



**CODE OF ETHICS AND RULES OF PROFESSIONAL CONDUCT
(UNIT TRUST FUNDS)**

**SECOND EDITION
22 January 2013**

First Edition: 1 September 2001

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INTRODUCTION

1. The Code is issued by FIMM pursuant to Article 58(g) of the Articles of Association of FIMM and approved by SC in accordance with Section 325 of the CMSA.
2. The Code sets out the ethical and professional requirements and rules that Ordinary Members, IUTA, CUTA and UTC must comply for purposes of marketing and distributing units of unit trust funds in Malaysia and aims to provide a regulatory environment that protects the interests of the investing public.
3. In order to ensure compliance with the Code, FIMM may take action against any Ordinary Member, IUTA, CUTA or UTC who fails to comply with any provision of the Code.
4. The provisions of the Code are non-exhaustive and FIMM may review the Code as and when necessary and subject to SC's approval as provided under Section 325 of CMSA. Any amendment to the Code shall become effective after it has been approved by SC.
5. The FIMM may from time to time, issue directives, standards and/or circulars to provide further clarity and guidance. The directives, standards and circulars must be complied with in the same manner as the Code.
6. The Code comes into effect on **22 January 2013** and shall supersede the Code of Ethics and Standards of Professional Conduct for the Unit Trust Industry issued on 1 September 2001.
7. Any query regarding the Code may be addressed to:

General Manager
Regulatory Services
Federation of Investment Managers Malaysia
19-07-3, 7th Floor, PNB Damansara
No. 19, Lorong Dungun
50490 Kuala Lumpur

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

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PART 1

1.0 DEFINITIONS AND INTERPRETATIONS

1.1 In the Code, unless the context otherwise requires, the following words and expressions when used have the meanings set against them:

- (a) “business day” means any day from Monday to Friday, excluding Saturdays, Sundays and public holidays declared in Kuala Lumpur. If the following day is a non-business day, the next business day shall be the immediate day after the non-business day;
- (b) "Code" means this Code of Ethics and Rules of Professional Conduct and includes any amendment, addition or supplement thereto and any substitution thereof which has been approved by SC;
- (c) “CMSA” means the Capital Market and Services Act 2007;
- (d) “CUTA” means the corporate unit trust advisers that are registered with FIMM in accordance with the Guidelines for Registration of Corporate Unit Trust Advisers (CUTA) for the Marketing and Distribution of Unit Trusts issued by FIMM;
- (e) “days” means calendar days;
- (f) “FIMM” means the Federation of Investment Managers Malaysia (Company No: 272577 – P) that is incorporated as a company limited by guarantee under the Companies Act 1965 and includes its successors-in-title and permitted assigns;
- (g) "investors" means the existing and prospective investors of any unit trust fund;
- (h) “IUTA” means the institutional unit trust advisers that are registered with FIMM in accordance with the Guidelines for Registration Of Institutional Unit Trust Advisers (IUTA) for the Marketing And Distribution Of Unit Trusts issued by FIMM;
- (i) “officer” in relation to a corporation, includes any director, secretary and employee of such corporation and any member of any committee having responsibility over investment activities appointed by the Ordinary Member, IUTA and CUTA in accordance with the relevant guidelines issued by SC;
- (j) “Ordinary Members” means those persons who are granted membership of FIMM in accordance with Article 6 of the Articles of Association of FIMM and registered as Ordinary Members of FIMM;
- (k) “person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated association, company, corporation, entity or government;

- (l) “principal” in relation to a UTC, means the Ordinary Member, IUTA or CUTA that the UTC represents;
 - (m) "related party" has the same meaning as that assigned to “related party” in Clause 2.01 of the Guidelines on Unit Trust Funds issued by SC;
 - (n) “SC” means the Securities Commission of Malaysia established under the Securities Commission Act 1993;
 - (o) “unit trust fund” has the same meaning as that assigned to “unit trust scheme” in Section 2(1) of CMSA;
 - (p) “UTC” means the unit trust consultants who are registered with FIMM to market and distribute unit trust funds;
 - (q) “UTMC” means unit trust management companies and has the same meaning as that assigned to “management company” in Section 2(1) of CMSA;
- 1.2 References in the Code to words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 1.3 References in the Code to words in the singular number shall include the plural number and vice versa.
- 1.4 References in the Code to any person include any individual, sole proprietorship, partnership, joint venture, statutory or governmental body, trust and any other body, organisation, association or group of persons; whether corporate or unincorporated.
- 1.5 The headings and subheadings to the Code are inserted for the purpose of convenience only and do not form part thereof nor to be taken into consideration in the interpretation or construction of the Code.
- 1.6 Any appendix and attachment hereto forms part of the Code and is construed in accordance with the same. In case of any inconsistency between the Code and the provisions contained in any of the appendices hereto, the provisions of the Code prevail.
- 1.7 References in the Code to any statute or subsidiary legislation or any provision of any statute or subsidiary legislation includes all modifications, extensions, substitutions or re-enactments thereof in force at any particular time and all regulations, rules, orders, directives, notices and other instruments then in force and issued under or deriving validity from the relevant statute or subsidiary legislation or provision.
- 1.8 Any time period stated in the Code, where no specific method for determining the time period is set out, shall start on the day after the day of the event.

