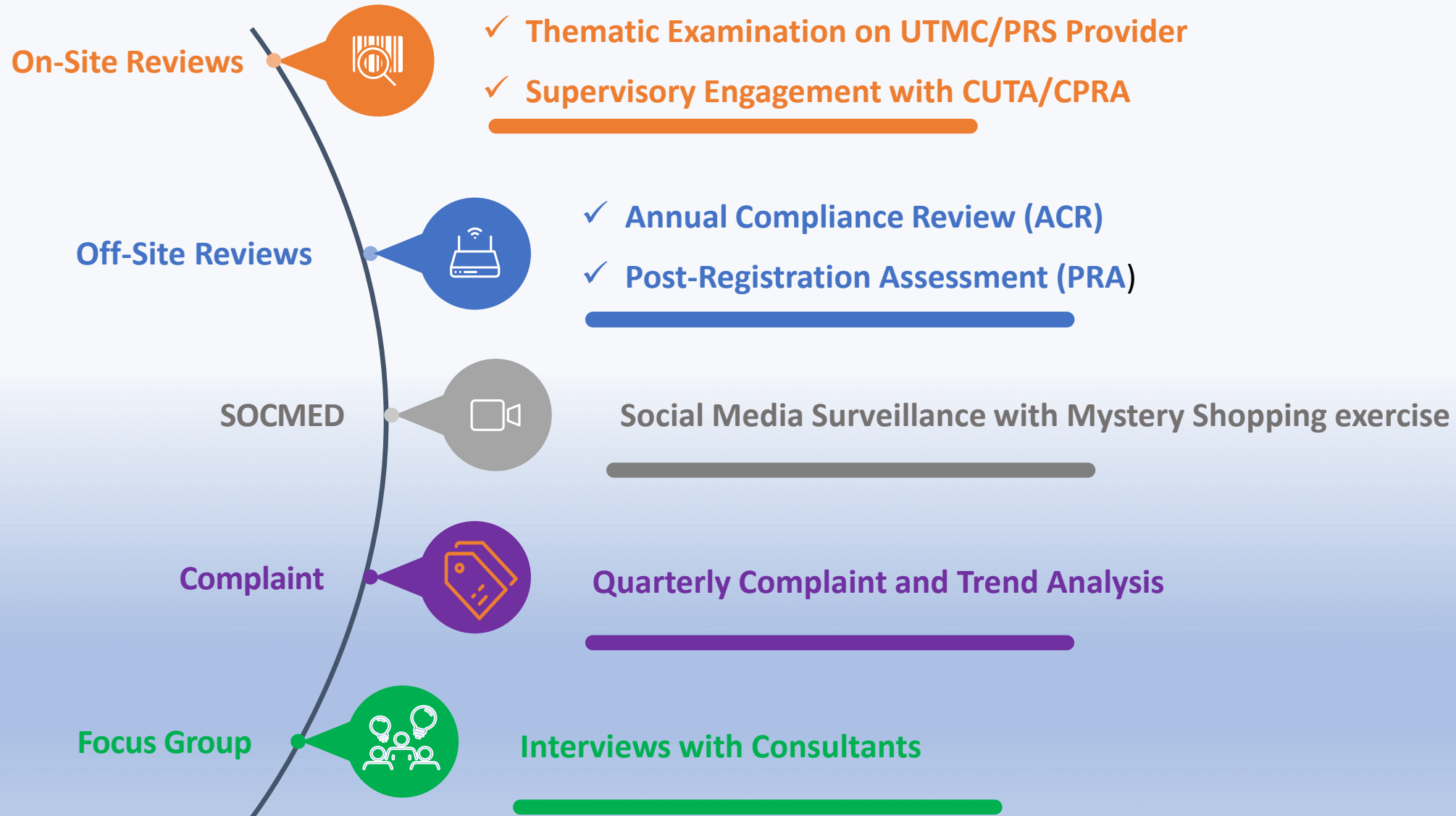


## **Observations from Supervisory Activities**

**11 November 2021**


# Overview of Supervisory Activities



## Notable findings for UTMC/PRS Provider

1  Marketing and distribution of Schemes by persons not registered with FIMM

2  Implementation of suitability assessment

3  Failure to notify FIMM on Consultants who are no longer fit and proper

4  Failure to notify FIMM on Consultants' resignation


5  Weaknesses in the subscription process that may carry money laundering risks


6  Absence of periodic review of policies and procedures


7  Absence of actions taken on non-compliances observed



## Identified areas for improvement for UTMC/PRS Provider

Gaps in completing investor suitability assessment form 

Gaps in processing investment subscriptions 

Enhancement required on detective measures 

Enhancement of policies and procedures 

## Notable findings for CUTA/CPRA



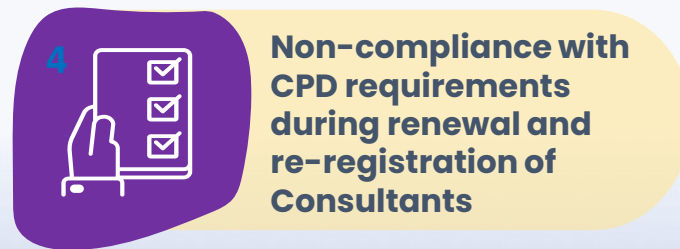
**1**  
Absence of periodic review of policies and procedures



**2**  
Marketing and distribution of Schemes by persons not registered with FIMM



**3**  
Consultant represents more than one Principal



**4**  
Non-compliance with CPD requirements during renewal and re-registration of Consultants



**5**  
Inaccurate submission of Annual Compliance Review checklist



**6**  
Weaknesses in complaints' monitoring mechanism

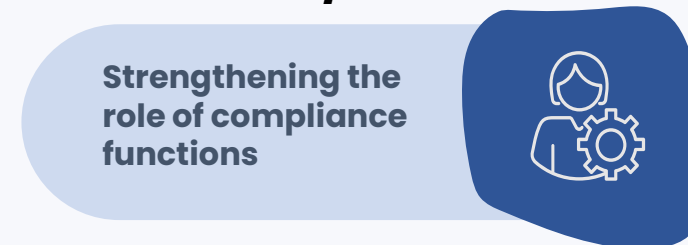


**7**  
Failure to comply with FIMM's requirements when implementing multiple-tiered agency structure



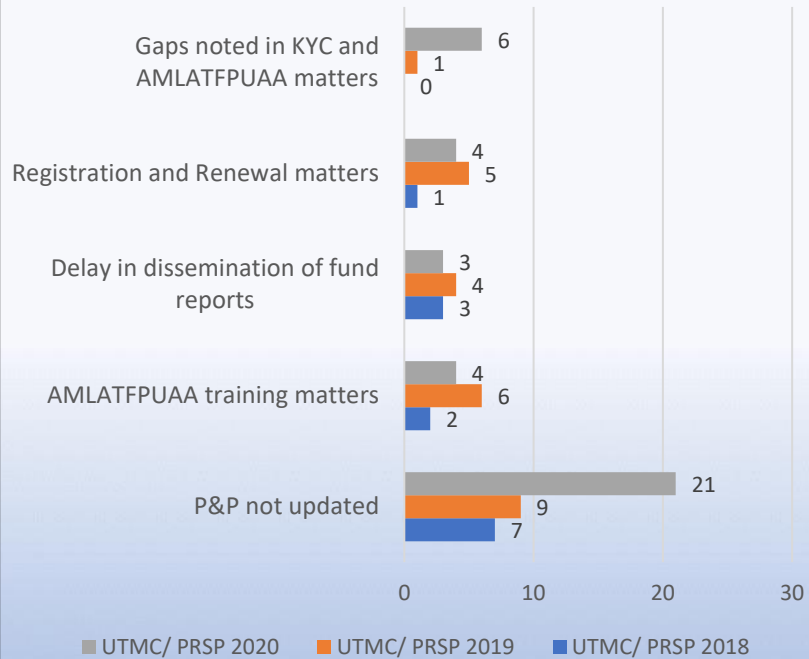
**8**  
Non-compliance with notification and submission requirements to FIMM

