



**CODE OF ETHICS AND STANDARDS OF PROFESSIONAL  
CONDUCT FOR THE UNIT TRUST INDUSTRY**

**FIRST EDITION**

**AS AT 1 SEPTEMBER 2001**

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**THE FEDERATION OF MALAYSIAN UNIT TRUST MANAGERS**  
**CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT**  
**FOR THE UNIT TRUST INDUSTRY**

**1. Introduction**

The unit trust industry is centrally premised on the concepts of trust and faith. It is important for an industry, which deals with the public's money to be operated and administered with the highest degree of ethics and professionalism.

This Code of Ethics and Standards of Professional Conduct ("Code") sets out the general principles and minimum standards of good practices to be observed by any person registered with Federation of Malaysian Unit Trust Managers. This Code is intended to guide the conduct of business affairs in the best interests of unitholders and the unit trust industry and to encourage and foster among its registrants conduct, ethics and standards of practice that will best serve, maintain further and protect the interests of unitholders and the unit trust industry. Any person may observe or adopt higher standards, if they so desire.

The Code is as set out below and shall come into force on the 1 day of September 2001. The Code can be amended from time to time by the Council pursuant to Article 63(g) of the Articles of Association of the Federation of Malaysian Unit Trust Managers.

**1A COMPOSITION**

The Code consists of the following three parts:-

- (a) Part A - Code of conduct for any person registered as an Ordinary Member in the Register of Members of Federation of Malaysian Unit Trust Managers;
- (b) Part B - Code of conduct for any person registered as an institutional agent under the Guidelines For Registration of Institutional Agent For The Marketing And Distribution Of Unit Trust Funds ("IUTAs"); and
- (c) Part C - Code of conduct for any person registered to deal in unit trusts under the Registration of Persons Dealing In Unit Trusts ("PDUT")

with each part comprising of the Code of Ethics and Standards of Professional Conduct.

**1B DEFINITIONS**

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

"the Council" means the Council of FMUTM for the time being constituted.

"Code" means this Code of Ethics and Standards of Professional Conduct for the Unit Trust Industry which has been drawn up by the Council and approved by the Securities Commission.

"FMUTM" means The Federation of Malaysian Unit Trust Managers [Company No. 272577-P] incorporated as a Company limited by Guarantee under the Companies Act 1965.

"Guidelines" means the Guidelines on Unit Trust Funds issued by the Securities Commission.

"Investment Committee" means the Committee appointed by any Ordinary Member in accordance with the Guidelines.

"investors" or "clients" means the existing or prospective investors of any fund which is being managed by an Ordinary Member and includes any other person who has appointed the Ordinary Member to act for that person in its professional capacity or to whom the Ordinary Member owes a fiduciary duty.

"TUTAs" means Institutional Unit Trust Agents approved by the Securities Commission and registered with FMUTM to market and distribute unit trust funds and "IUTA" shall mean any one of them.

"Members" means any person registered in the Register of Members of FMUTM and includes an Ordinary Member, Associate Member and Honorary Member.

"officers" in relation to a corporation includes any directors, secretary or employee of such corporation and shall include any Investment Committee member of any Member.

"Ordinary Members" means those persons registered as an Ordinary Member in the Register of FMUTM as Ordinary Members.

"person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated association, company, corporation, entity or governmental.

"PDUTs" means the Persons Dealing In Unit Trusts who are registered with and authorized by FMUTM to market and/or distribute unit trusts and "PDUT" shall mean any one of them.

"related" " of any particular person shall mean any other person directly or indirectly controlling, controlled by or under direct or indirect common control with such person. For purposes of this definition, a person shall be deemed to be in "control" if such person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the person in question, whether through the ownership of voting securities, by contract or otherwise.

"relevant authorities" means governmental and/or statutory departments, agencies or bodies having jurisdiction over matters relating to unit trusts, FMUTM or its Members and "relevant authority" shall mean any one of them.

“the Act” means the Securities Commission Act 1993.

