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(Company No. 272577 - P)

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**ADDENDUM TO 2012 EDITION OF
PRIVATE RETIREMENT SCHEME
EXAMINATION STUDY GUIDE**

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A) INTRODUCTION

- This update is issued as an addendum to “Private Retirement Scheme Examination Study Guide” to update the information found in 2012 edition of the study guide.
- It should be read together with the latest version of “Private Retirement Scheme Examination Study Guide”. All prospective Private Retirement Scheme Consultants should ensure that they have the most recent updates prior to attending the examination.
- In accordance with the amendments made in the Guidelines on Private Retirement Schemes (PRS) dated 15 November 2013 and Guidelines on Sales Practices of Unlisted Capital Market Products dated 29 March 2013, the 2012 edition of “Private Retirement Scheme Examination Study Guide” is hereby modified as follows:

B) GENERAL

1. Replace “product highlight sheet” with “Product Highlights Sheet” in all sections, where applicable.
2. Replace “proposed PRS Provider” with “PRS Provider” in all sections, where applicable.

C) GLOSSARY AND ABBREVIATIONS

3. Page vii

Insert new term “conditionally vested unit” and its definition after the term “collective investment schemes” as follow:

“means a unit which accords a member with entitlement to the unit that is conditional upon fulfillment of condition(s) stipulated in a vesting schedule”

4. Page x

Replace the definition for “net asset value (NAV)” with the following:

“ means the value of all the fund’s assets less the value of all the fund’s liabilities at the valuation point.

For the purpose of computing the annual management fee, annual trustee fee and annual Private Pension Administrator fee, the NAV of the fund must be inclusive of the management fee, trustee fee and Private Pension Administrator fee for the relevant day”

5. Page x

Replace the definition for “ordinary resolution” with the following:

“means a resolution passed by a simple majority of votes validly cast at a meeting of members of the Scheme or the fund (where appropriate)”

6. Page xi

Replace the definition for “retirement age” with the following:

“means the age of 55 years or any other age as may be specified by the SC”

7. Page xi

Replace the definition for “special resolution” with the following:

“has the same meaning as given under the PRS Regulations except for the purpose of winding up a fund, a special resolution is passed by a majority in number representing at least 3/4 of the value of the units held by members voting at the meeting”

8. Page xi

Insert new term “vested unit” and its definition after the term “sub-account B” as follow:

“means a unit which accords a member with unconditional entitlement to such unit ”

D) CHAPTER 1 : INTRODUCTION TO THE PRIVATE RETIREMENT SCHEME INDUSTRY

9. Page 1-13

Delete the fourth bullet of the sub-section entitled “1.2 The objectives and benefits of the PRS ,(b) The benefits of the PRS framework, (iv) Benefits to the Malaysian capital market”.

E) CHAPTER 2 : REGULATORY FRAMEWORK

10. Page 2-4

Replace the first bullet of second paragraph of sub-section entitled “2.3 Legislation, regulations and relevant guidelines, (b) PRS Regulations” with the following:

“(i) Requirements for the registration, lodgement of deed ,disclosure document and Products Highlights Sheet;”

11. Page 2-8

Replace the third bullet of second paragraph of the sub-section entitled “2.4 Key components of the framework, (c) Private Pension Administrator, (i) Duties and responsibilities” with the following:

“ • providing information to the PRS Provider and member; and”

12. Page 2-10

Replace the second paragraph of the sub-section entitled “2.4 Key components of the framework, (c) Private Pension Administrator, (v) Private pension account” with the following:

“After the account is opened, the PPA will send the member a letter or an email containing a unique username and password to access their account online at www.ppa.my.”

13. Page 2-10

Add the following immediately after the end of second paragraph of the sub-section entitled “2.4 Key components of the framework, (c) Private Pension Administrator, (vi) Fees and charges involved”:

“Any fees to be charged by the PPA to members or contributors may be collected by the PRS Provider acting on behalf of the PPA.”