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PART 2

2.0 CODE OF ETHICS AND RULES OF PROFESSIONAL CONDUCT FOR ORDINARY MEMBERS, IUTA AND CUTA

2.1 Duties and Responsibilities of Ordinary Members, IUTA and CUTA

- 2.1.1 Ordinary Members, IUTA and CUTA should possess a sense of responsibility, integrity and professionalism in dealing in units of unit trust funds.
- 2.1.2 Ordinary Members, IUTA and CUTA should, at all times:
- (a) act with honesty, dignity and integrity;
 - (b) deal in a fair and equitable manner, and avoid aggressive and offensive sale practices;
 - (c) deal in good faith and with best of intentions of investors; and
 - (d) treat investors with respect and disclose fully all information pertinent for investors to make informed investment decisions.
- 2.1.3 Conduct which is dishonest includes but is not limited to any omission of a material fact. A material fact is defined as one which causes investors to perceive the unit trust fund to be different from what is actually represented to them.
- 2.1.4 Ordinary Members, IUTA and CUTA must conduct and encourage others to deal in units of unit trust funds in a professional and ethical manner that will reflect credit on themselves, fellow registered persons and the industry.
- 2.1.5 Ordinary Members, IUTA and CUTA shall uphold the dignity of and maintain the highest respect for the unit trust industry. Ordinary Members, IUTA, CUTA and their officers must not make public complaints or negative statements, or allow any action to be interpreted in any way to cause damage to the reputation of others in the unit trust industry. Complaints and criticisms shall instead be channeled to FIMM, SC and/or any other relevant authority in a professional manner.
- 2.1.6 Ordinary Members, IUTA, CUTA and their officers must not make defamatory, derogatory or disparaging statements against the unit trust industry, unit trust funds, officers or practices of any other Ordinary Member, IUTA, or CUTA, or FIMM, SC or any other relevant authority.
- 2.1.7 Ordinary Members, IUTA and CUTA should not misrepresent or recklessly represent:
- (a) the unit trust funds and/or the characteristics of the unit trust funds they offer or market and distribute; and/or

- (b) the past performances of the unit trust fund they are marketing.
- 2.1.8 As prescribed under Section 232 of CMSA, Ordinary Members, IUTA and CUTA should not:
- (a) deal in units of a unit trust fund unless the prospectus of the unit trust fund has been registered with SC; and
 - (b) issue, circulate or distribute any application form unless the form is accompanied by a copy of the prospectus.
- 2.1.9 Ordinary Members, IUTA and CUTA should conduct all dealings with every care, skill and diligence. In this regard, Ordinary Members, IUTA and CUTA should, where applicable:
- (a) ensure as far as possible that the unit trust fund is suitable for the needs of the investor and is not beyond the investor's resources;
 - (b) take all reasonable steps to give information in a comprehensible, full and fair manner to assist the investor make a balanced and informed decision;
 - (c) provide information only on those matters in which they are competent to deal with and seek or recommend other specialist advice to the investor where appropriate;
 - (d) when conveying information to an investor, bear in mind the overall context in which the statements are made. Different investors may require different levels of detail and explanation. Efforts should be made to improve the amount and clarity of information given. Brief or overly technical explanations tend to create confusion and misunderstanding;
 - (e) in making comparisons with other funds, make clear the different characteristics of each fund;
 - (f) not omit a material fact, nor make exaggerated, unwarranted, misleading statements or claims, or forecasts of future events; and
 - (g) with regard to its officers and UTC, ensure adequate processes and check and balances are in place in their oversight of such officers and UTC.
- 2.1.10 Ordinary Members, IUTA and CUTA should adequately explain to an investor the nature and characteristics of the unit trust fund that is being marketed. Towards this end, Ordinary Members, IUTA and CUTA should, where applicable:
- (a) make clear all essential attributes of the unit trust fund, including:

- (i) the investment objectives of the unit trust fund;
 - (ii) the investment strategy to achieve the stated objectives;
 - (iii) the risks of investing in that unit trust fund and unit trusts generally;
 - (iv) the distribution policy of the unit trust fund;
 - (v) all fees, charges and expenses involved; and
 - (vi) the tax implications (if any);
- (b) ensure as far as possible that the investor understands the information provided and what he is committing himself to; and
- (c) draw attention to any unique feature and/or restriction applicable to the unit trust fund, such as:
- (i) (if loan financing is to be used) the risks of purchasing units through loan facilities; and
 - (ii) the long-term nature of the unit trust fund and the risks of early withdrawal from the unit trust fund.

2.1.11 Ordinary Members, IUTA and CUTA should endeavour to provide prompt, efficient and continuous service to investors. In particular, Ordinary Members, IUTA and CUTA should be ready to answer any query about the unit trust funds.

2.1.12 Ordinary Members, IUTA and CUTA are to treat all investors equally.

2.1.13 Ordinary Members, IUTA and CUTA should take every precaution to protect and preserve the confidentiality of any personal or financial information relating to the investors or clients, save and except where such disclosure has been expressly authorised in writing by such investor or client or where such disclosure is required to be made to any relevant authority pursuant to any relevant law or legal process. Ordinary Members, IUTA and CUTA must not in any way use such information for their personal or another person's gain.

2.1.14 Ordinary Members, IUTA and CUTA should ensure that their officers:

- (a) do not make improper use of information acquired through their position as officers to gain an advantage for themselves or another person or cause detriment to investors; and
- (b) do not make improper use of their position as officers to gain, directly or indirectly, an advantage for themselves or for any other person or cause detriment to investors.

2.1.15 Ordinary Members, IUTA and CUTA should:

- (a) maintain knowledge of, and comply with, all applicable laws and rules governing the unit trust industry. Where required, they must deal with the regulatory authorities in an open and co-operative manner, and disclose such information as is reasonable and appropriate; and
- (b) act with proficiency and strive to maintain and improve their competency and that of fellow registered persons.

2.1.16 Ordinary Members, IUTA and CUTA should at all times ensure that all information pertaining to their registration and their UTC's registration with FIMM (in particular, the contact details of their authorised representatives and UTC), as submitted to and maintained by FIMM, is accurate and current. To this end, the Ordinary Members, IUTA and CUTA must notify FIMM of any change to the aforementioned information within fifteen (15) business days from the date the respective Ordinary Members, IUTA and CUTA were duly notified.

2.2 Advertisement and Promotional Materials

2.2.1 Ordinary Members, IUTA and CUTA should ensure that all advertisements and promotional materials are not misleading or purport to offer unapproved products or services that they are not duly approved to offer.

2.2.2 Ordinary Members, IUTA and CUTA should ensure that only advertisements and promotional materials which comply with the requirements of the Guidelines on Unit Trust Advertisements and Promotional Materials issued by SC are used.

2.3 Reference to FIMM Logo, Membership and Registration

2.3.1 Ordinary Members, IUTA and CUTA who intend to disclose their membership or registration with FIMM and display or use FIMM's logo in prospectuses, accounts, unitholders' reports and such other communication and advertising materials should include therein a statement of affiliation with FIMM.

2.3.2 Ordinary Members, IUTA and CUTA who intend to use FIMM's logo for other purposes should obtain FIMM's prior written approval.

2.4 Dealing in Unit Trust Funds

2.4.1 IUTA and CUTA should clearly inform investors of the charges imposed, explain how unit prices and charges are calculated and inform them where the prices are publicly made available.