“Trustee” means the Trustee of a unit trust fund.

References in this Code to any laws, ordinance, guidelines, regulation or other enactment shall include any statutory modification, extension, reenactment or replacement thereof.

References in this Code to words importing the masculine gender only shall include the feminine and neuter genders and vice versa and references to words in the singular number only shall include the plural number and vice versa.

## PART A

### **CODE OF CONDUCT FOR ANY ORGANIZATION REGISTERED AS AN ORDINARY MEMBER IN THE REGISTER OF MEMBERS OF FMUTM**

#### **CODE OF ETHICS**

2. The part of the Code is applicable to all Ordinary Members of FMUTM.
  - a. **Professionalism**
    - i. Ordinary Members shall conduct their business in a professional manner ensuring that they themselves and officers are thoroughly knowledgeable in all areas and aspects of the unit trust industry in which they participate and that they are acting in compliance with sound business practices.
    - ii. Ordinary Members shall show respect for other participants in the industry by engaging in fair and equitable competitive practices.
    - iii. Ordinary Members shall not make any statement that they are supported by any person. However it is acceptable for an Ordinary Member to issue a statement of fact to specify that it is a subsidiary of another entity or that it has been assessed or rated to be of a certain standard by any reputable agency or person recognized or accredited by FMUTM.
  - b. **Integrity**
    - i. Ordinary Members shall always act in a manner which recognizes that integrity and responsibility are essential to win and maintain the confidence of the investing public in all aspects of the unit trust industry.
    - ii. Ordinary Members shall at all times act to safeguard the integrity and credibility of the unit trust industry and refrain from any act or omission which may damage the integrity of the unit trust industry or bring the industry into disrepute.

- iii. In dealing with investors and clients, Ordinary Members and their officers shall at all times act with all honesty and full integrity and shall ensure that all transactions are made with the best interest of investors and clients in mind. Integrity demands honesty which must not be subordinated to personal gain and advantage.
- iv. Ordinary Members and their officers shall not give the impression that they are representing the views or opinions of the FMUTM or any other group unless that they have been authorized to do so.

**c. Confidentiality**

- i. Ordinary Members shall respect and preserve the confidentiality of their investors and clients.
- ii. Ordinary Members shall not and shall ensure that their officers do not disclose to any person any personal or financial information relating to the investors or clients save and except where such disclosure has been expressly authorized in writing by such investors or clients or where such disclosure is required to be made to any relevant authority pursuant to any relevant law or legal process.
- iii. Ordinary Members shall establish appropriate controls within their respective work environments to prevent any unauthorized disclosure of confidential information.

**d. Consistency**

To avoid public confusion and uncertainty, Ordinary Members should approach significant issues or matters which affect the unit trust industry consistently and avoid adopting significantly different practices or approaches in respect thereof.

**e. Dignity**

- i. Ordinary Members shall uphold the dignity of and maintain the highest respect for the unit trust industry. Ordinary Members shall and shall ensure that their officers refrain from making complaints or making negative statements, or allow any action to be interpreted in any way to cause hurt to the reputation of others in the industry.
- ii. Ordinary Members shall not and shall ensure that their officers do not publicly complain against or negatively criticize other Members, the FMUTM, the Securities Commission and any other relevant authority. Ordinary Members shall not make any defamatory, derogatory or disparaging statements against the unit trust funds, officers or practices of other Members.
- iii. Complaints and criticism shall instead be channeled to the Securities Commission, FMUTM and/or any other relevant authority in a professional manner.

**f. Conflict of Interest****i. Disclose Conflict Of Interest**

Ordinary Members must and shall ensure that their officers avoid transactions in which they face a conflict of interest whether real, potential or perceived. In the event any Ordinary Members or their officers are involved inadvertently or otherwise in any transaction in which they face a conflict of interest, whether real, potential or perceived, they should immediately declare the circumstances of the conflict to the Trustee and their senior compliance officer and their Board of Directors and withdraw from such transaction.

