

15 September 2016

CIRCULAR : LRA/AL/FH-mhr/033-16
(TOTAL NO. OF PAGES: 1)

TO : UTMC, IUTA, CUTA, PRS PROVIDERS, IPRA AND CPRA
("DISTRIBUTORS")

ATTN. : CHIEF EXECUTIVE OFFICER / AUTHORISED REPRESENTATIVE

TRANSITIONAL PERIOD FOR CPD PROGRAMME IN CHAPTER 7 OF FIMM'S CONSOLIDATED RULES

Reference is made to FIMM's Consolidated Rules which came into effect on 1 Jun 2016. Please be informed that the requirement of CPD Programme in Chapter 7 will only come into effect on 1 January 2017.

In view of the above, during the transitional period i.e. until 31 December 2016, please take note of the following:

- (a) Consultants who are the employees of UTMCs are not required to fulfil the CPD requirements as stated in Chapter 7;
- (b) Consultants of Private Retirement Schemes are not required to fulfil the CPD requirements as stated in Chapter 7; and
- (c) For the registration of former Unit Trust Schemes Consultant within 3 years from the date of withdrawal of his registration, 8 CPD points is required.

Nevertheless, during such period, the Distributors are reminded to provide the continuing education and training to ensure the Consultants are competent.

Distributors are required to ensure the full compliance of CPD Programme in Chapter 7 of FIMM's Consolidated Rules upon its effective date on 1 January 2017.

Please also find the attached Frequently Asked Questions (FAQs) as guidance for the implementation of Chapter 7 of FIMM's Consolidated Rules.

For further clarification on the implementation of Chapter 7 of FIMM's Consolidated Rules, please contact En. Shahrul Nizam Zainol, Professional Development and Services Department (PDS) at 03-2093 2600 ext 510.

Thank you.

Yours faithfully
Federation of Investment Managers Malaysia


FARIQ BIN HASSAN
General Manager
Regulatory Services

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

FAQs

1. What is Continuing Professional Development (CPD)?

It is a programme of continuing education for Consultants, enabling them to acquire knowledge and achieve professionalism through a series of training activities and workshop environments; helping them to meet stringent knowledge requirements and technical proficiency as Consultants.

This programme is designed to ensure that the Consultants develop and maintain the technical and professional competency necessary, in providing good advice and services to their clients.

The CPD Programme is developed to ensure that the Consultants give the very best of their ability and adhere to the highest standards set by FIMM, hence the requirement for a high degree of benchmarking and standard setting within the industry.

FIMM is of the view that the expertise and knowledge requirements for Consultants should be industry related and broad-based, while also providing excellent people skills.

2. Who need to comply with CPD programme requirement?

According to Rule 7.1.1 of FIMM Consolidated Rules (FCR); a Consultant must obtain a minimum of 16 CPD points in a year before an application for renewal of his registration will be considered by FIMM.

❖ *Note:*

*Consultant has been defined as **an individual registered with FIMM and authorised to market and distribute Schemes** (Unit Trust Schemes and Private Retirement Schemes) in the FCR.*

Therefore, all Consultants need to comply with such requirement including:

- (a) Consultants who are the employees and/or independent individuals of a UTMC, IUTA, CUTA for purposes of marketing and distribution of Unit Trust Schemes; and
- (b) Consultants who are the employees and/or independent individuals of a PRS Provider, IPRA or CPRA for purposes of marketing and distribution of Private Retirement Schemes.

3. If an individual registered as both Unit Trust Schemes Consultant (UTS Consultant) and Private Retirement Schemes Consultant (PRS Consultant), how many CPD points need to be obtained?

For each registration, the Consultant is required to obtain 16 CPD points for each registration as UTS Consultant and PRS Consultant i.e. 32 CPD points.

However, the Consultant can attend programmes which eligible for CPD points that cover general topic for both Unit Trust Scheme (UTS) and Private Retirement Scheme (PRS) and obtain CPD points required for both UTS Consultant and PRS Consultant simultaneously.

For example:

- (a) Mr. A is registered as UTS Consultant and PRS Consultant.
- (b) Mr A is required to obtain 16 CPD points in a year before an application for renewal of his registration as UTS Consultant is considered by FIMM.
- (c) Mr A also is required to obtain 16 CPD points in a year before an application for renewal of his registration as PRS Consultant is considered by FIMM.
- (d) Mr A can attend program which eligible for CPD points that cover general topic for both UTS and PRS and obtain CPD points required for both UTS Consultant and PRS Consultant simultaneously.