F) CHAPTER 3 : THE PRIVATE RETIREMENT SCHEME PROVIDER

14. Page 3-5

Replace the second paragraph and all its accompanied bullets of the sub-section entitled “3.2 Duties and responsibilities, (b) Duties to the PPA” with the following:

“To enable the PPA to perform its duties and responsibilities under section 139H of the CMSA, a PRS Provider must–

- provide information and comply with reporting requirements, in such manner and frequency as stipulated by the PPA;
- notify PPA in a timely manner of any changes made to Schemes or funds under the Scheme or disclosure document;
- facilitate the opening of a private pension account including scanning and uploading of the relevant forms and information; and
- take all steps to comply with the instructions given by PPA in respect of a member’s request made to the PPA to –
 - make any pre-retirement withdrawal from any fund under the PRS; or;
 - transfer monies to another PRS Provider.”

15. Page 3-5

Replace the paragraph of the sub-section entitled “3.2 Duties and responsibilities, (c) Accurate valuation and pricing” with the following:

“The PRS Provider must take reasonable safe guards to ensure that all the funds under the Scheme as well as each fund unit is correctly valued and priced and not omit anything in the pricing that would benefit the PRS Provider to the detriment of the PRS member.”

16. Page 3-8

Replace the second paragraph and its accompanied two bullets of the sub-section entitled “3.4 Operational matters, (a) Register of members” with the following:

“In addition to Regulation 17, a PRS Provider must enter into the register:

- the member’s passport number for members that are foreigners;
- where the PRS Provider holds units of funds in the Scheme, the corporation’s name and registration number; and
- where units are issued pursuant to a vesting schedule, the name of the employee as member and further classify such units as vested or conditionally vested in accordance with the vesting schedule.”

G) CHAPTER 4 : FEATURES OF THE PRIVATE RETIREMENT SCHEMES

17. Page 4-4 to 4-5

Replace the table immediately after the third paragraph of the sub-section entitled “4.1 General, (b) Default option” with the following:

| | Growth Fund | Moderate Fund | Conservative Fund |
|------------|---|---|---|
| Age group | Below 40 years of age | 40 years and above but have not yet reached 50 years | Above 50 years of age |
| Parameters | Maximum 70% equities *Investment outside Malaysia is permitted | Maximum 60% equities *Investment outside Malaysia is permitted | 80% in debentures/ fixed income instruments with a minimum of 20% money market instruments and a maximum of 20% equities *Investment outside Malaysia is not permitted |

18. Page 4-5

Add the following immediately after the end of last paragraph of sub-section entitled “4.1 General, (b) Default option”:

“Where an individual becomes a member and has made his first contribution to the Scheme a month before he attains the age of 40 or 50 years old as the case may be, the PRS Provider must allocate such contribution to the moderate fund or conservative fund as the case may be.”

19. Page 4-5

Replace the first sentence of the second paragraph under sub-section entitled “4.1 General, (c) Voluntary contribution,(i) Tax incentives” with the following:

“Employers contributing for employees may enjoy an additional tax deduction above the mandatory EPF contribution and up to 19% of the employee’s remuneration.”

20. Page 4-8

Replace the third sentence of the first paragraph of the sub-section entitled “4.1 General, (d) Vesting, (i) Accrued benefits” with the following:

“Contributions that are subject to a vesting schedule may result in the issuance of vested and conditionally vested units. Members who hold vested and conditionally vested units will enjoy equivalent rights as members of a fund. However, a member holding conditionally vested units is not permitted to request for a transfer of such units to another PRS Provider or to withdraw any such units. PRS providers are only required to maintain sub-accounts A and B for vested units.”

21. Page 4-9

Replace the second sentence of the first paragraph of sub-section entitled “4.1 General, (d) Vesting, (ii) Vesting schedules” with the following:

“The PRS Providers are to ensure that such benefits are not transferred to another PRS Provider or to be withdrawn by the employee until they are vested unconditionally.”

