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TO : ORDINARY MEMBERS, IUTA & CUTA

ATTN. : CHIEF EXECUTIVE OFFICER/AUTHORISED REPRESENTATIVE

PROCEDURE FOR DEREGISTRATION OF UNIT TRUST CONSULTANTS (“UTC”)

- Recommendation for Deregistration of UTC by unit trust management companies (“UTMC”), institutional unit trust advisers (“IUTA”) and corporate unit trust advisers (“CUTA”)

Our circular dated 12 June 2007 (L&C/AL/LSH-nkv/032-07) on the above matter is referred. Please be informed that this circular supersedes the aforementioned circular.

In view of recent developments (the addition of CUTA as registered distributors and the Federation’s recognition as a self-regulatory organisation) and as part of the Federation’s continuing effort to monitor UTC’s compliance with fit and proper standards contained in the rules, guidelines and codes of the Federation and Securities Commission, the procedure for deregistration of UTC as set out in the said circular is revised.

For the avoidance of doubt, “termination”, wherever mentioned in this circular or its attachments, refers to the termination of the UTC’s agency or employment by the UTMC, IUTA or CUTA pursuant to the terms and conditions of the agency or employment agreement entered into between the UTC and UTMC, IUTA or CUTA for the purposes of marketing and distributing unit trust funds. Whereas, “deregistration” in this instance and for the purposes of the Federation entails the removal by the Secretariat of a UTC from the Federation’s register or such other records of registration maintained by the Federation and thereby barring such person from re-registering as a UTC (with other UMTC, IUTA or CUTA).

When making a recommendation to the Federation for deregistration of any UTC, the UTMC, IUTA and CUTA are advised to observe the following:

1. Prior to making a recommendation for deregistration of their UTC, the UTMC, IUTA or CUTA must ensure that they have terminated the agency or employment of their UTC, whereby, the termination of the UTC must be immediately notified to the FIMM or effected by the UTMC, IUTA or CUTA in the Federation’s I³ System. Similarly, any recommendation made to the Federation for deregistration of any UTC must, therefore, be made promptly and supported by a report (a template is enclosed herewith as a guide) containing the following information:

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- (i) Reason(s) why the UTMC, IUTA or CUTA is of the view that it would be detrimental to the unit trust industry and public if the former UTC is not deregistered from the Federation;
 - (ii) Chronology of events leading to the former UTC's termination;
 - (iii) Relevant supporting documents.
2. Any recommendation by any UTMC, IUTA or CUTA for deregistration of its UTC will be referred to the Federation's Disciplinary Committee ("Committee") for review. Provided that the UTMC, IUTA or CUTA has fulfilled the requirements stipulated in item (1) above, where the Committee approves the recommendation for deregistration, the Federation will proceed to deregister the former UTC concerned and notify the former UTC and respective UTMC, IUTA or CUTA of the effective date of deregistration.
 3. Following deregistration pursuant to item (2) above, the name of the deregistered UTC will be included in the Federation's list of those blacklisted. Further, the name of the deregistered UTC in the Federation's I³ system will be blocked against any attempt to re-register him or her.
 4. Notwithstanding item (3) above, the deregistered UTC will have a right to appeal against the decision of the Committee to deregister him or her, as accorded under the By-laws Relating to the Procedure for Disciplinary Proceedings ("By-laws") (which include any amendment, addition or supplement to the By-laws and any substitution thereof which has been approved by the Securities Commission), EXCEPT THAT the appeal will not operate as a stay of deregistration. If the appeal is successful, the deregistered UTC will be reinstated by the Federation accordingly.

Please be advised.

Yours faithfully,
Federation of Investment Managers Malaysia



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