



FIMM INDUSTRY BRIEFING

7 AUGUST 2019

Regulate. Educate. Protect

FIMM's 5-Year Strategic Blueprint

INNOVATION AND GROWTH OPPORTUNITIES

Facilitate product and service innovation

Promote vibrant growth of PRS

TECHNOLOGY AND EFFICIENCY

Achieve seamless, efficient and low cost environment

ENHANCING ROLE OF FIMM

Positioning and preparing FIMM as information repository

Upgrade professional standards

REINFORCING CONFIDENCE

Intensify investor education and awareness

Increase public awareness

FIMM's 5-Year Strategic Blueprint

2-Year Operationalisation Plan

NATIONWIDE SURVEY



To understand Malaysians' receptiveness and views on the UTS and PRS industries.

ENHANCE METHOD IN SUPERVISION



Expansion of supervision approach to include on-site and engagements.

TRAINING



Realignment of focus with Industry Competency Framework (ICF).

LIBERALISATION OF INVESTMENT AND PRODUCT OFFERINGS



Facilitate diversification of products and proliferation of fund products to provide investors with greater diversification opportunities.

EXAMINATION



Review and enhance syllabus & questions module.

DIGITAL MARKETING CAMPAIGN



Create public awareness on retirement savings and the benefits of investing in UTS & PRS.

HARMONISATION OF UTS & PRS



- Single registration platform
- Single authorisation card and auto-renewal.
- Harmonisation of rules, examinations and processes.

CENTRALISED DATABASE SYSTEM



Common database on industry statistics that can enable data mining activities.

UTILISATION OF E-LEARNING



Educating consultants through digital platform.

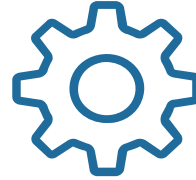
Mystery Shopping (MS)





OBJECTIVE

- Assessing compliance with **sales practices** requirements by consultants for marketing and distributing Unit Trust Scheme (UTS) and Private Retirement Scheme (PRS).
- Assessing the **quality of advice** provided by these consultants to potential investors.



SCOPE

- Consultant's introduction to potential investor
- Know Your Client/Suitability Assessment Process
- Advice generating process
- Product recommendation



QUALIFIER

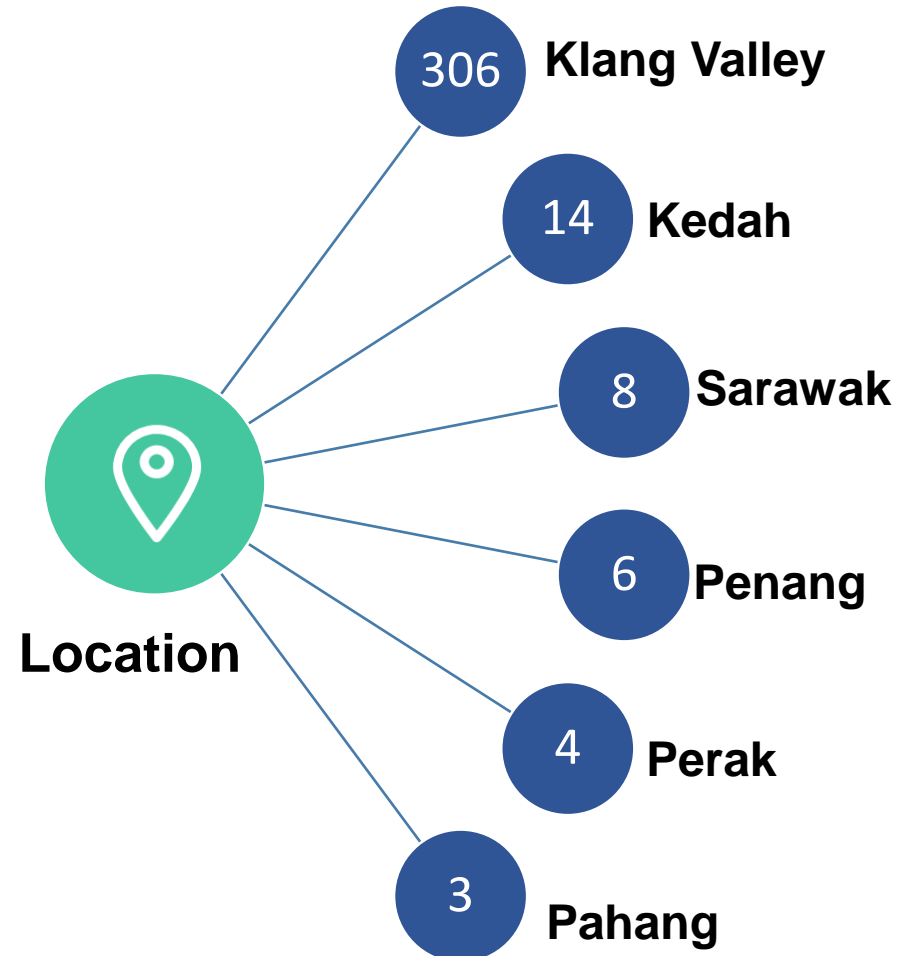
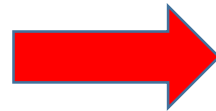
- Covered pre-sales activities only and not required to make any actual investments.