22. Page 4-9

Replace the third paragraph of sub-section entitled “4.1 General, (d) Vesting, (ii) Vesting schedules” with the following:

“For the purposes of employers who make contributions into PRS on behalf of their employees, the manner in which the accrued benefits will be accounted for and vested in a member may be in accordance with the vesting schedule issued by the respective employer.”

23. Page 4-9

Add the following sub-section together with its contents after the last paragraph of sub-section entitled “4.1 General, (d) Vesting, (ii) Vesting schedules” :

“(iii) Duties of a PRS Provider with respect to vesting

It would be the obligation of the PRS Provider to ensure that the key circumstances or conditions for members that have contributions based on a vesting schedule are covered by the respective vesting schedule. The terms and conditions of the vesting schedule must include but is not limited to the following:

- terms and conditions of the employer’s contribution and of the vesting of units issued;
- the rights attached to vested and conditionally vested units, including any limitation on the rights attached to conditionally vested units;
- whether conditionally vested units will be unconditionally vested under circumstances including but not limited to the following-
 - cessation of the employee’s employment (under various circumstances)
 - where the employer is in the course of being wound up or otherwise dissolved;

- where a receiver, a receiver and manager or an equivalent person has been appointed in respect of any property of the employer;
- where the employer has, whether within or outside Malaysia entered into a compromise or scheme of arrangement with its creditors, being a compromise or a scheme of arrangement that is still in operation;
- merger of the employer with, or acquisition of the employer by, another entity;
- termination of the vesting schedule;
- death of the employee; and
- any other circumstances as may be specified by the SC.

Upon being notified of any of the circumstances stipulated in a vesting schedule as stated in the previous paragraph, PRS Provider is required to-

- repurchase the conditionally vested units and pay the proceeds to the respective employer not later than 10 days after being notified; or
- vest the conditionally vested units in that member or in that member's estate as soon as practicable. ”

24. Page 4-10

Replace the second sentence of the first paragraph of sub-section entitled “4.1 General, (e) Members withdrawal from PRS, (i) Pre-retirement withdrawal” with the following:

“Members may withdraw lump sum or any amount from one or multiple funds of each PRS Provider once a year. The first withdrawal can only be made one year after the initial contribution (whether via member contribution or employer contribution). Members will have to approach the PRS Provider and need to fill in a form made available by their respective PRS Providers. When the application is submitted to the PRS Provider, the PRS Provider will do the necessary verification and ensure that the member is withdrawing according to permitted rules, such as for the first time that year.”

25. Page 4-10

Replace the second paragraph of sub-section entitled “4.1 General, (e) Members withdrawal from PRS, (i) Pre-retirement withdrawal” with the following:

“PRS Providers would not be required to obtain prior authorisation of the PPA before processing the withdrawal. The PRS Provider has to verify the pre-retirement withdrawal form and instruct the scheme trustee to facilitate the pre-retirement withdrawal by cancelling the units. However, for withdrawals following the death of a member, a PRS Provider must obtain prior authorisation from the PPA before issuing instructions to the Scheme Trustee to cancel units. The PRS Provider is tasked to collect the tax penalty on behalf of the Inland Revenue Board and must deduct the penalty sum before crediting the member's account. The tax penalty for pre-retirement withdrawal is a flat 8%. The amount is to be deducted by the PRS Provider from the amount withdrawn from sub-account B as pre-retirement withdrawal by the member. However, this 8% tax penalty will not apply to pre-retirement withdrawals that are due to death or permanent departure of a member from Malaysia.

Example:

Jon started contributing to PRS Alpha on 1 January 20X3 and on 31 December 20X4 (after 2 years), he has accumulated RM7,000 in his sub-account A and RM3,000 in his sub-account B. He has not made any withdrawal since he started his contribution.

On 1 January 20X5, Jon can apply for pre-retirement withdrawal to withdraw either the full amount (RM3,000) or any partial amount from his sub-account B. The tax will be a flat 8% on whatever the withdrawal amount.

If instead, on 1 January 20X5, Jon decides to immigrate to Australia and leaves Malaysia permanently, he can apply to withdraw from the PRS. In that case, he must withdraw the total full amount of RM10,000 from sub-account A and sub-account B together as partial withdrawal is NOT allowed. Jon will NOT be subjected to the 8% tax penalty for this withdrawal.”