**ii. Personal Dealings & Investments**

To allay any suspicion that personal dealings or investments of the officers of Ordinary Members may be improper or that such dealings or investments may have been made on the basis of information obtained, relating to the investment of the unit trust funds by such persons in the course of official business giving such persons an unfair advantage ("internal information"), Ordinary Members should have in place their own supervisory and internal control system to monitor such personal dealings and investments.

In particular, Ordinary Members shall request their officers who possess or may reasonably be expected to possess internal information:-

- (a) not to use internal information whether for their own or any other parties benefit;
- (b) to disclose all personal dealings and investments to be made or made by them whether directly or indirectly, where the Ordinary Member has reason to suspect or believe that such persons have been improperly using internal information;
- (c) to inform in writing to the management before personal dealing and investment transactions are entered into; and
- (d) to take note of the relevant laws prohibiting insider trading such as the Securities Industry Act 1983 and the severe penalties imposed for breach of such laws (which include hefty fines and/or imprisonment) and acknowledge in writing that they have been given a copy of this Code and that they have taken note of the same.

**iii. Benefits and Gifts**

Ordinary Members shall not and shall ensure that their officers do not accept any benefits, rebates, commissions or gifts of significant value, loans, fees, rewards, shares, securities of any kind, offices, employment, contract of services and favour from any parties which are intended or will tend to render them obligated



to such parties and thereby place them and/or the unit trust funds they are managing in a compromising manner.

Token gifts however may be accepted or offered during festive seasons or when recreational events are organized by the Ordinary Members, if the acceptance or offer of such gifts does not put the recipient in a compromising position.

iv. **Guide as to what constitutes conflict situations**

As a general guide, a transaction in which there can be a conflict of interest includes, but is not limited to, a transaction in which:-

- (a) the interests of investors or clients may be prejudiced by the relationship of the Ordinary Members or their officers with the other party or parties to the transaction;
- (b) the interests of investors or clients compete with the interests of the Ordinary Members or their officers; or
- (c) the other party or parties to the transaction is a related party or their officers have a financial interest.

g. **Fair and Equitable Treatment**

Ordinary Members shall ensure that all transactions entered into with third parties are on an arm's length basis and on terms which are the best available for investors or clients. Ordinary Members should also ensure that the Guidelines relating to rebates and soft commissions are strictly adhered to.

**STANDARDS OF PROFESSIONAL CONDUCT**

3. Ordinary Members must observe the following standards of conduct:-

a. **Compliance with laws**

- i. Ordinary Members shall and shall ensure that their officers act in compliance and conformity (with the letter and in the spirit) with the Act, all laws, guidelines, orders, directives and policies (including this Code) issued, drawn up or imposed by any relevant authority including, but not limited to the Securities Commission and FMUTM.
- ii. Ordinary Members shall establish and maintain written policies and procedures for the effective control and conduct of its business and the activities of their officers to ensure compliance with the Act, the Code and all other relevant laws.

**b. Co-operation with Governmental bodies**

Ordinary Members shall co-operate with the relevant authorities to achieve the objectives of FMUTM in the conduct of their own business.

**c. Compliance with Articles of Association**

Ordinary Members shall be bound by FMUTM's Articles of Association and shall comply with all the directions and rulings on ethics and standards issued by the FMUTM from time to time.

**d. Advertisements and promotional materials**

- i. In addition to rules relating to advertising and promotional materials contained in the Guidelines, Ordinary Members when advertising or promoting their unit trust funds should not be deceptive, ambiguous or make false or misleading statements. The principle of honesty and greatest accuracy must underlie all promotional statements.
- ii. A promotional statement should be clearly distinguishable as a statement issued with the intent of promoting the investment, service or firm to which it relates. Published information in advertisements and promotional materials must be substantiated.
- iii. To avoid misleading advertisements and promotional materials on performance of unit trust funds only performance data, which has been awarded or issued by a reputable agency or person approved or accredited by FMUTM may be published in an advertisement. The performance data used must be current and should only be used in advertisements if awarded or issued within the last twelve calendar months.
- iv. The publication of performance data must be in accordance with criteria prescribed in the advertising and promotional materials contained in the Guidelines. Personal opinions shall be clearly identified as such.
- v. Before the views or activities of parties other than the issuer of the promotional statement are used, referred to or quoted in a promotional statement in a manner which implies support for the product being promoted, the permission of those concerned must first be obtained, if necessary. This includes a reference in promotional statement to a sponsor or an affiliated person.