## Identified areas for improvement for CUTA/CPRA

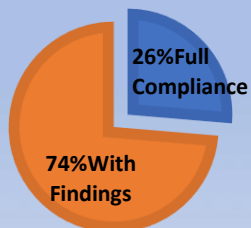


# Common Observations from Annual Compliance Review (ACR)

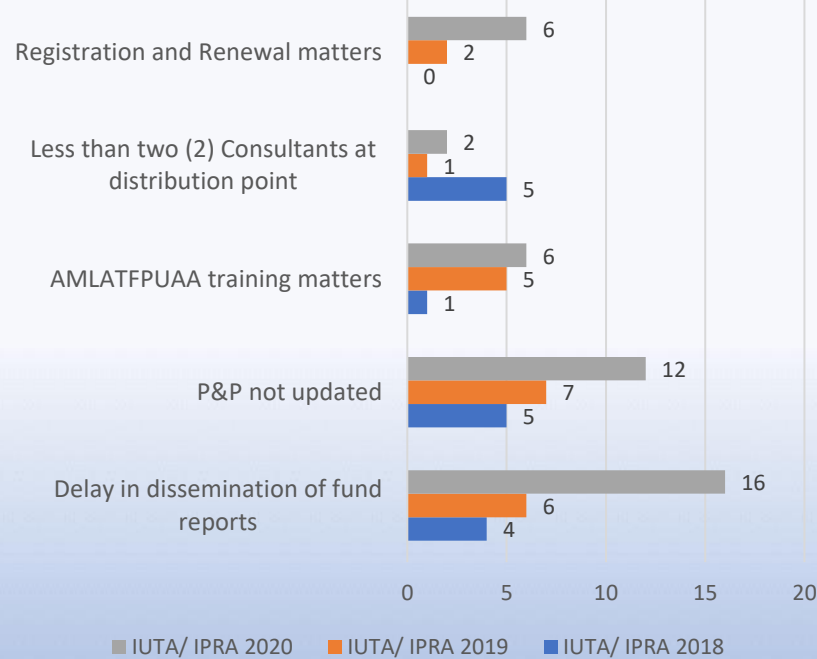
## UTMC/PRSP



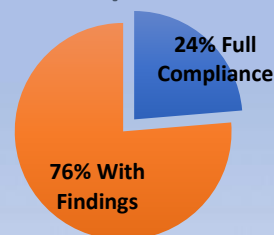
38 UTMC/PRSP



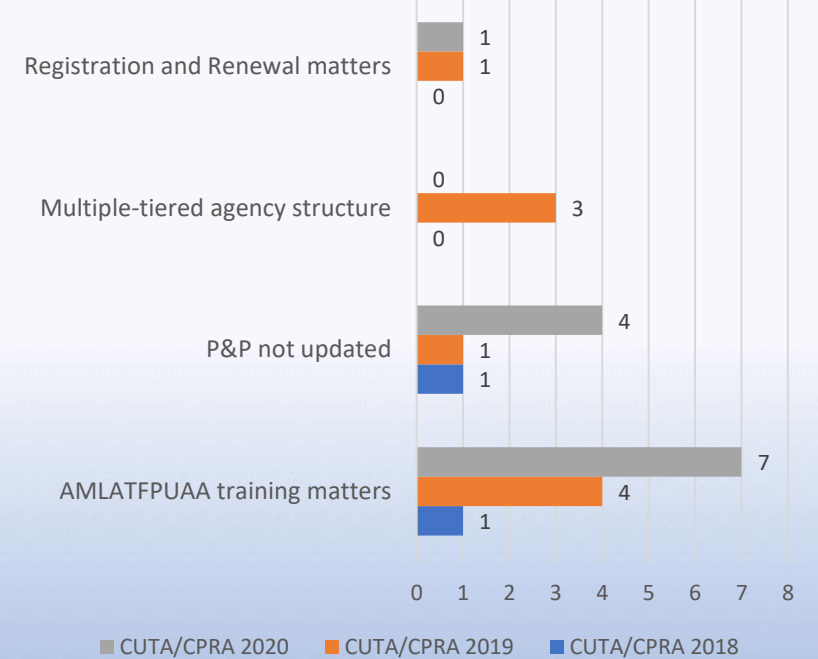
## IUTA/IPRA



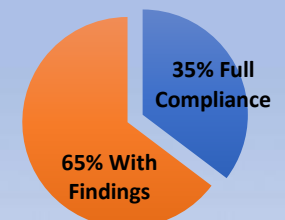
38 IUTA/IPRA



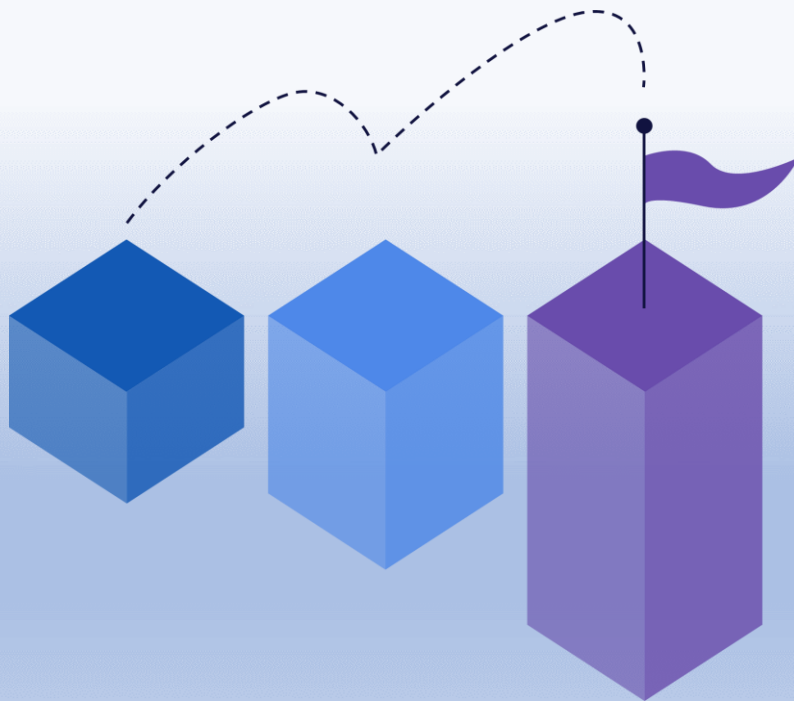
## CUTA/CPRA



17 CUTA/CPRA



## What are the observations seen for IUTA/IPRA?



Concerns on the increase on number of complaints received which relate to product offered did not match the investors' risk profile (vulnerable investors).