- 2.4.2 Ordinary Members, IUTA and CUTA are prohibited from providing discounts and rebates in any form. Investors should be clearly informed of the sales charge imposed on their investments.
- 2.4.3 Ordinary Members, IUTA and CUTA should also refrain from providing gifts to entice investors to invest in unit trust funds.
- 2.4.4 Ordinary Members, IUTA and CUTA are prohibited from requesting or allowing investors to pre-sign (or pre-thumbprint) any form relating to their investment.
- 2.4.5 In respect of investment in unit trust funds, where payment is made by way of cheques, Ordinary Members, IUTA and CUTA:
- (a) must advise investors to ensure the cheques are made in the name of the relevant UTMC or IUTA (if the investment is made through the nominee account of the IUTA) and for the benefit of the investor by including the name and identification card number or account number (if any) (for individual investors) or the name and company number or account number (if any) (for corporate investors) of the investor on the reverse of the cheque; and
 - (b) should have procedures and/or processes in place to ascertain that the name and identification card number or company number or account number of the investor reflected in the cheque matches the name of the investor and identification card number or company number or account number indicated in the investment application form.
- 2.4.6 Ordinary Members must ensure that any distributorship arrangement that they may have with IUTA and CUTA does not in any way undermine the investor's rights as an investor in the unit trust fund, whether they hold the investment as a legal holder or a beneficial holder. IUTA, CUTA and their officers to ensure none of their practices would result in the same.

2.5 Loan Financing in the Sale of Unit Trust Funds

- 2.5.1 Ordinary Members, IUTA and CUTA should not, directly or indirectly, encourage the sale of unit trust funds through loan financing.
- 2.5.2 In communicating information on loan financing for unit trust funds, Ordinary Members, IUTA and CUTA should fully disclose important information to the investor, omitting no material fact. In this regard, Ordinary Members, IUTA and CUTA should release only factual information and subsequently explain clearly the risks of leveraging to the investor.
- 2.5.3 Ordinary Members, IUTA and CUTA should, to the best of their ability, ensure that the investor understands the risks of loan financing before investing.

2.6 Appointment of UTC

- 2.6.1 Ordinary Members, IUTA and CUTA should not appoint a UTC who is already appointed by another Ordinary Members, IUTA or CUTA and should only accept investment applications submitted by their respective UTC.
- 2.6.2 CUTA should ensure that only their fulltime employees who are licensed by SC as financial planning representatives may register as UTC.
- 2.6.3 IUTA should ensure that only their fulltime employees may register as UTC.
- 2.6.4 Ordinary Members, IUTA and CUTA should ensure that their UTC are “fit and proper” at all times, through continuous compliance with:
- (a) the eligibility requirements prescribed by SC and FIMM;
 - (b) the minimum “fit and proper” criteria prescribed by SC and FIMM;
 - (c) the licensing requirements prescribed by SC (where applicable);
 - (d) the examination requirements prescribed by FIMM; and
 - (e) the continuing professional development requirements prescribed by FIMM.
- 2.6.5 Ordinary Members, IUTA and CUTA should ensure that all payments accrued to UTC in respect of unit trust funds marketed and distributed by UTC are paid directly into the account of the UTC and not to or through a third party.
- 2.6.6 Ordinary Members, IUTA and CUTA should ensure that their UTC market and distribute only unit trust funds which have been approved by SC.

2.7 Conflict of Interest

- 2.7.1 Ordinary Members, IUTA and CUTA should avoid conflict of interest arising, whether real, potential or perceived. If a conflict of interest arises, Ordinary Members, IUTA and CUTA should ensure that investors are not disadvantaged by the transaction concerned.
- 2.7.2 Any related party transaction, dealing, investment and appointments involving parties to a unit trust fund must be made on terms which are the best available for the unit trust fund and which are no less favourable to the unit trust fund than an arm’s length transaction between independent parties.

2.8 Money Laundering

Ordinary Members, IUTA and CUTA should have in place a system for reporting suspected money laundering or terrorist financing transactions to the relevant authority which incorporates the provisions of the Guidelines on Prevention of Money

Laundering and Terrorism Financing for Capital Market Intermediaries issued by SC and Anti-Money Laundering and Anti-Terrorism Financing Act 2001.