**e. Appointment of qualified persons**

In marketing and distributing unit trust funds, Ordinary Members shall only engage person(s) who:-

possess the qualifications prescribed by the Securities Commission; and

have been duly registered with and authorized by FMUTM for the purpose of dealing in unit trust funds.

**f. Duty to supervise and monitor**

Ordinary Members shall properly supervise and monitor the conduct and practices of the PDUT who represent them and they shall take all reasonable steps to ensure that such PDUT does not violate any provisions of the Code. In the event that any such PDUT is found to be in breach of this Code, Ordinary Members should take appropriate action against the relevant PDUT which commensurate with the degree of breach of the Code. In addition, if the breach is one which contravenes any applicable law, the Ordinary Member should make a report of such breach to the Securities Commission and or any other relevant authority.

**g. Reports and information**

- i. Ordinary Members shall supply and deliver to FMUTM upon request with copies of:
  - (a) all audited accounts and reports to investors and clients of all unit trusts funds of which they are the manager;
  - (b) all audited accounts of the Member;
  - (c) any deed by or pursuant to which the member is appointed the manager of a unit trust fund; and
  - (d) any prospectus or supplementary prospectus issued by them or in respect of the unit trust fund of which they are the manager of the unit trust fund.
  
- ii. Ordinary Members shall also provide FMUTM such information which may be reasonably requested for from time to time provided that: -
  - (a) the provision of such information will not cause the Ordinary Member to breach its duty of confidence towards its investors or clients without the written authorization of its investors or clients;
  - (b) the information requested for is not sensitive in the nature of the ordinary business of the Ordinary Member; and
  - (c) the provision of such information will not cause any commercial disadvantage to the Ordinary Member.

**h. Reference to FMUTM Logo and Membership**

Ordinary Members may disclose membership with FMUTM and display or use FMUTM's logo in all materials such as prospectus, accounts, unitholders' reports or other communication and advertising. FMUTM's logo must not be used without a statement of affiliation to FMUTM. If Ordinary Members wish to use FMUTM's logo for other purposes, prior approval must be obtained from FMUTM.

**i. Breach of Laws**

In the event that the officers are found to be in breach of this Code, Ordinary Members should take appropriate disciplinary action against its officers which commensurate with the degree of breach of the Code. In addition if the breach is one which contravenes any applicable law, the Ordinary Member should make a report of such breach to the Securities Commission and or any other relevant authority.

**j. Disciplinary Proceedings**

Adherence to the Code is mandatory for all Ordinary Members and their officers and its provisions will be strictly enforced by FMUTM. The By-Laws Relating To The Procedure For Disciplinary Proceedings are as set out in FMUTM's Guidelines Manual. In order to maintain high standards of professional conduct, Ordinary Members or their officers who have breached provisions of the Code shall be subject to the appropriate disciplinary proceedings.

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**PART B****CODE OF CONDUCT FOR ANY ORGANIZATION REGISTERED AS AN INSTITUTIONAL UNIT TRUST AGENTS UNDER THE GUIDELINES FOR REGISTRATION OF INSTITUTIONAL AGENT FOR THE MARKETING AND DISTRIBUTION OF UNIT TRUST FUNDS ("IUTAs")****CODE OF ETHICS**

4. This part of the Code is applicable to IUTAs and to a limited extent, Ordinary Members.

**a. Professionalism**

- i. IUTAs shall conduct their business in a professional manner ensuring that they themselves and their officers are thoroughly knowledgeable in all areas and aspects of the unit trust industry in which they participate and that they are acting in compliance with sound business practices.
- ii. IUTAs shall show respect for other participants in the industry by engaging in fair and equitable competitive practices.
- iii. IUTAs shall not misrepresent their authority as representatives of the unit trust management company or as fund managers of the unit trust funds whose funds they market and distribute.