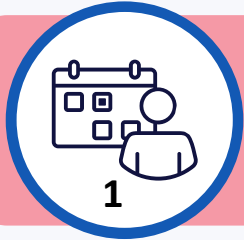
Delay in dissemination of interim and annual report to investors

Training on AML not attended by all consultants

Policies and procedures relating to marketing activities not reviewed on a regular basis

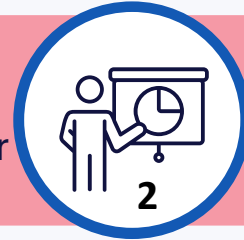
Untimely resolution of complaints

# Observations from Social Media Surveillance with Mystery Shopping exercise



1  
Unauthorised use, or by inference adopt or display, the designation, title or qualification meant for licensed person

2  
Make false statement or disseminate false information concerning the Schemes, SC, FIMM, the Industry, other Distributor or Consultant



3  
Appoint or allow non-registered person to market or distribute Schemes

6  
Misrepresent or make false or exaggerated statements concerning the Schemes



4  
Use FIMM's logo without FIMM's prior written consent

7  
Provide forecast of future performance of any Scheme



5  
Disclose an investor's personal and financial information to a third party

8  
Facilitate pre-signed or pre-thumbprint forms from an investor



# SOCMED Surveillance – Action taken by affected Distributor

**Removed the posting  
related to false  
statement or related to  
FIMM, SC and/or BNM**



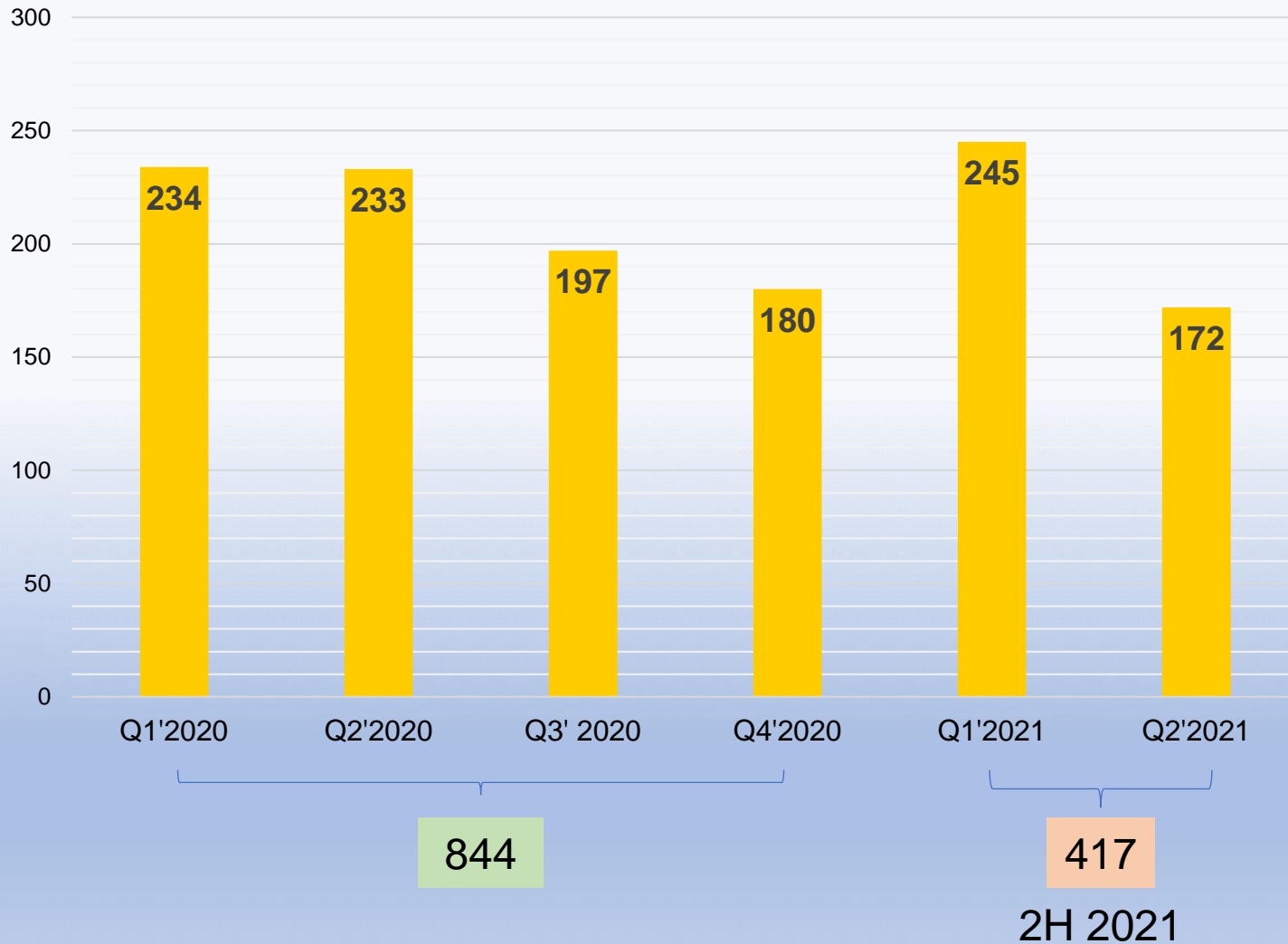
**Suspension  
letter/warning letter  
was given**

**Consultant required  
to attend refresher  
training courses**

**Consultant advised to  
remove or amend the  
designation**



# Trends from Quarterly Complaints Submission (from 2020 up to Q2, 2021)



# Top 6 complaint categories for 2020 (Q1 to Q4) and 2021 (Q1&Q2)

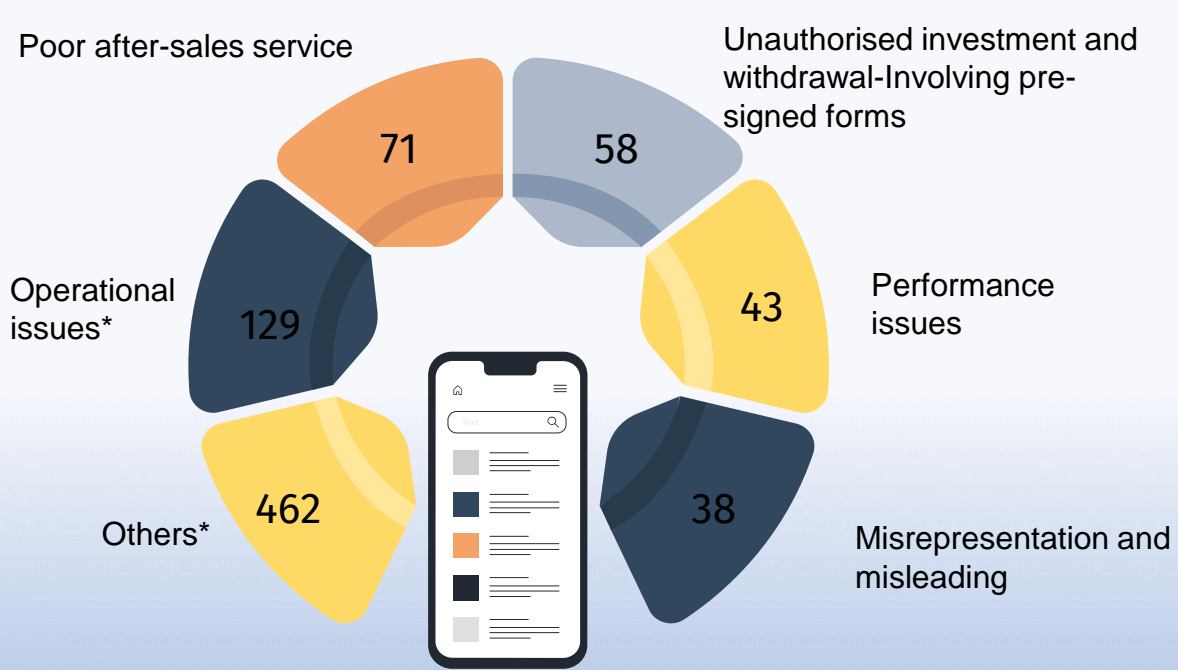


Chart 1: Year 2020

**Note:** Total complaints for the Top 6 categories equals to 801 (it represents 94.9% from the 844 total complaints received in the year 2020)