2.9 Complaint Handling

- 2.9.1 Ordinary Members, IUTA and CUTA should have written procedures to handle complaints received by them in a proper and efficient manner, including allocating sufficient resources to efficiently review and resolve complaints received within such time as shall be prescribed under such procedures.
- 2.9.2 Ordinary Members, IUTA and CUTA should notify investors on the manner they may lodge a complaint and all complaints received, together with their review, findings and actions taken, should be properly recorded and undergo the due process for review of complaints.
- 2.9.3 All details and information received pursuant to complaints received shall be treated in confidence and can only be shared with persons involved in the review of the complaint.
- 2.9.4 Ordinary Members, IUTA and CUTA should promptly notify FIMM in writing of any complaint which they deem has or potentially has an adverse effect on the unit trust industry.
- 2.9.5 Ordinary Members, IUTA and CUTA must submit quarterly reports on complaints received, in the form and manner prescribed by FIMM and/or SC.
- 2.9.6 Ordinary Members, IUTA and CUTA should inform investors that they have recourse to the Securities Industry Dispute Resolution Center if they are unsatisfied with the decision of the Ordinary Member, IUTA or CUTA in resolving their complaints.

2.10 Compliance with the Code and Applicable Laws

- 2.10.1 Ordinary Members, IUTA and CUTA must at all times comply with:
- (a) the Code;
 - (b) the relevant rules, guidelines, by-laws, directives and standards issued by FIMM;
 - (c) the relevant regulations and guidelines issued by SC;
 - (d) the relevant reporting and submission requirements prescribed by FIMM and/or SC; and
 - (e) such other applicable laws.
- 2.10.2 Ordinary Members, IUTA and CUTA must ensure that their UTC are notified and briefed on the Code and the relevant rules, guidelines, by-laws, directives

and standards issued by FIMM and the relevant regulations and guidelines issued by SC to ensure their UTC strictly comply with the aforementioned.

- 2.10.3 Ordinary Members, IUTA and CUTA should, upon any request or instruction made by FIMM, provide such information, documents and/or other evidence to confirm their compliance with all rules and regulations.
- 2.10.4 Ordinary Members, IUTA or CUTA should take appropriate action against any of their UTC who fails to comply with the Code, or any relevant rules, guidelines, by-laws, directives or standards issued by FIMM and/or SC. In this respect, FIMM reserves the right to further subject the UTC to such further investigation or review, disciplinary proceedings and appropriate disciplinary action(s) as appropriate in accordance with the relevant by-laws of FIMM.
- 2.10.5 FIMM reserves the right to subject the Ordinary Member, IUTA and CUTA to investigation or review, disciplinary proceedings and disciplinary action as appropriate in accordance with the relevant by-laws of FIMM in the event any Ordinary Member, IUTA or CUTA has failed to comply with clause 2.10.1 herein.

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3.0 CODE OF ETHICS AND PROFESSIONAL RESPONSIBILITY AND RULES OF PROFESSIONAL CONDUCT FOR UTC

3.1 Duties and Responsibilities of UTC

- 3.1.1 UTC must be “fit and proper” at all times, through continuous compliance with:
- (a) the eligibility requirements prescribed by SC and FIMM;
 - (b) the minimum “fit and proper” criteria prescribed by SC and FIMM;
 - (c) the licensing requirements prescribed by SC (where applicable);
 - (d) the examination requirements prescribed by FIMM; and
 - (e) the continuing professional development requirements prescribed by FIMM.
- 3.1.2 UTC should possess a sense of responsibility, integrity and professionalism in dealing in units of unit trust funds.
- 3.1.3 UTC should, at all times:
- (a) act with honesty, dignity and integrity;
 - (b) deal in a fair and equitable manner, and avoid aggressive and offensive sale practices;
 - (c) deal in good faith and with best of intentions for investors; and
 - (d) treat investors with respect and disclose fully all information pertinent for investors to make informed investment decisions.
- 3.1.4 Conduct which is dishonest includes but is not limited to any omission of a material fact. A material fact is defined as one which causes investors to perceive the unit trust fund to be different from what is actually represented to them.
- 3.1.5 UTC must conduct and encourage others to deal in units of unit trust funds in a professional and ethical manner that will reflect credit on themselves, fellow registered persons and the industry.
- 3.1.6 UTC shall uphold the dignity of and maintain the highest respect for the unit trust industry. UTC must not make public complaints or negative statements, or allow any action to be interpreted in any way to cause damage to the reputation of others in the unit trust industry. Complaints and criticisms shall instead be channeled to FIMM, SC and/or any other relevant authority in a professional manner.