Examples of general topics are as follow:

- Ethics and professional conduct;
- Regulations and guidelines, capital market products and operations, economics; and
- Sales and marketing, advisory skills and personal development skills.

4. If an individual had just passed the Computerised Unit Trust Examination (CUTE) or PRS Examination and register as Consultant after January, would he/she needs to obtain 16 CPD points?

Where a Consultant is registered with FIMM after January, the CPD points' requirements for his first application for renewal of his registration as Consultant will be calculated on a pro-rata basis as follows:

$[X \text{ month(s) joined} / 12] \times 16 \text{ points.}$

5. The applicability of Rule 7.1.3 of the FCR?

- (a) When the former Consultant intended to be registered as Consultant, whether by joining the former Distributor or another Distributor within 3 years from the date of withdrawal of his registration.
- (b) When the former Consultants intended to be registered as Consultant across the calendar year from the date of withdrawal of his registration.

Rule 7.1.3 of the FCR is not applicable for registration of former Consultant within the same calendar year from the date of withdrawal of his registration. In this situation, the former Consultant is required to acquire 16 CPD points for renewal of his registration.

❖ *Note:*

Distributor has been defined as corporation registered and authorised by FIMM to market and distribute Schemes (Unit Trust Scheme and Private Retirement Scheme) in the FCR.

6. **Apart from the 16 CPD points already acquired as per Rule 7.1.3 of the FCR, should the former Consultant who intended to be registered as Consultant across the calendar year from the date of withdrawal of his registration acquired another 16 CPD points for the application for renewal of his registration?**

Not required. The former Consultant may use the 16 CPD points already acquired as per Rule 7.1.3 for the application for renewal of his registration.

7. **What will happen if Consultant fails to complete a total of 16 CPD points during renewal of his registration?**

The application for renewal of his registration will not be considered by FIMM or FIMM may suspend or revoke the registration of the Consultant as the case maybe.

8. **Can Consultant make an application for renewal of his registration with a new Distributor by using the CPD points earned from the former Distributor?**

If the Consultant decided to join new Distributor, the CPD points earned in the current year can be transferred from the former Distributor to the new Distributor, provided that there is documentary evidence to support the attendance or completion of the CPD points collected from former Distributor. The application is subject to verification by the new Distributor.

Please refer to Rule 7.7.1 (b) and Rule 7.8 of FCR for further information.

9. **Does the former Consultant needs to collect new CPD points should the former Consultant fails to produce documentary evidence to support the attendance or completion of the CPD points collected from the former Distributor?**

No CPD points will be recognised for failure to produce documentary evidence. The former Consultant is required to collect new CPD points conducted by the new Distributor prior to his registration.

10. **Can Consultant carry forward any CPD points to the following year?**

No, all CPD points are only eligible for the current year.

11. **Will the CPD points be awarded to Consultant if Consultant has to leave during courses, seminars, classes etc. to attend other urgent and important matters?**

No, the Consultant will not be awarded the CPD points for any incomplete attendance.

However, for incomplete attendance due to emergency, the Consultant needs to apply to FIMM with the necessary documentary evidence and it is subject to FIMM's discretion to grant exception.

12. **There are capital market courses which were conducted by external parties and these courses are approved by SIDC, e.g. FX Derivatives and Markets, Dynamics of the Local Bond Market, etc. Can Continuing Professional Education (CPE) be taken into consideration for CPD points?**

CPE is recognised for CPD points for courses conducted and approved by recognised institutions (SIDC, FPAM, MFPC, MaChFC and other recognised or relevant institutions).

To qualify for CPD points, the Consultant needs to obtain the following:

- (a) Certificate of Attendance or participation; or
- (b) Printout from CPE Tracker Information page in CPE Tracker System (for Consultant who holds CMSRL license).

13. The Distributor may have regular training conducted via conference call internally by Investment Advisors, Product managers and Dealers, where capital market update and product information were communicated. Can such programmes be included for CPD calculation?

If the program fulfils the CPD requirement in terms of the relevancy of the topic as well as the duration, distance learning such as e-learning or video/tele conference will be accepted as CPD points.

14. Currently, a Distributor tracks the completion CPD via electronic mode. Thus, the Distributor will submit the CPD record in electronic mode and request for exemption of not using Appendix 4 as per Rule 7.6.1 of the FCR. Can it be done that way?

Form as per Appendix 4 of the FCR is to be used when a Consultant moves from one Distributor to another Distributor. This particular form is to confirm that the CPD points carried by the said Consultant prior joining new Distributor.

For Distributor own CPD record, Distributor may use its own system subject to all important information as captured in Appendix 4 can be made available and retrievable for audit purposes.