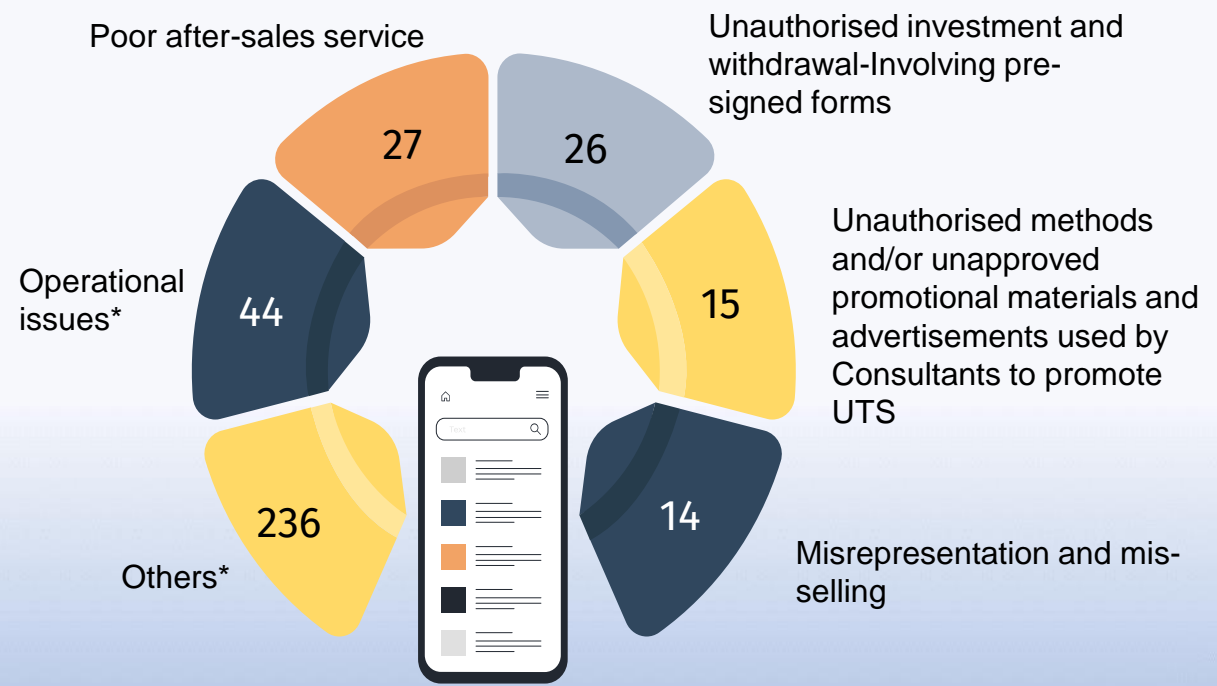


Chart 2: Year 2021 (Q1&Q2)

**Note:** Total complaints for the Top 6 categories equals to 362 (it represents 86.8% from the 417 total complaints received for Q1 and Q2,2021)

## On-Site Reviews

- Assess applicability on observations raised & address them



1

## Off-Site Reviews

- Timely & accurate submission of ACR and PRA



2



## Social Media Surveillance

- Review on the need to have own SOCMED surveillance on consultants



3

## Complaints Submission

- Monitor timeliness of quarterly complaints submission



4

THANK YOU!

