - Insurance and Takaful Brokers which holds a CMSL to carry out the regulated activity dealing in PRS are eligible to apply as a CPRA 2. UTS and PRS Consultants: <ol style="list-style-type: none"> a) obtained credits in any 3 subjects in SPM or its equivalent; and b) A former Consultant who applies for registration within 3 years from the date of withdrawal of his registration may be exempted from CUTE/PRS Examination by acquiring 16 CPD points in lieu of re-sitting and passing the CUTE / PRS Examination 	New Provision

□ Appendices (Con't)

Appendix	Salient Point	Remarks
2-A and 2-B	<ol style="list-style-type: none"> 1. UTMC: <ol style="list-style-type: none"> a) A UTMC must have at least 2 UTS Consultants at each of its distribution point including mobile distribution point 2. IUTA: <ol style="list-style-type: none"> a) An IUTA must have a distribution arrangement or sub-distribution arrangement with one or more of the following: <ul style="list-style-type: none"> ➤ A UTMC; ➤ An online provider; or ➤ An operator b) An IUTA which is an investment bank or a stockbroking company may appoint its remisiers (commissioned CMSRL for dealing in securities) as UTS Consultant 	New Provision

□ Appendices (Con't)

Appendix	Salient Point	Remarks
2-A and 2-B	<p>3. CUTA: a) A CUTA must have a distribution arrangement or a sub-distribution arrangement with enables it to market and distribute Schemes of a least 2 issuers including an operator at all times</p> <p>4. PRS Provider: a) A PRS Provider must have at least 2 PRS Consultants at each of its distribution point including mobile distribution point</p> <p>5. IPRA: a) An IPRA which is an investment bank or a stockbroking company may appoint its remisier (commissioned CMSRL for dealing in securities) as PRS Consultants</p>	New Provision

- ❖ FIMM's Consolidated Rules shall take effect from **1 June 2016**.
- ❖ The softcopy of FIMM's Consolidated Rules can be downloaded from FIMM's website at www.fimm.com.my → Resources → Rules → FIMM's Consolidated Rules

PROPOSED TRANSITION PERIOD FOR REVISED PROVISIONS

No.	Key Requirements	Time Period in Consolidated Rules	Proposed Effective Date
1.	<ul style="list-style-type: none"> ▪ Complaint received from investors and general public; and ▪ Trend analysis on complaint received 	<p>Within 7 Business days from the end of every quarter of a calendar year</p> <p>Old Requirement: 14 days.</p>	1 Oct 2016
2.	<ul style="list-style-type: none"> ▪ A former consultant applies for registration within 3 years from the date of withdrawal of his registration. 	<p>He/She must either acquire 16 CPD points or in lieu thereof, he must re-sit and pass the CUTE and/or PRS examination</p> <p>Old Requirement: 8 CPD points</p>	1 Jan 2017

PROPOSED TRANSITION PERIOD FOR REVISED PROVISIONS

No.	Key Requirements	Time Period in Consolidated Rules	Proposed Effective Date
3.	<ul style="list-style-type: none"> ▪ A Distributor must conduct : <ul style="list-style-type: none"> (i) a post-registration assessment and a report must be submitted to FIMM; and (ii) An annual compliance review in relation to the scope prescribed by FIMM. 	<ul style="list-style-type: none"> (i) At least 14 days before the expiry of the 6-month period upon commencement of UTS and PRS operations; and (ii) Upon receipt of notification from FIMM. 	<ul style="list-style-type: none"> 1 Jan 2017 1 Jan 2017

- ❖ All notification to FIMM shall be made in writing and submission of reports, documents and payments shall be accompanied by a cover letter addressed to :

Chief Executive Officer
Federation of Investment Managers Malaysia
19-06-1, 6th Floor, Wisma Tune
No. 19, Lorong Dungun
50490 Kuala Lumpur

- ❖ All queries to FIMM in respect of the Consolidated Rules are to be addressed to:

Head, Legal & Regulatory Affairs
Federation of Investment Managers Malaysia
19-06-1, 6th Floor, Wisma Tune
No. 19, Lorong Dungun
50490 Kuala Lumpur

Tel No : 603-2093 2600
Fax No: 603-2093 2700
E-mail : legalcomp@fimm.com.my

REGISTRATION MANUAL FOR DISTRIBUTORS AND CONSULTANTS OF UTS & PRS



- Introduction
- Overview of the Registration Manual
- Application & Notification Procedures in the Registration Manual
- Salient Points of the Registration Manual
- Reference Point for the Registration Manual