- 3.1.7 A UTC should not misrepresent or recklessly represent:
- (a) his qualifications or that of the principal he represents;
 - (b) the unit trust funds and/or the characteristics of the unit trust funds offered by his principal; and/or
 - (c) the past performances of the unit trust fund he is marketing.
- 3.1.8 A UTC should, on introduction to an investor, disclose that he is authorised to deal in unit trust funds and produce his authorisation card to identify himself. Only cards issued by FIMM are recognised for dealing in units of unit trust funds.
- 3.1.9 A UTC should not mislead investors by using inappropriate designations or titles. Examples of inappropriate designations or titles are, without limitation, “Financial Planner”, “Investment Advisor”, “Investment Consultant” and “Financial Advisors” UNLESS the UTC has earned their qualification from recognised bodies in Malaysia or is licensed to carry out such activity by the relevant body.
- 3.1.10 As prescribed under Section 232 of CMSA, a UTC should not:
- (a) deal in units of unit trust funds unless the prospectus of the unit trust fund has been registered with SC; and
 - (b) issue, circulate or distribute any application form unless the form is accompanied by a copy of the prospectus.
- 3.1.11 UTC should conduct all dealings with every care, skill and diligence. In this regard, UTC should:
- (a) ensure as far as possible that the unit trust fund is suitable for the needs of the investor and is not beyond the investor’s resources;
 - (b) take all reasonable steps to give information in a comprehensible, full and fair manner to assist the investor make a balanced and informed decision;
 - (c) provide information only on those matters in which they are competent to deal with and seek or recommend other specialist advice to the investor where appropriate;
 - (d) when conveying information to an investor, bear in mind the overall context in which the statements are made. Different investors may require different levels of detail and explanation. Efforts should be made to improve the amount and clarity of information given. Brief or overly technical explanations tend to create confusion and misunderstanding;

- (e) in making comparisons with other funds, make clear the different characteristics of each fund;
- (f) not omit a material fact, nor make exaggerated, unwarranted, misleading statements or claims, or forecasts of future events; and
- (g) not request or allow an investor to pre-sign (or pre-thumbprint) any form relating to their investment.

3.1.12 UTC should adequately explain to an investor the nature and characteristics of the unit trust fund that is being marketed. Towards this end, UTC:

- (a) should make clear all essential attributes of the unit trust fund, including:
 - (i) the investment objectives of the unit trust fund;
 - (ii) the investment strategy to achieve the stated objectives;
 - (iii) the risks of investing in that unit trust fund and unit trusts generally;
 - (iv) the distribution policy of the unit trust fund;
 - (v) all fees, charges and expenses involved;
 - (vi) the tax implications (if any); and
 - (vii) cooling-off period (where applicable);
- (b) should ensure as far as possible that the investor understands the information provided and what he is committing himself to; and
- (c) should draw attention to any unique feature and/or restriction applicable to the unit trust fund, such as:
 - (i) (if loan financing is to be used) the risks of purchasing units through loan facilities; and
 - (ii) the long-term nature of the unit trust fund and the risks of early withdrawal from the unit trust fund;
- (d) should not directly or indirectly give any guarantee to any investor that a specific result will be achieved arising from advice or services rendered.

3.1.13 UTC should endeavour to provide prompt, efficient and continuous service to investors. In particular, UTC should be ready to answer any query about the unit trust funds.

- 3.1.14 UTC are prohibited from using any form of valuation methodology other than those formally adopted by the respective Ordinary Members for monitoring investors' investment in unit trust funds and/or furnishing investors' statements or reports pertaining to the investors' investment based on such valuation methodology.
- 3.1.15 UTC should ensure the confidentiality of any personal or financial information relating to the investors or clients, save and except where such disclosure has been expressly authorised in writing by such investor or client or where such disclosure is required to be made to any relevant authority pursuant to any relevant law or legal process. UTC must not in any way use such information for their personal or another person's gain.
- 3.1.16 UTC should:
- (a) maintain knowledge of, and comply with, all applicable laws and regulations governing the unit trust industry. Where required, they must deal with the regulatory authorities in an open and co-operative manner, and disclose such information as is reasonable and appropriate; and
 - (b) act with proficiency and strive to maintain and improve their competency and that of fellow UTC.
- 3.1.17 UTC should at all times ensure that their contact and personal details kept by their principal are accurate and current. To this end, UTC must notify their principal of any change to the aforementioned within seven (7) business days from the date of the change.

3.2 Advertisement and Promotional Materials

- 3.2.1 UTC should ensure that all advertisements and promotional materials are not misleading or purport to offer unapproved products or services that they are not only approved to offer.
- 3.2.2 UTC should ensure that only advertisements and promotional materials provided or approved by their Ordinary Members, IUTA or CUTA which comply with the requirements of the Guidelines on Unit Trust Advertisements and Promotional Materials issued by SC are used.