## Complaint trends and enforcement-related matters

**11 November 2021**

# Overview

1

**Top 5** Common Nature of Complaints

2

**Trend** on the Top 5 Common Nature of Complaints

3

**Key Observations** from Recent Review of Complaints

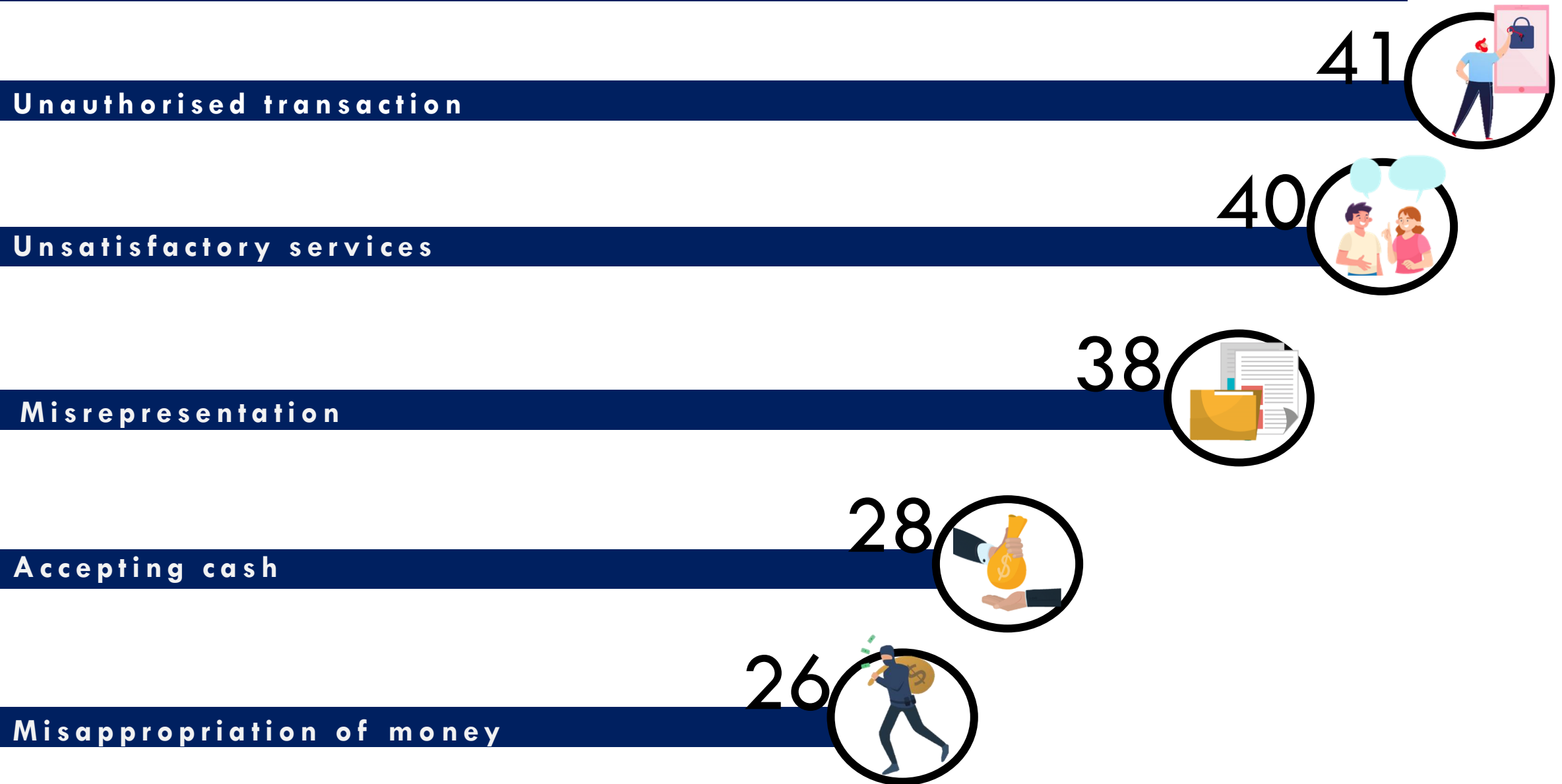
4

**Lifecycle** of FIMM's Complaint Management and Enforcement Process

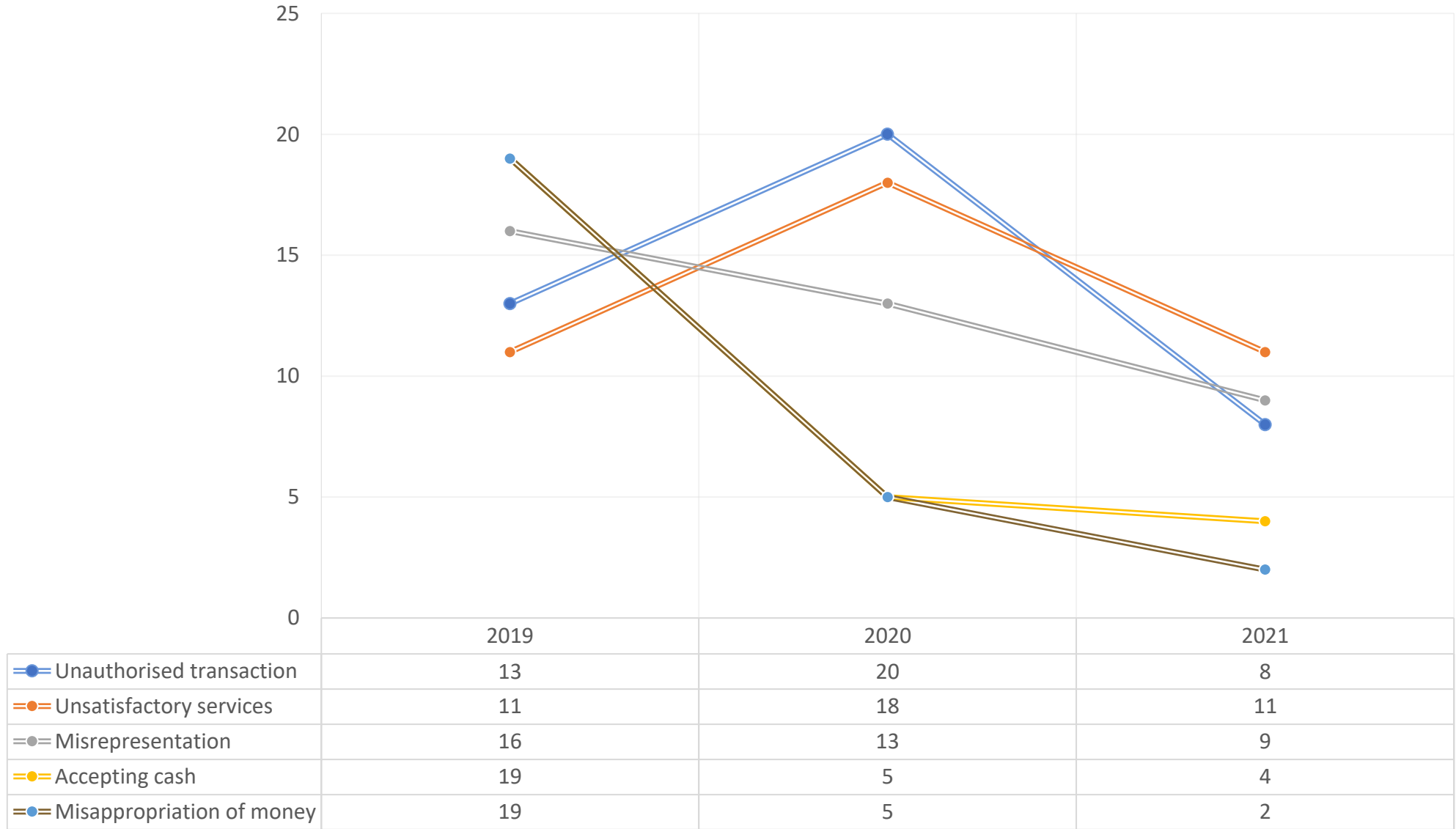
5

**Standard Document Checklist** for FIMM's Investigation

# Top 5 Nature of Complaints (2019 – Sept 2021)



# Trend on the Top 5 Nature of Complaints (2019 – Sept 2021)





# Key Observations from Recent Review of Complaints



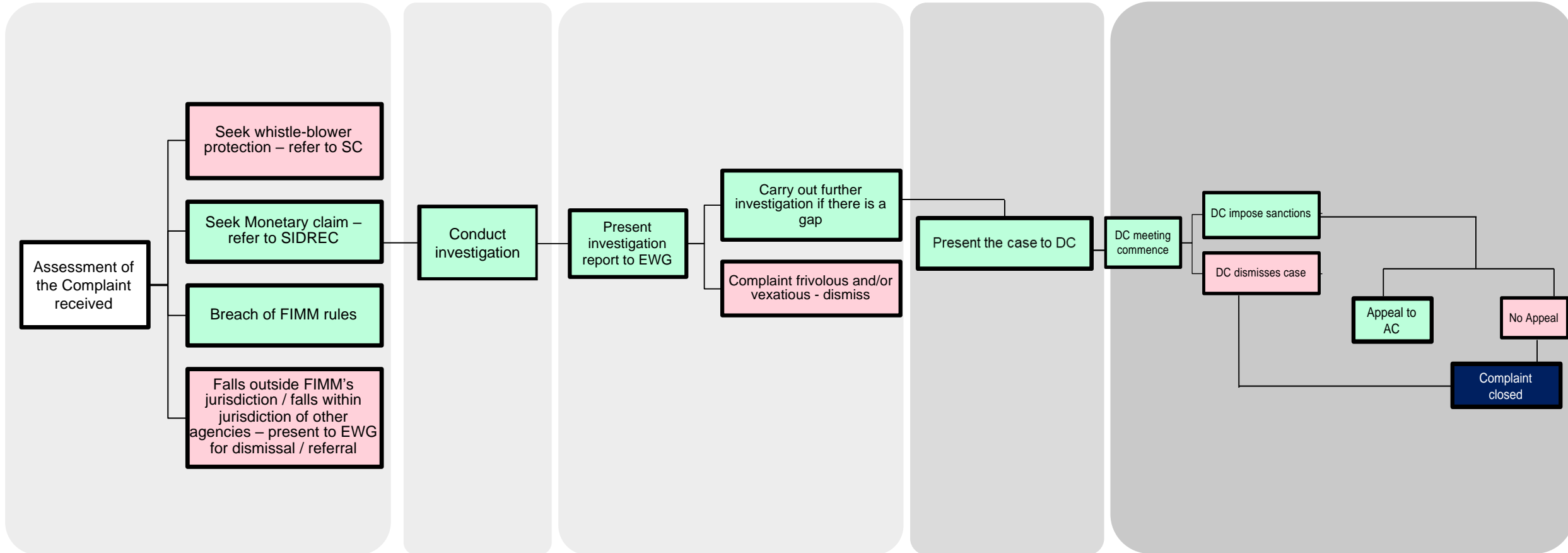
Observation	Proposed Solution	PIC
Increased complaints regarding poor investment performance	To provide timely updates to investors on the market outlook and performance of their UTS/PRS investment portfolio	Distributors & Consultants
Lack of understanding of FIMM's Rules and other rules/regulations of the UTS/PRS investment industry, among consultants	To intensify training among consultants and to re-look at training modules/syllabus	FIMM & Distributors
With regard to referral/proxy arrangements, there are increased complaints involving consultants who fail to conduct due diligence and provide satisfactory services to the investor	To create awareness among consultants on the importance of investor protection via due diligence and providing regular updates	Distributors