- ❑ Objective of the Registration Manual:
 - To provide guidance and clarity to the Distributors on the administrative matters relating to registration of :
 - (a) Distributors (*UTMC, IUTA, CUTA, PRS Provider, IPRA and CPRA*); and
 - (b) Consultants (*UTS Consultant and PRS Consultant*)

- ❑ Main components of Registration Manual:
 - Application and notification procedures;
 - Forms to be used for various applications and notifications;
 - Payment of all fees; and
 - Timelines to be adhered to as Distributors and Consultants

- ❑ Effective Date: **1 June 2016**

Part 1: Registration Manual for Unit Trust Schemes Distributors and Consultants

Section I: Applications

Section II: Notifications

Section III: Contingency Plans for CUTE

Part 3: Certification of Documents

Part 2: Registration Manual for Private Retirement Schemes Distributors and Consultants

Section I: Applications

Section II: Notifications

Section III: Contingency Plans for PRS Examination

Schedules and Appendices

Application Procedures For UTS and PRS in the Registration Manual

FIMM

- 1) Registration of Distributor and Consultants
- 2) Registration of Former Consultant and Variation of Registration of Consultant
- 3) Continuous Registration of Distributor
- 4) Renewal of Registration of Consultant
- 5) Exemption from the Requirement to Sit for CUTE/PRS Examination
- 6) Extension of time for Commencement of Operations
- 7) Other Exemption or Extension of Time
- 8) Replacement of FIMM Authorisation Card or CUTE/PRS Examination Certificate

Notification Procedures For UTS and PRS in the Registration Manual

FIMM

- ❖ Cessation of Operations of Distributor
- ❖ Resignation or Termination of Consultant
- ❖ Change of Corporate Information, Contact Details, Authorised Representative
- ❖ Variation of Registration Particulars of Consultant
- ❖ Other Notifications:
 - Commencement of operations;
 - Launch or Notification on Marketing and Distribution of Schemes;
 - Distribution Point / Mobile Distribution Point;
 - Collection Point;
 - Termination of Distribution Arrangement;
 - Termination or winding up of Schemes; and
 - Merger and Acquisition

Salient Points of the Registration Manual

FIMM

No.	Salient Points	Remarks
1.	<p data-bbox="353 488 1055 536">Registration of IUTA and CUTA</p> <ul data-bbox="353 603 1733 762" style="list-style-type: none"><li data-bbox="353 603 1733 762">• IUTA and CUTA are required to submit Board of Directors Resolution approving the appointment of the Authorised Representative	New
2.	<p data-bbox="353 799 1469 847">Registration of UTS Consultant / PRS Consultant</p> <p data-bbox="353 855 1733 959">i. Consolidated all types of application form for UTS Consultant / PRS Consultant:</p> <ul data-bbox="421 1031 1733 1477" style="list-style-type: none"><li data-bbox="421 1031 1733 1134">a) Computerized Unit Trust Examination (CUTE) / Private Retirement Scheme Examination (PRS Examination)<li data-bbox="421 1142 1733 1477">b) Exemption for CUTE / PRS Examination<ul data-bbox="488 1206 1514 1477" style="list-style-type: none"><li data-bbox="488 1206 629 1246">✓CEO<li data-bbox="488 1254 696 1294">✓Director<li data-bbox="488 1302 837 1342">✓Fund Manager<li data-bbox="488 1350 898 1390">✓Financial Planner<li data-bbox="488 1398 1514 1477">✓Former UTS/PRS Consultant/Vary Registration	New <i>(Fully enforced with effect from 1/1/2017)</i>

Salient Points of the Registration Manual (Con't)

FIMM

No.	Salient Points	Remarks
	<p>ii. Consolidate Statutory Declaration (SD) for UTS Consultants / PRS Consultant:</p> <ul style="list-style-type: none">a) New / Exemption / Former Consultant / Vary Registration; andb) Renewal <p>Note:</p> <ul style="list-style-type: none">➤ Candidate who register for UTS Consultant and PRS Consultant at the same time with the same Principal, he/she is required to sign one SD only.➤ UTS Consultant who is also registered as PRS Consultant with the same Principal, he/she may sign one SD only during renewal for his/her registration as UTS Consultant and PRS Consultant.	<p>New</p> <p><i>(Fully enforced with effect from 1/1/2017)</i></p>

Salient Points of the Registration Manual (Con't)

FIMM

No.	Salient Points	Remarks
	<p>iii. A duly executed SD and a certified true copy of the relevant certificate and qualification of the applicant are required to be submitted to FIMM for registration as Consultant.</p> <p>iv. <u>Re-registration</u> of Consultant changed to registration of Former Consultant and Variation of Registration of Consultant:</p> <ul style="list-style-type: none">❖ Former Consultant applies for registration within 3 years from the withdrawal date of his registration;❖ Active Consultant who varies his relationship with his principal from being an employee to an agent or vice versa;❖ Consultant changes principal within the year;❖ Registration of Consultant affected by merger and acquisition exercise.	New