3.3 Dealing in Unit Trust Funds

- 3.3.1 A UTC must only represent one principal at any one time, which may be an Ordinary Member or IUTA or a CUTA. The UTC should only deal in unit trust funds of his principal or those distributed by his principal and which have been approved by SC. Therefore, the UTC should not make arrangements, in whatever manner, to market and distribute unit trust funds of other Ordinary Members or those distributed by other IUTA or CUTA.

- 3.3.2 Any UTC of an Ordinary Member or IUTA who holds a financial planning representative licence and intends to become a UTC of a CUTA must terminate his agency or employment with the Ordinary Member or IUTA (which thereby terminates his registration with FIMM as a UTC for the Ordinary Member or IUTA) before seeking registration with FIMM as a UTC of the CUTA. In this regard, only fulltime employees of a CUTA who are licensed by SC as financial planning representatives may register as UTC of the CUTA.
- 3.3.3 UTC should clearly inform investors of the charges imposed, explain how unit prices and charges are calculated and inform them where the prices are publicly made available.
- 3.3.4 UTC are prohibited from providing discounts and rebates in any form. UTC should also refrain from providing gifts to entice investors to invest in unit trust funds.
- 3.3.5 UTC should neither accept cash nor have it credited into their personal bank accounts from investors for purposes of investment in unit trust funds.
- 3.3.6 UTC should not make any forecast in relation to any unit trust fund.
- 3.3.7 UTC should not enter into any understanding, arrangement or agreement (whether written or otherwise) with any investor for the purpose of obtaining the investor's authorisation to:
 - (a) make an investment decision on behalf of the investor unless Ordinary Members, IUTA and CUTA have specific policies and rules which are not in contradiction with the rules and regulations of FIMM and SC;
 - (b) charge the investor or receive any fee or remuneration other than the commissions and benefits agreed between the UTC and his principal;
 - (c) provide any service that is beyond the authority of the UTC as stipulated by the relevant laws.

3.4 Loan Financing in the Sale of Unit Trust Funds

- 3.4.1 UTC should not, directly or indirectly, encourage the sale of unit trust funds through loan financing.
- 3.4.2 In communicating information on loan financing for unit trust funds, the UTC should fully disclose important information to the investor, omitting no material fact. In this regard, the UTC should release only factual information and subsequently explain clearly the risks of leveraging to the investor.
- 3.4.3 The UTC should, to the best of his ability, ensure that the investor understands the risks of loan financing before investing.

3.5 Unapproved Products and Unauthorised Dealings

UTC must not invest or deal in (including introduce, promote, market, distribute or be involved in any other way) products or schemes for the purpose of investment which are not recognised, approved or registered for offer or distribution by the relevant laws in Malaysia.

3.6 Compliance with the Code and Applicable Laws

3.6.1 UTC must at all times comply with:

- (a) the Code;
- (b) the relevant rules, guidelines, by-laws, directives and standards issued by FIMM;
- (c) the relevant regulations and guidelines issued by SC; and
- (d) such other applicable laws.

3.6.2 UTC should, upon any request or instruction made by FIMM, provide such information, documents and/or other evidence to confirm their compliance with clause 3.6.1 herein. Where a UTC has breached or failed to comply with clause 3.6.1 herein, FIMM reserves the right to subject the UTC to investigation or review, disciplinary proceedings and appropriate disciplinary action(s) as appropriate in accordance with the relevant by-laws of FIMM.

3.7 Reporting of Non-compliance by Ordinary Member, IUTA and CUTA

3.7.1 If an officer or a UTC of an Ordinary Member or IUTA or a CUTA, in the performance of his employment or agency obligations, has reasons to believe that the Ordinary Member, IUTA or CUTA has failed to comply with any provision of the Code, or any relevant rule, guideline, by-law, directive or standard issued by FIMM or SC, or any such other applicable law, he may report the said non-compliance to FIMM.

3.7.2 For the avoidance of doubt, an officer or a UTC of an Ordinary Member or IUTA or a CUTA who submits a report in accordance with clause 3.7.1 herein will not be liable to be sued in any court of law by FIMM for submission of the report in good faith and in the intended performance of his employment or agency obligations. Further, the identity of the officer or UTC in such cases will, to the extent permissible by law, be kept confidential.

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