# Lifecycle of FIMM's Complaint Management and Enforcement Process

## Investigation

## Deliberation

## Hearing and Appeal



Cases dismissed, closed or requiring no further action from FIMM

Ongoing cases under FIMM's jurisdiction

“AC” - the Appeal Committee of FIMM

“DC” - Disciplinary Committee of FIMM

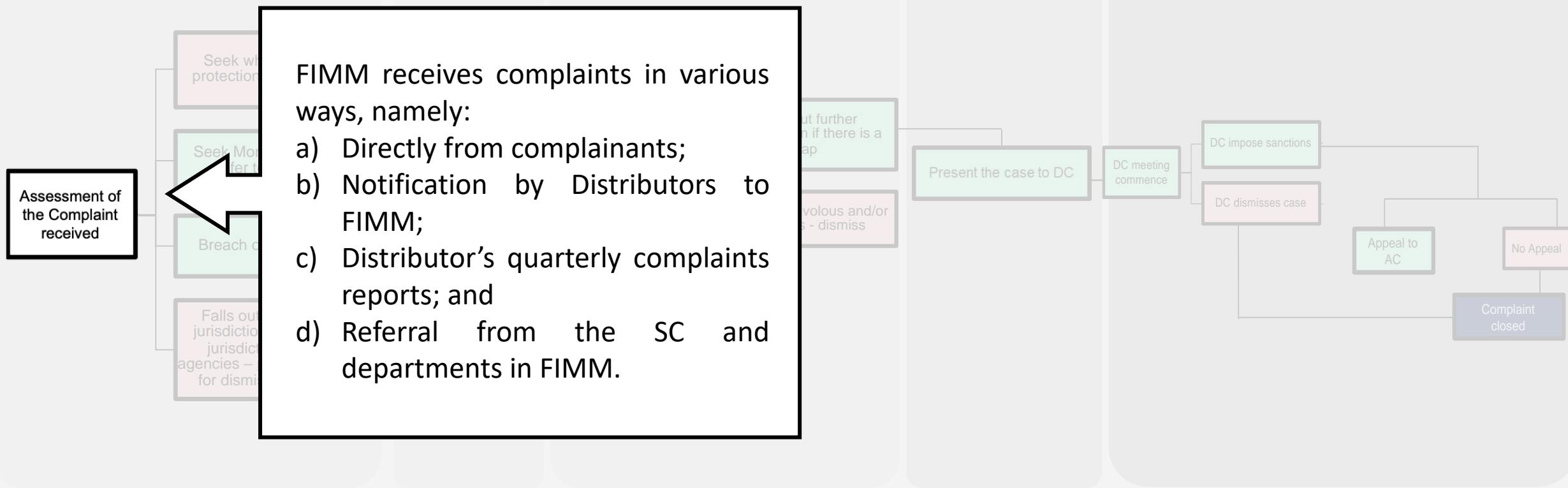
“EWG” - Enforcement Working Group of FIMM, comprising the CEO, Head of Regulatory Services Division and Heads of Registration, Supervision department and Legal and Regulatory Affairs department

# Lifecycle of FIMM's Complaint Management and Enforcement Process

## Investigation

## Deliberation

## Hearing and Appeal



FIMM receives complaints in various ways, namely:

- a) Directly from complainants;
- b) Notification by Distributors to FIMM;
- c) Distributor's quarterly complaints reports; and
- d) Referral from the SC and departments in FIMM.

Assessment of the Complaint received

Cases dismissed, closed or requiring no further action from FIMM  
 Ongoing cases under FIMM's jurisdiction

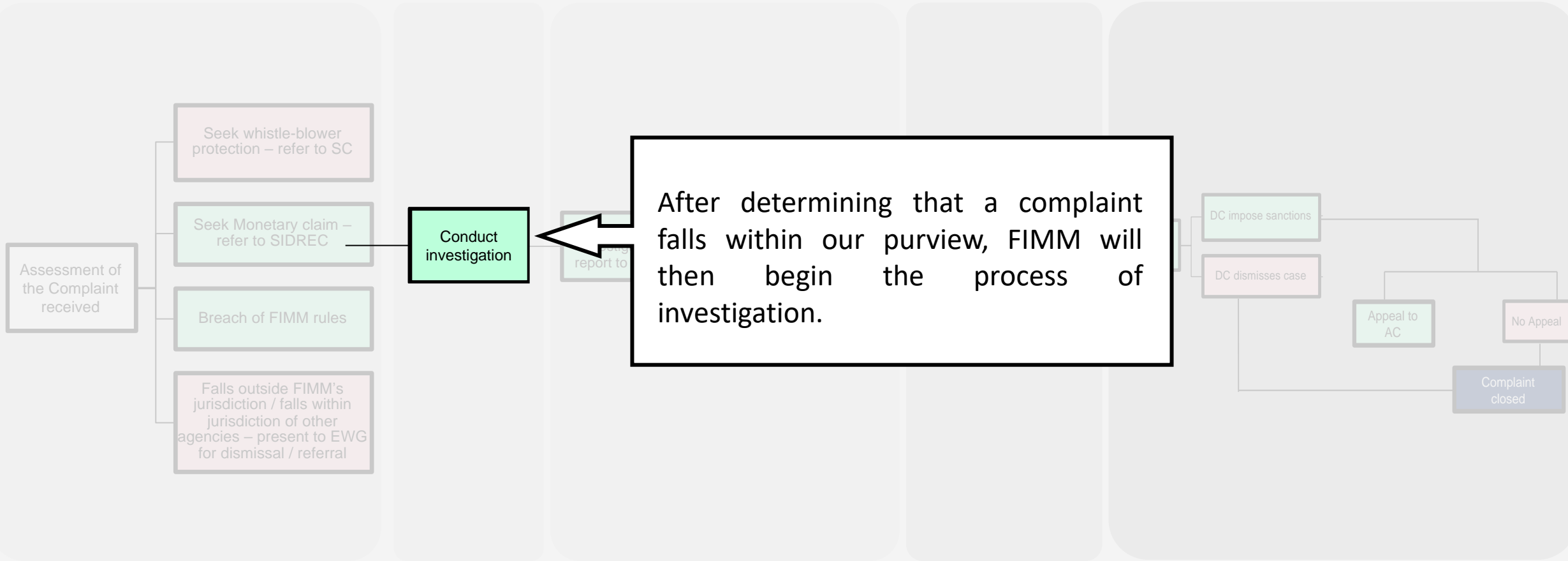
"AC" - the Appeal Committee of FIMM  
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# Lifecycle of FIMM's Complaint Management and Enforcement Process

## Investigation

## Deliberation

## Hearing and Appeal



After determining that a complaint falls within our purview, FIMM will then begin the process of investigation.