Salient Points of the Registration Manual (Con't)

FIMM

No.	Salient Points	Remarks
	v. A replacement of the card fee of RM 6.36 (including of GST) will be charged for variation of registration of Consultant. However, for those who have not paid the annual fee at the point of renewal, a full fee of RM77.38 (inclusive of GST) shall be payable to FIMM	New

- ❖ The softcopy of Registration Manual can be downloaded from FIMM's website at www.fimm.com.my → Resources → Rules → Registration Manual
- ❖ Any enquiries regarding Registration Manual shall be addressed to:

Head, Business Registration Department

Federation of Investment Managers Malaysia

19-06-1, 6th Floor, Wisma Tune

No. 19, Lorong Dungun

50490 Kuala Lumpur

Tel No : 603-2093 2600

Fax No: 603-2093 2700

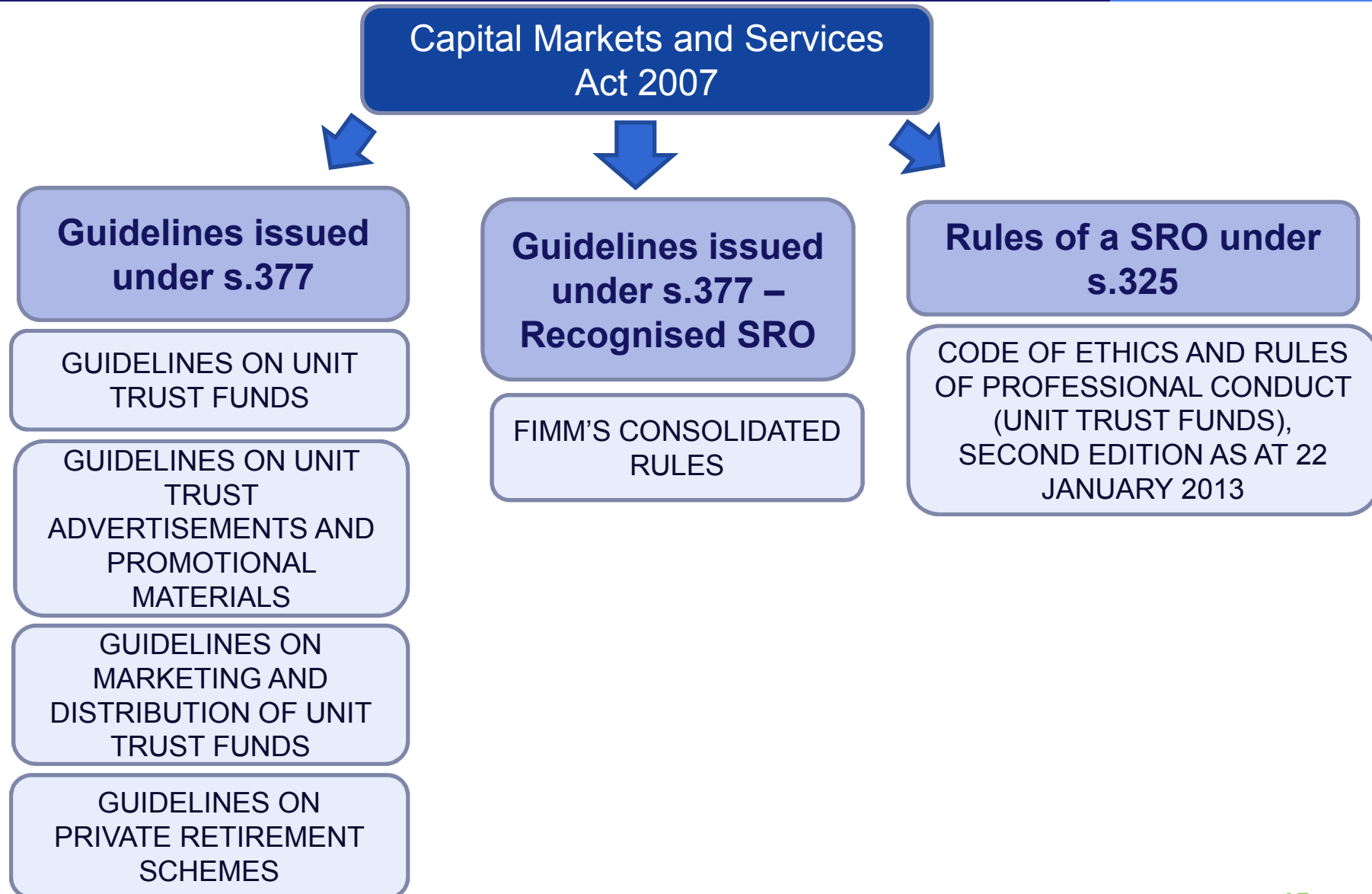
E-mail : br@fimm.com.my

FIMM's COMPLAINT HANDLING AND CASE STUDY

FIMM

Federation of Investment Managers Malaysia

- Rules Governing the Industry
- Sources of Complaints
- Complaint Handling Process
- Types of Sanctions
- Nature of Complaints and Sanctions Imposed by FIMM
- Case Study



Article 63 (g), AOA of the
FMUTM



CODE OF ETHICS AND
STANDARDS OF PROFESSIONAL
CONDUCT FOR THE UNIT TRUST
INDUSTRY, FIRST EDITION AS AT
1 SEPTEMBER 2001

The sources of complaints mainly from the following...

Direct complaint
from the
public/investors;