**b. Integrity**

- i. IUTAs shall always act in a manner which recognizes that integrity and responsibility are essential to win and maintain confidence of the investing public in all aspects of the unit trust industry.
- ii. IUTAs shall at all times act to safeguard the integrity and credibility of the unit trust industry and refrain from any act or omission which may damage the integrity of the unit trust industry or bring the industry into disrepute.
- iii. IUTAs and their officers shall not give the impression that they are representing the views or opinions of the FMUTM or any other group unless that they have been authorized to do so.

**c. Confidentiality**

- i. IUTAs shall respect and preserve the confidentiality of their investors and clients whom they may be acting on behalf of.

- ii. IUTAs shall respect and preserve the confidentiality of the arrangement or agreement contractually entered with the different unit trust management companies. However in the event where any relevant authority requests the arrangement to be disclosed, the parties may do so.
- iii. IUTAs shall not and shall ensure that their officers do not disclose to any person 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 investors and clients or where such disclosure is required to be made to any relevant authority pursuant to any relevant law or legal process.
- iv. IUTAs shall establish appropriate controls within their respective work environments to prevent any unauthorized disclosure of confidential information.

**d. Fiduciary Duties**

IUTAs who take custody of all or any part of an investor's assets for investment purposes, shall do so with the degree of care required of a fiduciary.

**e. Objectivity**

- i. IUTAs shall take necessary steps to ensure that PDUT acting on their behalf exercise reasonable and prudent professional judgement in providing professional services.
- ii. IUTAs shall be objective in providing advice to investors and clients on the unit trust funds. Objectivity requires honesty and impartiality. IUTAs shall not denigrate any unit trust funds directly or by implications.
- iii. IUTAs shall ensure that adequate information is provided to the investors or clients to enable such investor or client to make informed decisions before investing in the unit trust fund of their choice.

**f. Dignity**

- i. IUTAs shall uphold the dignity of and maintain the highest respect for the unit trust industry. IUTAs shall and shall ensure that their officers refrain from making complaints or making negative statements, or allow any action to be interpreted in any way to cause hurt to the reputation of others in the industry.
- ii. IUTAs shall not and shall ensure that their officers do not publicly complain against or criticize other Members, the FMUTM, the Securities Commission, other IUTAs and any other relevant authority. IUTAs shall not make any defamatory, derogatory or disparaging statements against the unit trust funds, officers or practices of other Members or other IUTAs.
- iii. Complaints and criticism shall instead be channeled to the Securities Commission, FMUTM and/or any other relevant authority.

**STANDARDS OF PROFESSIONAL CONDUCT**

5. IUTAs must observe the following standards of conduct:-

**a. Compliance with laws**

- i. IUTAs shall and shall ensure that their PDUTs act in compliance and conformity (by the letter and in the spirit) with the Act, all laws, guidelines, orders, directives and policies (including this Code) issued, drawn up or imposed by any relevant authority including, but not limited to, the Securities Commission and FMUTM.
- ii. IUTAs shall establish and maintain written policies and procedures for the effective control and conduct of its business and the activities of their PDUTs officers to ensure compliance with the Act and the relevant laws. In addition IUTAs are responsible to ensure that their PDUTs and other officers who are involved in the unit trust operation are also aware of the compliance with the Act and other relevant laws.
- iii. IUTAs shall obtain and at all times maintain all authorization, licenses and registrations necessary for the purposes of marketing and distribution of unit trusts.
- iv. IUTAs must ensure that:-
  - (a) their IUTA status; and
  - (b) the registered status of the PDUTs acting on their behalfare valid at all times and renewed before they expire.