- Cases dismissed, closed or requiring no further action from FIMM
- Ongoing cases under FIMM's jurisdiction

"AC" - the Appeal Committee of FIMM  
 "DC" - Disciplinary Committee of FIMM  
 "EWG" - Enforcement Working Group of FIMM, comprising the CEO, Head of Regulatory Services Division and Heads of Registration, Supervision department and Legal and Regulatory Affairs department

# Standard Document Checklist for FIMM's Investigation

FIMM's investigation is often reliant on information provided by Distributors. In the course of FIMM's investigation into a complaint, FIMM will often reach out to the Distributor for the following information (where applicable depending on the nature and circumstances of the complaint):



**1** Distributor's investigation report

**2** Investor's account opening forms

**3** Investor's transaction forms  
(EPF withdrawal, subscription,  
Switching and redemption)

**4** Investor's suitability assessment  
forms

**5** Details/breakdown of commission  
earned by the consultant

**6** Investor's investment ledger /  
statement of accounts

**7** Distributor's closure letter to the  
complainant

**8** Communications with  
consultant/investor/complainant  
i.e. email, WhatsApp, show cause/  
decision letters, etc.

**9** Any other documents/evidence  
relied upon by the Distributor in  
resolving the complaint i.e. email,  
WhatsApp, etc.

# Standard Document Checklist for FIMM's Investigation

FIMM's investigation is often reliant on information provided by Distributor. Upon investigation into a complaint, FIMM will often reach out to the Distributor (where applicable depending on the nature and circumstances of the complaint).



- 1** **Distributor's investigation report**
- 2 Investor's account opening forms
- 3 Investor's transaction forms (EPF withdrawal, subscription, Switching and redemption)
- 4 Investor's suitability assessment forms
- 5 Details of commission earned by the consultant

An ideal investigation report generally comprises of the following:

- ✓ Chronology of events;
- ✓ Findings made by the Distributor;
- ✓ Description of resolution and actions taken by the Distributor against the consultant.

- 9 Any other documents/evidence relied upon by the Distributor in resolving the complaint i.e. email, WhatsApp, etc.



FIMM and Distributors have a **sybiotic** relationship when it comes to investigation and complaint handling.

The key takeaway from this session is that we hope we can improve ourselves and support one another towards successful resolution of complaints in the interest of the industry and investors protection.

The background of the slide is a light blue, semi-transparent image of a modern architectural structure with curved, white, rib-like elements. In the distance, a city skyline is visible, including the Petronas Twin Towers. The overall aesthetic is clean and professional.

**THANK YOU**



# Observation from Registration Activities and Embracing Technology

**11 November 2021**

## Observation

### Observation from Registration Activities

- Revocation of Registration
- iFVE Submission Errors
- Experience UTS Consultant to join as PRS Consultant

## Technology

### Embracing Technology

- Cessation in Issuance of FIMM Authorisation Card
- Launch of iFVE seat booking application

