

CIRCULAR

Date:	22 March 2019	Ref No.:	LRA/ALL/JG/KLR/005-19 (Total no. of pages: 2)
To:	UTMC, IUTA, CUTA, PRS PROVIDER, IPRA AND CPRA		
Attn:	Authorised Representatives / Chief Executive Officers		

AMENDMENTS TO FIMM's CONSOLIDATED RULES TO REQUIRE THE DISCLOSURE OF IDENTITIES OF DISTRIBUTORS (INCLUDING MAIN DISTRIBUTOR AND SUB-DISTRIBUTOR) IN APPLICATION FORMS FOR DEALING IN UNIT TRUST SCHEMES AND PRIVATE RETIREMENT SCHEMES

1. We refer to the above matter.
2. Under Rule 3.4.3 of FIMM's Consolidated Rules (FCR), distributors are allowed to enter into distribution arrangements or sub-distribution arrangements with other distributors.
3. Distribution arrangements typically involves arrangement between Unit Trust Management Company (UTMC) / PRS Provider with a third party, i.e. main distributor to market and distribute Unit Trust Scheme (UTS) / Private Retirement Scheme (PRS) of the UTMC or PRS Provider respectively, while sub-distribution arrangement involves arrangement made by distributors other than with a UTMC / PRS Provider / Operator.
4. FIMM noted that sub-distributors, under the sub-distribution arrangement, have been using application forms of UTMC, Institutional UTS Adviser, PRS Provider or Institutional PRS Adviser, to market and distribute UTS / PRS without having their names or identities printed on the forms.
5. It has come to FIMM's attention that the absence of distributor's name or identity in the application forms for marketing and distribution of UTS / PRS (main distributor and sub-distributor) indicating their involvement as part of the distribution chain may give rise to potential legal risk or accountability issues as investors may not know the identity of the distributors who are responsible or liable for mis-selling.
6. Hence, the FCR has been amended to require the disclosure of identities of distributors (including main distributor and sub-distributor) in the application forms for marketing and distribution of UTS / PRS.
7. The above-mentioned amendments to the FCR as set out in **Attachment 1** shall take effect on **30 April 2019**.

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8. To reduce operational disruption and cost, affixing company's name on existing application forms for marketing and distribution of UTS / PRS in any manner is allowed and considered as compliance with this proposal as long as the identities of distributors and sub-distributors are legible and clear at the front page of such forms.
9. A sample of how the identity of distributor / sub-distributor may be affixed in the application form is attached as **Attachment 2** for reference.

If you require further information on this circular, please contact Ms. Valli at 03-2093 2600 (ext. 325) or Ms. Afza (Ext. 308).

Thank you.

Yours faithfully,

FEDERATION OF INVESTMENT MANAGERS MALAYSIA



KALEON LEONG
Chief Executive Officer

Amendment to Rule 3.4.3 of FIMM's Consolidated Rules (FCR)

Current Rule 3.4.3 of the FCR	Amendment (to be effective 30 April 2019)
<p>3.4.3 DISTRIBUTION AND SUB-DISTRIBUTION ARRANGEMENTS</p> <p>(a) Notwithstanding Rule 3.1.2 above, a UTMC or a PRS Provider may enter into a distribution arrangement with a third party (including its related party) to market and distribute Schemes issued by it.</p> <p>(b) For the purpose of these Rules, any distribution arrangement made by the Distributor other than with a UTMC, a PRS Provider or an Operator is referred to as sub-distribution arrangement.</p> <p>(c) The requirements for such distribution arrangement and sub-distribution arrangement are set out in Appendices 2-A and 2-B of these Rules.</p> <p>(d) In the case of a sub-distribution arrangement:</p> <p>(i) A UTMC or PRS Provider must provide the sub-distributor with relevant product information to facilitate the sub-distributor's understanding of the product. In relation to a foreign fund, a sub-distributor must ensure that it receives relevant product information from the relevant party such as the main distributor, the operator or the operator's representative;</p> <p>(ii) A main distributor under a sub-distribution arrangement must obtain prior consent from the UTMC, PRS Provider or the operator as the case may be, to allow sub-distribution of their products; and</p> <p>(iii) A sub-distributor must provide the names and identification number of investors to the main distributor to enable the main distributor to furnish those information to the UTMC, PRS Provider, the operator or</p>	<p style="text-align: center;">NO AMENDMENT</p> <p style="text-align: center;">NO AMENDMENT</p> <p style="text-align: center;">NO AMENDMENT</p> <p>(d) In the case of a sub-distribution arrangement:</p> <p>(i) A UTMC or PRS Provider must provide the sub-distributor with relevant product information to facilitate the sub-distributor's understanding of the product. In relation to a foreign fund, a sub-distributor must ensure that it receives relevant product information from the relevant party such as the main distributor, the operator or the operator's representative;</p> <p>(ii) All distributors, including main distributor and sub-distributor must disclose their identities in the application form for marketing and distribution of Schemes, to enable the investors to be well-informed of all the parties within the chain of distribution;</p> <p>(iii) A main distributor under a sub-distribution arrangement must obtain prior consent from the UTMC, PRS Provider or the operator as</p>

<p>the operator's representative. This requirement does not apply to a sub-distributor who operates a nominee system.</p>	<p>the case may be, to allow sub-distribution of their products; and</p> <p>(iv) A sub-distributor must provide the names and identification number of investors to the main distributor to enable the main distributor to furnish those information to the UTMC, PRS Provider, the operator or the operator's representative. This requirement does not apply to a sub-distributor who operates a nominee system.</p>
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