**b. Fair and Equitable Treatment**

IUTAs who are unit trust management companies should ensure that fair and equitable commissions are paid to PDUTs who market and distribute third party unit trust funds for the IUTAs.

**c. Dealing with Unit Trust Management Companies**

**i. Written communication**

All communication between IUTAs and the unit trust management company relating to the marketing and distribution of unit trust funds must be in writing or properly documented so as to avoid any confusion or conflict.

ii. **Benefit and gifts**

IUTAs shall not accept any benefits or gifts of significant value, fees, rewards from any unit trust management company which are intended or will tend to render them obligated to such unit trust management company and not in the interest of the investors or clients.

iii. **Rebates and Price Discount**

IUTAs shall not give any rebates or any form of price discount to the investors or clients in respect of the sales of the unit trust funds, unless prior consent has been obtained from the relevant unit trust management company or the terms for the rebate have been stipulated in the agreement relating to the IUTAs appointment by the relevant unit trust management company.

d. **Advertisements And Promotional Materials**

- i. IUTAs must only use advertisement and/or promotional materials in accordance with the requirements of the existing Guidelines. Where the name of any unit trust management company or any unit trust fund is specified in any advertisement and/or promotional material, the IUTAs must inform in writing in advance, the relevant unit trust management companies of such specification.
- ii. IUTAs shall ensure that a copy of the latest prospectus of the unit trust funds of which they are marketing or distributing be made available to their investors or clients.
- iii. IUTAs shall not make any forecasts or representations in relation to any unit trust funds other than those set out in the latest prospectus and materials supplied by the unit trust management companies.

e. **Appointment of qualified persons**

In marketing and distributing unit trust funds, IUTAs shall only engage person(s) who:-

possess the qualifications prescribed by the Securities Commission; and

have been duly registered with and authorized by FMUTM

for the purpose of dealing in unit trust funds.

f. **Duty to supervise and monitor**

IUTAs shall properly supervise and monitor the conduct and practices of the PDUT who represent them and they shall take all reasonable steps to ensure that such PDUT does not violate any provisions of the Code. In the event that any such PDUT is found to be in breach of this Code, IUTAs should take appropriate action against the relevant PDUT which commensurate with the degree of breach of the Code. In addition if the breach is one which contravenes any applicable law, the IUTA should make a report of



such breach to the Securities Commission and or any other relevant authority.

**g. IUTAs who are not Associate Members**

With regard to IUTAs who are not Associate Members of FMUTM but who have obtained their registration as IUTAs by virtue of the fact that they are related to Ordinary Members, such Ordinary Members shall:-

- i. be responsible for and shall ensure that such IUTAs comply strictly with the Act, the laws, guidelines, orders, directives and policies (including this Code) issued, drawn up or imposed by any relevant authority including, without limitation, the Securities Commission and FMUTM; and
- ii. ensure that the IUTAs are kept abreast with the development and progress of the unit trust industry.

**h. Breach of Laws**

In the event that the officers of IUTAs are found to be in breach of this Code, IUTAs should take appropriate disciplinary action which commensurate with the degree of breach of the Code. In addition, if the breach is one which contravenes any applicable law, the IUTA should make a report of such breach to the Securities Commission and or any other relevant authority.

**i. Disciplinary Proceedings**

Adherence to the Code is mandatory for all IUTAs and their officers and its provisions will be strictly enforced by FMUTM. The By-Laws Relating To The Procedure For Disciplinary Proceedings are as set out in FMUTM's Guidelines Manual. In order to maintain high standards of professional conduct, IUTAs or their officers who have breached provisions in the Code shall be subject to the appropriate disciplinary proceedings.