26. Page 4-10

Replace the second paragraph of sub-section entitled “4.1 General, (e) Members withdrawal from PRS, (ii) Post-retirement withdrawal” with the following:

“Request for withdrawal upon retirement may be made directly to the PRS Providers by completing relevant forms. Prior authorization from PPA is not required. However, PRS Providers are required to notify PPA that a withdrawal has been made.”

27. Page 4-10

Add the following immediately after the only paragraph of the sub-section entitled “4.1 General, (e) Members withdrawal from PRS, (iii) Permanent departure from Malaysia”:

“Further details on the required documentation can be found on PPA’s website.”

28. Page 4-11

Add the following immediately after the end of second paragraph of sub-section entitled “4.1 General, (f) Switching between funds within the same Scheme”:

“If an employer makes a contribution on behalf of an employee whether subject to a vesting schedule or otherwise, the choice of funds under the Scheme (including the right to switch to another fund under the Scheme) is to be made by the employee.”

29. Page 4-11

Replace the first sentence of the first paragraph under sub-section entitled “4.1 General, (g) Transfer between PRS Providers (portability)” with the following:

“One of the distinct advantages of the PRS is the ability of members to transfer between different PRS Providers prior to a member reaching the retirement age.”

30. Page 4-11

Replace the second, third, fourth paragraphs and its accompanied bullets of sub-section entitled “4.1 General, (g) Transfer between PRS Providers (portability)” with the following:

“ Transfers of accrued benefits can be done by completing PPA’s transfer form (TF), a copy of which can be obtained from PRS Providers. Members will need to approach the Transferee PRS Provider to fill up the form. On the TF, the member will need to indicate the total number of units to be transferred from the relevant fund(s) of the Transferor PRS Provider and indicate the name of the fund(s) to be transferred into and the number of units to be transferred. A member may make a full or partial transfer from one or multiple funds managed by the Transferor PRS Provider.

Members would not be required to indicate the breakdown on the number of units to be transferred from sub-account A and sub-account B respectively. The Transferor PRS Providers will fill-up the required details by completing the relevant parts of the TF. The allocation of units between sub-account A and sub-account B would be based on a 70-30 ratio whereby 70% of the units would be redeemed and transferred from sub-account A of the transferor fund(s) to sub-account A of the transferee fund(s) and 30% of the units would be redeemed from sub-account B of the transferor fund(s) and transferred to sub-account B of the transferee fund(s). However, over the years due to pre-retirement withdrawals from sub-account B, there may be insufficient balance in sub-account B to effect the transfer according to the 70-30 ratio, in which case the Transferor PRS Provider would be permitted to redeem the remaining units from sub-account A of the transferor fund(s) to purchase units in sub-account A of the transferee fund(s) in order to fulfill the transfer request.

In the event the TF is properly completed and has not been rejected, the Transferor PRS Provider has 5 business days to perform the necessary verification, redeem the relevant units and pay the Transferee PRS Provider.

Once payment has been made, the Transferor PRS Provider would also alert the PPA and upload the TF on PPA’s portal with the additional details included, such as the deduction of transfer and redemption fees (if any) and include the price of the units redeemed for sub-account A and B of each fund. In the event of a rejection, the Transferor PRS Provider would state the reasons for the rejection on PPA’s portal and the TF would be returned to the Transferee PRS Provider and member for their further action.

The conditions for transfer between PRS Providers are as below:

- (i) The proceeds from cancellation of units in sub-account A (whether from one or multiple funds) must be used to create units in sub-account A of one or multiple funds managed by the Transferee Provider. Similarly the proceeds from cancellation of sub-account B whether from one or multiple funds must be used to create units in sub-account B of one or multiple funds by the Transferee Provider;

- (ii) First transfer is being made after one full year from first contribution to any fund under any Scheme managed by the Transferor PRS Provider;
- (iii) There had been no prior transfer with the Transferor PRS Provider in that calendar year;
- (iv) There are sufficient units in the fund(s) selected by the member for transfer;
- (v) Each transfer request is only between two PRS Providers which must involve a transfer of one or more funds from the Transferor PRS Provider to one or more funds of the Transferee PRS Provider; and
- (vi) The amount from a particular fund selected for transfer must be transferred to one (1) other fund.”