Telephone

E-mail

Website

Letter

Complaint from
FIMM's members

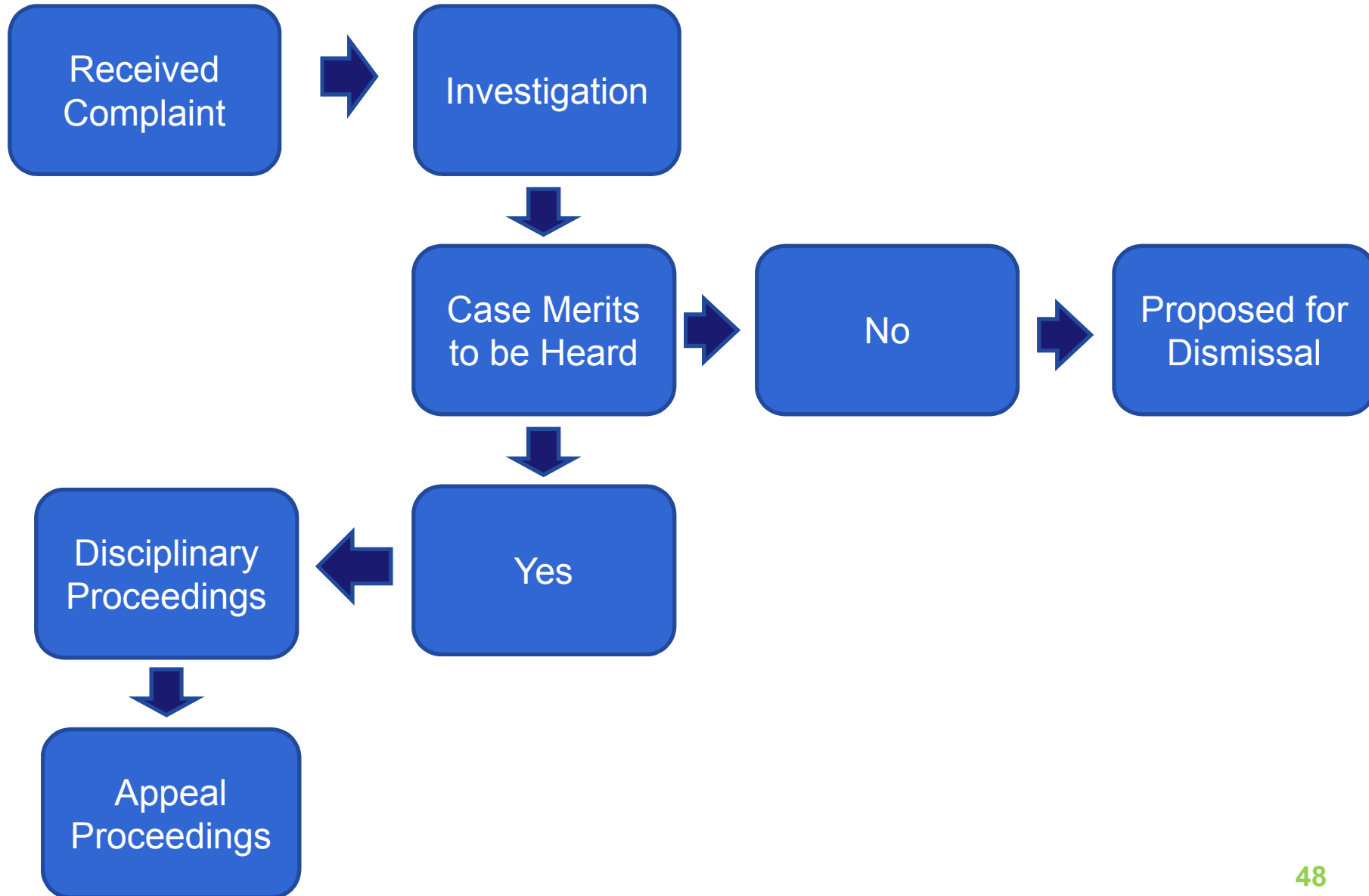
Letter

E-mail

Referral of
complaint from the
Securities
Commission

Letter

Complaint Handling Process



Types of sanctions that can be imposed by the Disciplinary Committee

Written warning

Public reprimand

Fine up to RM100,000 in case of Distributors;

Fine up to RM50,000 in case of Consultants;

Require the Consultant to undertake additional points under the CPD Programme and/or attend other relevant training and courses

Require the Distributor to take such steps to address the misconduct and to prevent the recurrence of the misconduct

Types of sanctions that can be imposed by the Disciplinary Committee

Require the Distributor to take such appropriate action including taking disciplinary action against any of its employees who are directly responsible for the misconduct

Suspend the registration of the Distributor or Consultant for a specific period and with such terms and conditions as the Disciplinary Committee deems fit

Revoke the registration of the Distributor or Consultant

Barring any person from registering with FIMM as a Distributor or Consultant and with such terms and conditions as the Disciplinary Committee deems fit.

Nature of Complaints and Sanctions Imposed By FIMM



For the period of 1 January 2015 - 31 March 2016

No	Nature of complaint	Private Reprimand	Public Reprimand	Barring from Registration and Public Reprimand	Warning	Dismissed by the DSC	Total
1	Misappropriation of investor's funds	-	3	7	-	3	13
2	Unsatisfactory client services	-	-	-	-	1	1
3	Unauthorised investment and redemption	4	-	-	-	3	7
4	Unethical marketing and distribution of funds	1	-	-	1	-	2

Nature of Complaints and Sanctions Imposed By FIMM (Con't)

For the period of 1 January 2015 - 31 March 2016

No	Nature of complaint	Private Reprimand	Public Reprimand	Barring from Registration and Public Reprimand	Warning	Dismissed by the DSC	Total
5	Deal in products which are not recognised, approved or registered for distribution by the laws	1	-	-	1	-	2
6	Breach of confidentiality	-	-	-	-	1	1
TOTAL		6	3	7	2	8	26

The most prevalent complaints handled by FIMM are as follows:

Misappropriation of investor's funds



CASE STUDY 1

Unauthorized investment and redemption



CASE STUDY 2

Case Study 1 Misappropriation of investor's funds

- ❖ Mr. X is a Unit Trust Consultant (“UTC”) and had collected cash money (via bank transfer) amounting to RM200,000 from four (4) investors (RM50,000 respectively)



The UTC had used legitimate investment forms for two (2) investors, i.e. investors A and B to convince the investors that the investments are genuine



While the other two (2) investors, i.e. investors C and D did not sign any investment forms and the cash was transferred based on trust that the UTC will process the investment application



The UTC also promised high returns, i.e. 10% within the period of six (6) months to all investors



The UTC had also used the fake investment statements, via post as well as hand delivery

The UTC, however, had utilized the money as follows:



only invested RM20,000
(RM10,000 each for two (2)
investors A and B)



RM100,000 was invested
into his own investment
account



the balance of RM80,000 for
the UTC's personal use

- ❑ After 6 months, the investors did not get the return of 10% as promised.
- ❑ Investors A and B made a checking at the unit trust company and discovered that the UTC only invested RM10,000 instead of RM50,000.
- ❑ The investors had contacted the UTC for the refund of money but was not successful.
- ❑ Police reports were lodged by the investors and this matter was brought to FIMM for investigation.
- ❑ FIMM conducted the disciplinary proceedings to deliberate on this matter and imposed the sanctions to the UTC.

This case was brought to the attention of FIMM for investigation

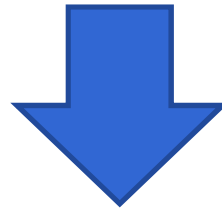


The source of money was derived from the investor's EPF account



The UTC had requested the investor to pre-sign and pre-thumbprint additional investment forms to facilitate for future EPF withdrawal and investment

Mr. Y is a Unit Trust Consultant (“UTC”) was alleged to have submitted the investment form application without the consent of the investor



FIMM conducted the disciplinary proceedings to deliberate on the matter and imposed sanctions against the UTC



Q & A Session