

28 February 2013

CIRCULAR : ISRV/AL/AZ-hg-wyl/012-13
(TOTAL NO. OF PAGES: 5)

TO : ALL UTMC, IUTA AND CUTA

ATTN : CHIEF EXECUTIVE OFFICER / AUTHORIZED REPRESENTATIVE

Marketing and Distribution Compliance Audit (“Compliance Audit”)

In order to ascertain the level of compliance of the industry with the regulatory requirements in relation to marketing and distribution of unit trust funds, FIMM will be implementing the Compliance Audit effective 2nd quarter of this year.

The Compliance Audit consists of two components as follows:

- a) Compliance Audit; and
- b) Compliance Due Diligence Review.

The Compliance Audit is to be carried out in a cycle of every 5 years by an external auditor appointed by the company based on an audit checklist provided by FIMM.

The Compliance Due Diligence Review is a self-assessment exercise which is performed by the internal auditor of the company based on a due diligence checklist provided by FIMM. For companies that are not subjected to the Compliance Audit in a particular calendar year, they must conduct the Compliance Due Diligence Review.

For detailed information on the Compliance Audit, please refer to Appendix A.

The Compliance Audit involves all UTMC, IUTA and CUTA which are registered with and authorized by FIMM to market and distribute unit trust funds. To ensure observance of the Compliance Audit requirements, the name of any non-compliant company will be submitted to the relevant authorities for notification and FIMM reserves the right to take the appropriate action(s) against such company.

Briefing Session

Please be informed that FIMM will be organizing a briefing session to provide guidance on the Compliance Audit. This will be followed by a question and answer session to address any issue or query on the subject matter.

All Authorized Representatives and the relevant Department Heads are encouraged to attend this briefing session.

Cont'd...

The details of the briefing session are as follows:

Date : 21 March 2013 (Thursday)
Venue : Dewan Berjaya
Bukit Kiara Equestrian & Country Resort
Jalan Bukit Kiara
Off Jalan Damansara
60000 Kuala Lumpur
Time : 11.00a.m. – 1.00 p.m. (Registration starts at 10.00a.m.)

(Kindly complete the enclosed Reply Slip (Appendix B) to confirm your attendance.)

Should you have any query pertaining to the Compliance Audit, please contact Lee Lai Yee (ext. 304), Kristal Lee (ext. 305) or Wong Yoon Ling (ext. 306) at 03-2093 2600. Alternatively, you may submit your query to isrv@fimm.com.my.

Thank you.

Yours faithfully,
Federation of Investment Managers Malaysia



AHMAD ZAKIE H. AHMAD SHARIFF
Chief Executive Officer

Encls.

c.c. Puan Shamsul Bahriah Shamsudin
Head, Institution Supervision Department,
Market Oversight,
Securities Commission Malaysia

Marketing and Distribution Compliance Audit (“Compliance Audit”)

1. The Compliance Audit involves all UTMC / IUTA / CUTA which are registered with and authorized by FIMM to market and distribute unit trust funds.
2. UTMC / IUTA / CUTA which are registered with FIMM but do not involve in marketing and distribution of unit trust funds will be excluded from the Compliance Audit.
3. The Compliance Audit consists of two (2) components:
 - a) Compliance Audit; and
 - b) Compliance Due Diligence Review.
4. Compliance Audit
 - a) Compliance Audit is an on-site audit to be carried out in a cycle of every 5 years by an external auditor appointed by the UTMC / IUTA / CUTA based on an audit checklist provided by FIMM.
 - b) For a UTMC / IUTA / CUTA that has been selected for the audit, FIMM will serve a full month (30 days) notice to the company upon which, the audit should be completed within the next two months.
 - c) Upon completion of the audit, the external auditor and CEO / Authorized Representative of the UTMC / IUTA / CUTA are required to sign the audit checklist.
5. Compliance Due Diligence Review
 - a) Compliance Due Diligence Review is a self-assessment exercise which is performed by the internal auditor of the UTMC / IUTA / CUTA based on a due diligence checklist provided by FIMM.
 - b) UTMC / IUTA / CUTA that are not subjected to the Compliance Audit in a particular calendar year must conduct the Compliance Due Diligence Review.
 - c) For UTMC / IUTA / CUTA that are subjected to the Compliance Due Diligence Review, FIMM will serve a notice to the company upon which, the audit should be completed within the next two months from the date of notice.
 - d) For those UTMC / IUTA / CUTA which do not have an internal audit function, the company may appoint an external auditor to perform the Compliance Due Diligence Review.
 - e) Upon completion of the Compliance Due Diligence Review:

- The internal auditor and CEO / Authorized Representative of the UTMC / IUTA / CUTA are required to sign the due diligence checklist; and
 - Table the due diligence checklist(s) to its Board for information and / or advice on those areas which require actions and improvements.
6. Key Processes to be audited are:
- a) Marketing and Distribution of Unit Trust Products
 - Application forms and the related supporting documents;
 - The handling of investors' / unit holders' monies;
 - Unit price, fees and expenses;
 - Cooling-off right of the investors / unit holders;
 - Distribution channels and commission payment; and
 - Online transactions and activities.
 - b) Advertisements and Promotional Materials
 - Advertisements and promotional materials;
 - Online advertisements and promotional materials; and
 - Other informational materials.
 - c) Registration, Training and Monitoring of Unit Trust Consultants (UTC)
 - Eligibility and registration of UTC;
 - Training and CPD compliance of UTC; and
 - Business conducts and related activities of UTC.
 - d) Complaints Handling
 - Processes and procedures in recording and reporting investors' / unit holders' complaints;
 - Treatment and timeline in resolving investors' / unit holders' complaints; and
 - Others.
7. For a company which registers with FIMM as UTMC and IUTA, the company will be audited for its UTMC and IUTA activities in one audit engagement (by completing the audit checklists for UTMC and IUTA respectively).
8. During the process of reviewing the audit / due diligence checklist, FIMM has the rights to seek for clarification or request for more information / documents from the auditee to support its assessment.
9. Once the audit / due diligence outcome is concluded, the final audit / due diligence report will be sent to the auditee and a copy of the same will be sent to the Securities Commission upon the acknowledgement of the auditee.

- End -

Briefing Session on Marketing and Distribution Compliance Audit**Reply Slip**

To: Federation of Investment Managers Malaysia ("FIMM")
 c/o Industry Surveillance Department ("ISRV")
 19-07-03, 7th Floor, PNB Damansara, 19, Lorong Dungun,
 Damansara Heights, 50490 Kuala Lumpur
 Tel: 03-2093 2600 Fax: 03-2093 2700

Kindly **email** this completed slip to **isrv@fimm.com.my** by 8 March 2013 (Friday)
 (Please tick accordingly and let us know even if your company is not able to participate.)

Date : 21 March 2013 (Thursday)
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 Bukit Kiara Equestrian & Country Resort
 Jalan Bukit Kiara
 Off Jalan Damansara
 60000 Kuala Lumpur
 Time : 11.00a.m. – 1.00 p.m. (Registration starts at 10.00a.m.)

Yes, attending the briefing session. (Please indicate the details of the attendee)

(1) Name:		
Designation:		
Tel. No:		Fax No:
(2) Name:		
Designation:		
Tel. No:		Fax No:

No, we are not attending the briefing session.

From:

Name of company:		
Name:		
Designation:		
Tel. No:		Fax No:
Date:		
Signature:		