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**PART C****CODE OF CONDUCT FOR ANY PERSON REGISTERED TO DEAL IN UNIT TRUSTS UNDER THE REGISTRATION OF PERSONS DEALING IN UNIT TRUSTS ("PDUT").****CODE OF ETHICS**

6. In addition to the rules relating to Guidelines For Marketing and Distribution of Unit Trust issued by the Securities Commission, this part of the Code shall be applicable to all PDUT.

a. **Honesty, Dignity and Integrity**

A PDUT should at all times act with honesty, dignity and integrity. He should conduct himself and should encourage others to market and distribute units in a professional and ethical manner that will bring credit to himself, his fellow PDUT and the industry. A PDUT shall maintain a high standard of personal ethical behaviour, present himself professionally in appearance and not engage in activity that may bring discredit to the industry.

In particular, the PDUT must not misrepresent or recklessly represent: -

- i. his qualifications or that of the management company he represents;
- ii. the products and/or its characteristics offered by the management company he represents; and
- iii. the past investment performances of the unit trust fund he is marketing.

Conduct which is dishonest would include any omission of a material fact. A material fact includes a fact, which if made known to a client, will cause that client to appreciate that the unit trust fund is materially different from what was represented to him.

b. **Fair Dealing**

- i. If a PDUT enters into a business transaction with a client, the transaction shall be on terms which are fair and reasonable to the client and the PDUT shall disclose to such client or potential client the risks of the transaction, any conflicts of interest or potential conflicts interest of the PDUT, the fees and charges levied on the investment made or which may be made and other relevant information, if any, necessary to make the transaction fair to the client.
- ii. Fair dealing requires impartiality, intellectual honesty, and disclosure of conflicts of interest. It involves a subordination of one's own feelings, prejudices, and desires so as to achieve a proper balance of conflicting interests. Fair dealing is treating others in the same fashion that you would want to be treated.
- iii. Aggressive and offensive sales practices should be avoided.

**c. Good Faith**

A PDUT should always act in good faith and with the best of intentions. The investor is to be treated with respect and should be given full disclosure of all information pertinent to his investment decision.

**d. Competence**

A PDUT shall provide services to clients competently and maintain the necessary knowledge and skill to continue do so in the areas in which he/she is engaged.

A PDUT should act with proficiency and strive to maintain and improve his competency and that of his fellow PDUT.

**e. Confidentiality**

- i. A client, by seeking the services of a PDUT is creating a relationship of personal trust and confidence with the PDUT. In order to provide the services effectively and to protect the client's privacy, the PDUT shall take every precaution to protect, safe-guard and preserve the confidentiality of the client's information communicated to him in the course of marketing and distributing unit trust funds. He must not in any way use such information for his personal or any other person's gain.
- ii. A PDUT shall not disclose any of his clients or prospective clients information which can reasonably be said to be confidential without the specific consent in writing of the client unless in response to proper legal process, to defend against charges of wrongdoing by the PDUT or in connection with a civil dispute between the PDUT and client.

**f. Professionalism**

A PDUT's conduct in the course of dealing in unit trusts shall bring credit to the profession. Because of the importance of the professional services rendered by PDUTs, they are to behave with dignity and courtesy to all those persons whom they come into contact with in the course of rendering their service, including but not limited to their clients, fellow PDUT, the relevant authorities and other persons in the unit trust industry.

**g. Acting with due care, skill and diligence**

A PDUT should conduct all his dealings with every care, skill and diligence. In this regard, the PDUT must-

- i. ensure as far as possible that the unit trust fund proposed is suitable to the needs and not beyond the resources of the prospective investor as disclosed to him by the prospective investor;

- ii. take all reasonable steps to give the prospective investor information in a comprehensive, full and fair manner to assist him in making balanced and informed decisions;
  - iii. provide information only on those matters in which he is competent to deal with and seek or recommend other specialist advice where appropriate;
  - iv. when conveying information to a prospective investor, bear in mind the overall context in which the statements are made and the investor himself as different persons may require differing levels of detail and explanation. Efforts should be made to improve the amount and clarity of the information given. Brief or overly technical explanations may tend to create confusion and misunderstanding;
  - v. in making comparisons with other unit trust schemes, make clear the different characteristics of each scheme; and
  - vi. not omit any material facts, nor make exaggerated, unwarranted, misleading statements or claims, or forecasts or future events.
- h. Prompt, efficient and continuous service**

A PDUT should endeavour to provide his client with prompt, efficient and continuous service. In particular, he should always be ready to answer any queries his client may have on the performance or management of his units.