# Observation from Registration Activities

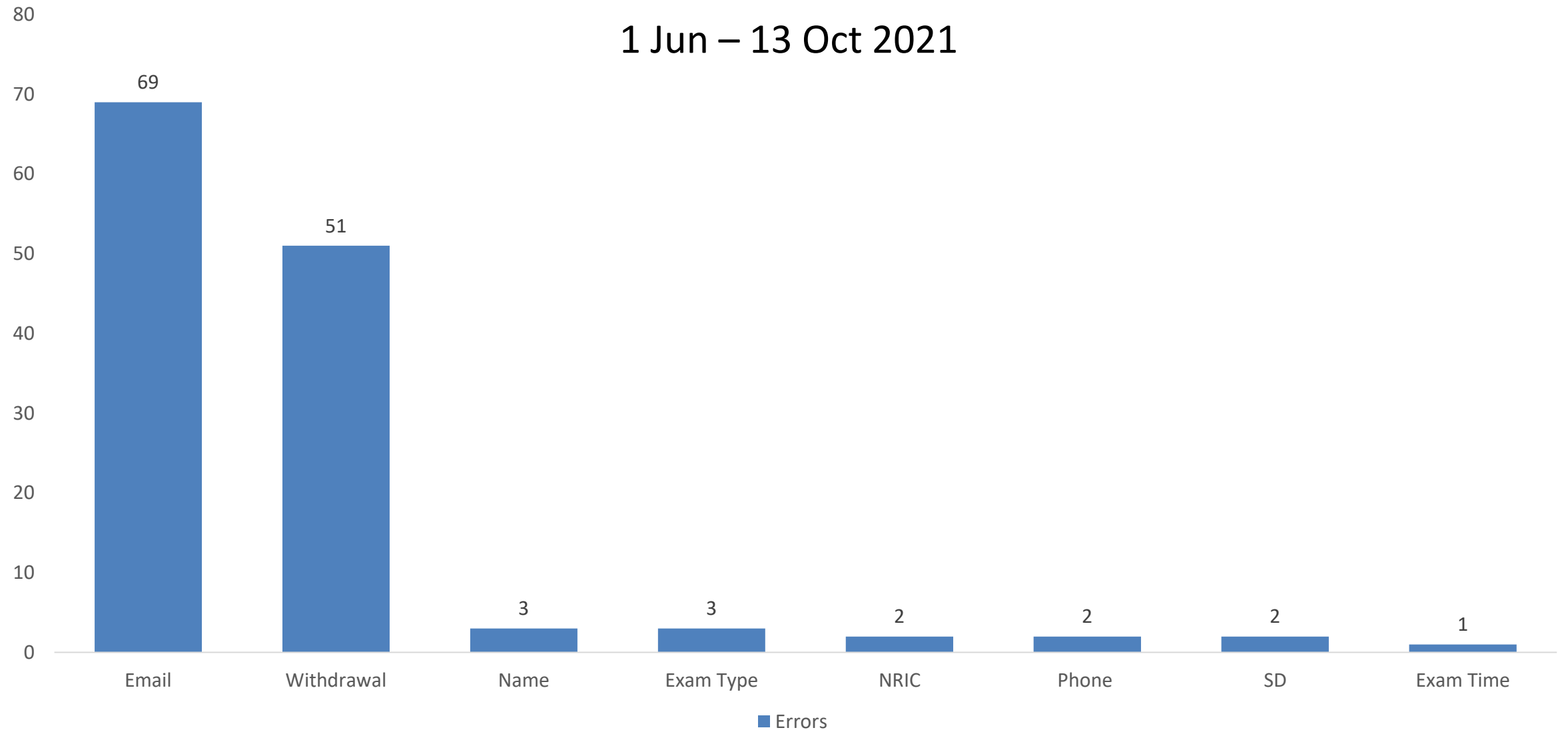
# Revocation of Registration



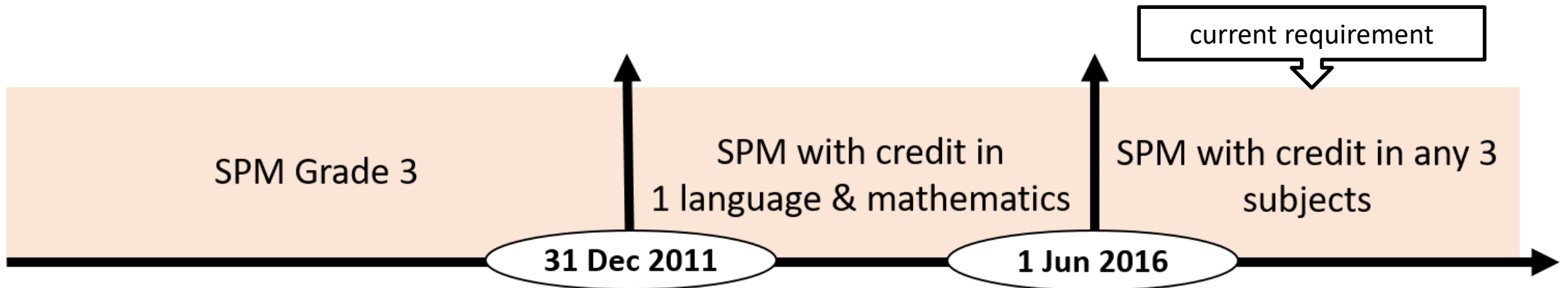
Due to  
Non-fulfilment of CPD and SD requirement  
for renewal of registration or re-registration

# iFVE Submission Errors

1 Jun – 13 Oct 2021



# Experienced UTS Consultant to join as PRS Consultant



Experienced UTS Consultants allowed to join as a PRS Consultant with the relevant qualification imposed at the prevailing time of registration with FIMM.

*(Please refer to issued [Circular](#) for further information)*

**Joining Allowance Period:  
16 Nov 2021 – 15 Nov 2022**



**Embracing Technology**

# Cessation in Issuance of FIMM Authorisation Card



## Is My Consultant Authorised?

This online verification is intended to facilitate members of the public to ascertain whether individuals they are dealing with, for purposes of investment or contribution into unit trust schemes or private retirement schemes, are registered with FIMM as Consultants. Only individuals registered with FIMM as Consultants are authorised to promote, market and distribute unit trust schemes and private retirement schemes. Members of the public are advised to report to FIMM at 03-2092 3800, or the Securities Commission Malaysia, if they encounter unauthorised individuals promoting, marketing and distributing unit trust schemes or private retirement schemes.

### How to Use This Tool

Just key in the Consultants FIMM No. or Full Name or IC No and click "Search" to verify.

Full name

FIMM No

Ic Number

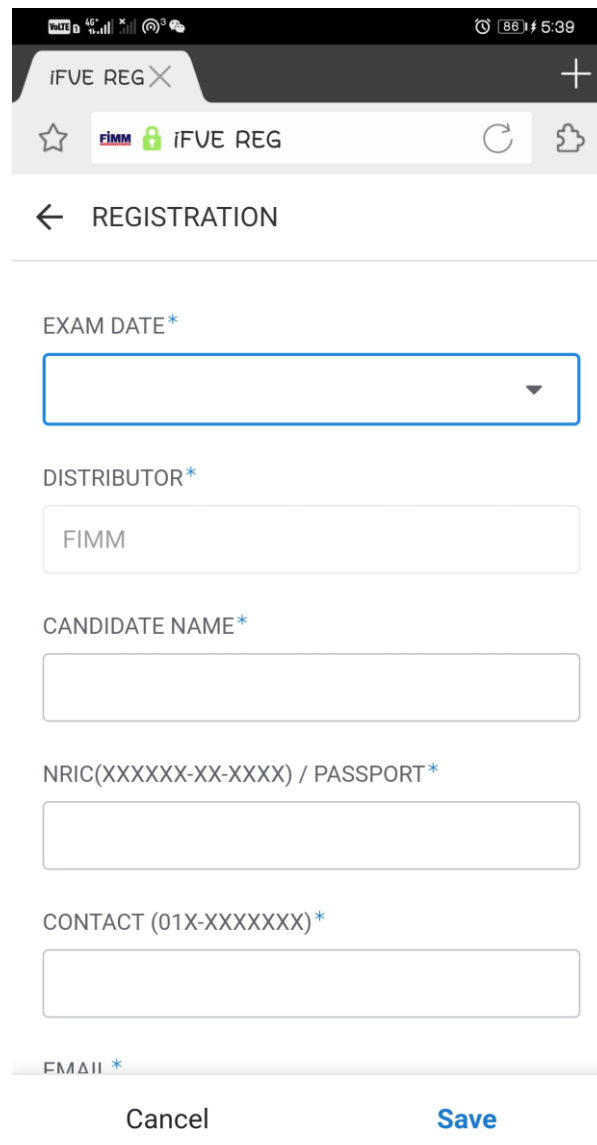
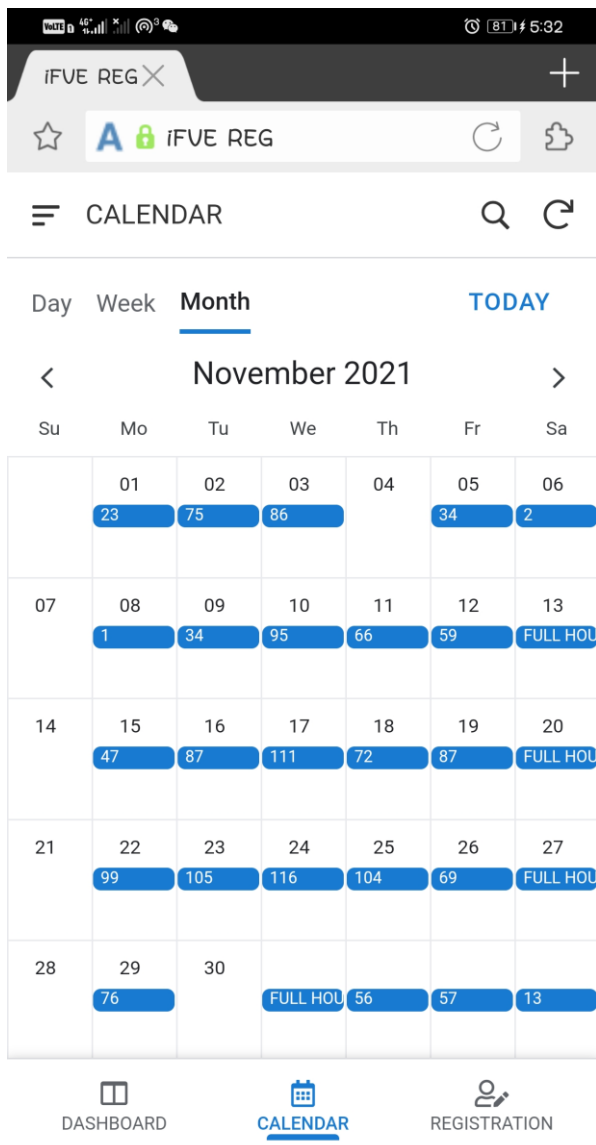
**Effective 21 August 2021**

<https://www.fimm.com.my/search/>





# Launch of iFVE Seat Booking Application



**Thank You !**