31. Page 4-11

Add in “1” after the word “Example” after the fourth paragraph of sub-section entitled “4.1 General, (g) Transfer between PRS Providers (portability)”

32. Page 4-12

Replace the third, fourth and fifth sentences of the second paragraph of example under sub-section entitled “4.1 General, (g) Transfer between PRS Providers (portability)” with the following:

“PRS Beta will sell Ishak’s 1,000 unit holdings in Beta Equity Fund for RM800 (1,000 x RM0.80) and PRS Alpha will buy units of Alpha Bond Fund. For illustration purposes, we assume below the transfer fee to another PRS Provider is RM25 to be charged to PRS Beta. Ishak’s holdings from the initial investments until completion of the transfer process are as follows:”

33. Page 4-12

Replace the table “Ishak’s Holdings” and the sentence immediately after it of the sub-section entitled “4.1 General, (g) Transfer between PRS Providers (portability)” with the following:

“Ishak’s holdings

| Date | Fund Name | Units | Price (RM) | Gross amount (RM) | | Transfer fees (RM) | Net Amount (RM) | | TOTAL (RM) |
|-----------------------------|-------------|---------|------------|-------------------|---------------|--------------------|-----------------|---------------|------------|
| | | | | Sub-account A | Sub-account B | | Sub-account A | Sub-account B | |
| Initial investment | | | | | | | | | |
| 1 Jan 20x3 | Alpha Bond | 1,000 | 1.00 | 700 | 300 | Not applicable | | 1,000 | |
| | Beta Equity | 1,000 | 1.00 | 700 | 300 | Not applicable | | 1,000 | |
| Before transfer | | | | | | | | | |
| 1 March 20X4 | Alpha Bond | 1,000 | 2.00 | 1,400 | 600 | Not applicable | | 2,000 | |
| | Beta Equity | 1,000 | 0.80 | 560 | 240 | Not applicable | | 800 | |
| Transfer-out process | | | | | | | | | |
| 1 March 20X4 | Beta Equity | 1,000 | 0.80 | 560 | 240 | 25 | 535 | 240 | 775 |
| After transfer | | | | | | | | | |
| 6 March 20X4 | Alpha Bond | 1,387.5 | 2.00 | 1,942.5 | 832.5 | Not applicable | | 2,775 | |
| | Beta Equity | 0 | 0.80 | 0 | 0 | Not applicable | | 0 | |

Note the following:

- PRS Providers may only charge actual and reasonable expenses incurred in connection with transfers to another PRS Provider or switching between funds within the Scheme as disclosed in the disclosure document.
- Provider’s Fees i.e. Redemption Charge and Transfer Fee, where relevant, will be deducted from sub- account A.
- If transfer request is from more than one fund from the same Provider, Transfer Fee will be apportioned depending on number of funds. For example if Transfer

Fee is RM25 and involves two funds from the same provider, Transfer Fee for each fund will be RM12.50.

- As with any creation and redemption of units, both PRS Providers must secure the price per unit as at the next valuation point after the request has been received.
- Members must be made aware that as there is a time-lag during the transfer process as the process involves redemption of units and creation of units by different Providers, the fund prices may change due to market movement or fluctuations.

Example 2:

Ahmad has two funds with PRS Alpha and wants to transfer out to Provider Beta (Growth and Average funds). The transfer should be as follows:

| TRANSFER-OUT TRANSACTION | | | TRANSFER-IN |
|--------------------------|--------------|---|--------------|
| Fund Name | Units | Number of units | |
| Alpha Conservative | Full/Partial | Note: For full transfers, member does not have to fill up this column | Beta Growth |
| Alpha Shariah | Full/Partial | 100 | Beta Average |

Example 3:

Ahmad started working for ABC Company on 1 January 20X4 and ABC Company started contributing RM100 per month to PRS Bravo on behalf of Ahmad, from that same day. On 1 July 20X4, Ahmad also started contributing on his own to PRS Bravo.