#### STANDARDS OF PROFESSIONAL CONDUCT

- 7. The PDUT must observe the following standards of conduct:-**

**a. Compliance with laws**

A PDUT should maintain knowledge of, and comply with, the Act, all laws and rules governing the unit trust industry, including Part C of this Code. Further the PDUT should deal with the relevant authority in an open and cooperative manner, and should disclose such information as is reasonable and appropriate.

**b. Use of Authorization Card**

A PDUT must, on contact with a prospective investor or client, disclose that he is a person registered to market and distribute unit trust funds and thereafter produce his Authorization Card issued by FMUTM to identify himself. The use of other cards (not issued by the FMUTM) is strictly prohibited.

A PDUT must ensure that the Authorization Card is valid and renewed before it expires.

**c. Appropriate designation or title**

- i. PDUT should only use "Unit Trust Consultant" or any other appropriate designation permitted by the Members or title accredited by an accreditation body or authority.
- ii. Ordinary Members and IUTAs must ensure that their PDUT do not mislead the investors or unitholders by using inappropriate designation or title.
- iii. PDUT when printing their names on their business cards shall use appropriate titles and their PDUT Number to identify their registration with FMUTM.
- iv. Some of the designations or titles that are not appropriate to be used are "Investment Advisor", "Investment Consultant", and "Financial Advisor". This list is not exhaustive.

**d. Marketing and distribution with prospectus**

In the course of marketing and/or distributing unit trust funds, the PDUT must provide their client with the prospectus or such other relevant disclosure document relating to the relevant unit trust funds as may be prescribed by law. The marketing or distribution of units without the prospectus is strictly prohibited by law.

**e. Adequate explanation of the nature and characteristics of unit trust funds**

A PDUT should adequately explain the nature and characteristics of the funds for which he is recommending. Towards this end, he must:-

- i. make clear all the essential attributes of the fund, including:-
  - the investment objectives of the fund;
  - the fees chargeable (including a breakdown of the fees involved);
  - the prices of units and how the units are priced;
  - the risks of investing in the particular funds and in unit trusts, generally;
  - the minimum allowable purchases in the fund; and
  - the special tax implications of the scheme (if any);
- ii. ensure as far as possible that the prospective investor understands what he is committing himself to;
- iii. draw attention to any unique features and/or restrictions applicable to the fund;
- iv. if loan financing is to be used, draw attention to the risks of purchasing units via loan facilities (as contained in the unit trust loan financing risk disclosure statement); and
- v. draw attention to the long term nature of the scheme and the risks of early withdrawal from the scheme.

**f. Advertisements and promotional materials**

- i. A PDUT must only use advertisements and/or promotional materials that have been approved by the unit trust management companies and IUTAs and in accordance with the Guidelines when marketing and distributing unit trust funds.
- ii. A PDUT should not make any statement, publish any information or engage in any advertisement that may be construed as misleading, false or deceptive.

**g. Keeping abreast with the unit trust industry**

All PDUT should ensure that they possess the necessary skills and expertise to provide prompt, efficient and competent service to their clients and in that regard shall keep abreast with the development and progress of the unit trust industry.

**h. Disciplinary Proceedings**

In order to maintain high standards of professional conduct, PDUT who have breached provisions of the Code shall be subject to appropriate disciplinary proceedings.

Adherence to the Code is mandatory for all PDUT and its provisions will be strictly enforced by FMUTM. The By-Laws Relating To The Procedure For Disciplinary Proceedings are as set out in FMUTM's Guidelines Manual.

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