On 1 January 20X5, Ahmad is allowed to transfer the accrued benefit in PRS Bravo to another PRS (say PRS Echo) of his choice because:

- 1 year has elapsed since the first contribution to PRS Bravo; and
- Contribution to any fund under any Scheme may be made from employers or individuals themselves.

If we assume that Ahmad also contributes to PRS Delta from 1 October 20X3, he is allowed to transfer that accrued benefits from PRS Delta during the calendar year of 20X5 as well because:

- PRS Delta is different PRS Provider and it is a first time transfer from PRS Delta is requested in that calendar year.”

34. Page 4 -12

Replace the second paragraph of sub-section entitled “4.1 General, (h) Unclaimed monies and death of members” with the following:

“Upon death of a member, the member’s personal representative such as the executor or administrator may make an application for withdrawal from the relevant PRS Provider. Supporting documents such as the probate, letter of administration or Sijil Faraid must be sent to the PRS Provider as soon as practicable, which would then be submitted to PPA for their authorisation. Once the prior authorization of the PPA is received, the relevant PRS Provider must within 10 days pay the personal representative of the deceased PRS Member the proceeds of the repurchase of units.”

35. Page 4-13

Replace the second sentence of the sub-section entitled “4.2 The Scheme Trustee,(c) Duties and functions, (ii) Dealing in units” with the following:

“The Scheme Trustee may refuse to create units or to create units in the number instructed by the PRS Provider if such creation would result in a breach of the deed, securities laws (including the PRS Regulations) or the PRS Guidelines. Similarly, the Scheme Trustee may refuse to cancel units or to cancel units in the number instructed by the PRS Provider if such cancellation is not in the best interest of members or if it would result in a breach of the deed, securities laws or the PRS Guidelines.”

36. Page 4-17

Add in the following immediately after the last sentence of sub-section entitled “4.4 Dealing, valuation and pricing, (a) Fund units”

“In circumstances where the prior authorisation of the PPA is required for the repurchase of units, the transaction will be at the NAV per unit of the fund as at the next valuation point after the PPA’s authorization has been received by the PRS Provider.”

37. Page 4-19

Replace the second sentence of second paragraph under sub-section entitled “4.4 Dealing, valuation and pricing, (c) Valuation” with the following:

“In those cases, the valuation points must be clearly disclosed in the disclosure documents and must be at least once a month.”

38. Page 4-20

Replace the second bullet of third paragraph under sub-section entitled “4.5 Disclosure document, (a) General” with the following:

“(ii) The inside cover of the document with the responsibility statements and statements of disclaimer;”

39. Page 4-21

Replace the first paragraph of sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet” with the following:

“A Product Highlights Sheet is to provide a summary of the key information on the fund(s) under the Scheme to potential members. A Product Highlights Sheet must be prepared for each fund under the Scheme except for the core funds of the Scheme which must be covered under one Product Highlights Sheet.

The Product Highlights Sheet must follow the template provided as Appendix I of Schedule G of the PRS Guidelines which may be specified by the SC from time to time and at all times must reflect information in a clear, concise and effective manner. To that end, the Product Highlights Sheet must be prepared in easily-understood language and where necessary use simple charts, tables, diagrams to act as an aid for better presentation of information.”

40. Page 4-21

Replace the second paragraph under sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet” with the following:

“The Product Highlights Sheet, whether in hard or soft copy, must be presented to the potential member at the initial engagement or at the point the individual shows interest in the PRS. The Product Highlights Sheet must include, but not limited to, the following information:”

41. Page 4-21

Replace the second bullet of sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (i) Scheme information” with the following:

“• General information on the Scheme. This should include a brief description of the benefits of contributing to the Scheme.”

42. Page 4-21

Add a new bullet after the third bullet of sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (i) Scheme information” as follows:

“• Statement that there are other funds that have been launched within the Scheme which are not the subject-matter of the Product Highlights Sheet in question;”

43. Page 4-21 to 4-22

Replace the sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (ii) Fund information” with the following:

“(ii) Fund information

- Name of fund;
- Category of fund;
- Investment objectives of the fund;

- Brief but relevant description of the principal investment strategy, including the asset allocation strategy to be employed by the fund manager to meet the objectives;
- Performance benchmark;
- Member profile; and
- Where multiple classes of units are issued, a comparison table highlighting the different features of each class.
- For a Shariah-compliant fund, the following statement must be disclosed :
“<<name of fund>> has been certified as being Shariah-compliant by <<name of Shariah Adviser appointed for the Fund>>”

44. Page 4-22

Replace the sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (iii) Fees and charges” with the following:

“(iii) Fees and charges

Explanation of :

- all fees and charges for each fund(s) that is the subject-matter of the Product Highlights Sheet and should be clearly identified in tabular form; and
- how members will be notified of any increase in fees and charges, including whether there is any notice period required prior to the effective date of such higher fees and/or charges. ”

45. Page 4-22

Replace the sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (iv) Taxation of the fund” with the following:

“(iv) Taxation of the fund

A Product Highlights Sheet must contain briefly:

- the taxation of the fund under a Scheme, taking into account any distinctive characteristic of the fund;
- with regard to members, the tax deduction available and tax liabilities (including the tax penalty for withdrawals prior to retirement), if any; and
- maximum tax deduction available for employers who contribute on behalf of employees. ”

46. Page 4-22

Replace the sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (v) Risk factors” with the following:

“(v) Risk factors

A Product Highlights Sheet must highlight general investment risks and risks specific to the fund(s) the subject-matter of the Product Highlights Sheet.”

47. Page 4-22 to 4-23

Replace the sub-section entitled “4.5 Disclosure document, (b) Product highlights sheet, (vi) Other information” with the following:

“ (vi) Other information

- Avenues of advice for prospective members ;
- Information on how the member can keep abreast of developments in the fund, track the NAV per unit of the fund and their contributions to the scheme;
- Where and how members can lodge a complaint;
- The following statement must be disclosed (in bold)

"This is a Private Retirement Scheme"

"There are fees and charges involved and investors are advised to consider them before investing in the fund"

"Unit prices and distribution payable, if any, may go down as well as up"

- Where a fund proposes to invest substantially in derivatives (that is more than 30%), a warning statement (to appear in bold) must appear to warn of the likelihood of high volatility in the NAV of the fund due to these derivatives; and
- Any other information that the PRS Provider may consider necessary, material and important to be included in a Product Highlights Sheet.”

H) CHAPTER 6 : PRIVATE RETIREMENT SCHEME INVESTMENTS

48. Page 6-2

Replace the second bullet of second paragraph under sub-section entitled “6.1 Suitability assessment” with the following:

“• given consideration and conducted a thorough review of the subject matter of the recommendation as may be reasonable in the circumstances.”

49. Page 6-2

Add a new paragraph and its accompanied bullets after the fourth paragraph of sub-section entitled “6.1 Suitability assessment” as follow:

“However, a suitability assessment need not be conducted where:

- an investor does not select a fund within a scheme and therefore a fund is chosen for the investor by way of default;
- an investor is switched to a fund within the default option based on his age category;
- employers channel contributions on behalf of the employees to a private retirement scheme based on employees’ choice or request; or
- an investor requests for transfer of accrued benefits between private retirement scheme providers.”

I) CHAPTER 7 : PRIVATE RETIREMENT SCHEME DISTRIBUTOR AND CONSULTANT

50. Page 7-13

Replace the last second bullet of sub-section entitled “7.7 Marketing of PRS, (a) Adhere to the code of ethics and standards of professional conduct” with the following:

“(xi) market the PRS using the disclosure document and Product Highlights Sheet; and”