MS was conducted in Q3, 2018

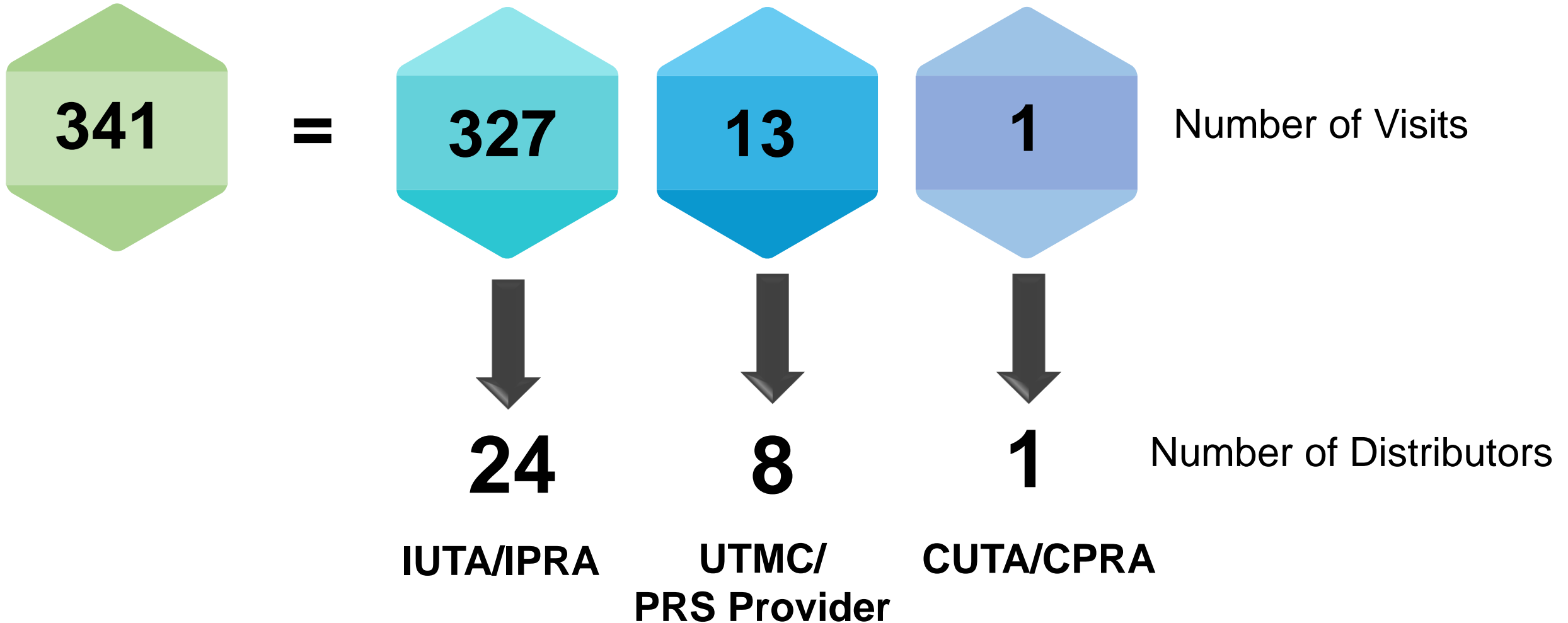
 = 
341 visits

210 consultants
were present at
branches/
premises

131 of consultants
were NOT present at
branches/
premises



Breakdown: Distributors, branches /premises



FIMM AUTHORISATION CARD



- 86% did not produce or display FIMM authorisation card

KNOW-YOUR-CLIENT (KYC)



- 7% partially completed the KYC and 23% did not complete the KYC in all three (3) areas:
 - i. Know your investor i.e. age, annual income & no. of dependents;
 - ii. Investors' risk profile and needs; and
 - iii. Investors' investment knowledge.

SUITABILITY ASSESSMENT (SA)



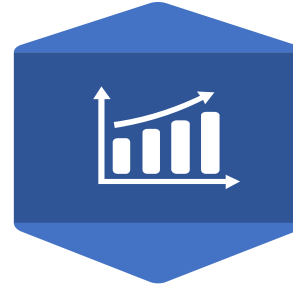
- 72% did not conduct the SA prior to recommending any Scheme

PRODUCT RECOMMENDATION



- 3% did not recommend Schemes based on the outcome of the SA.
- Consultant recommended wholesale fund, however:
 - i. Did not clarify that wholesale fund is for sophisticated investors; and
 - ii. Did not require shoppers to provide supporting documents.

NATURE & CHARACTERISTICS OF SCHEME



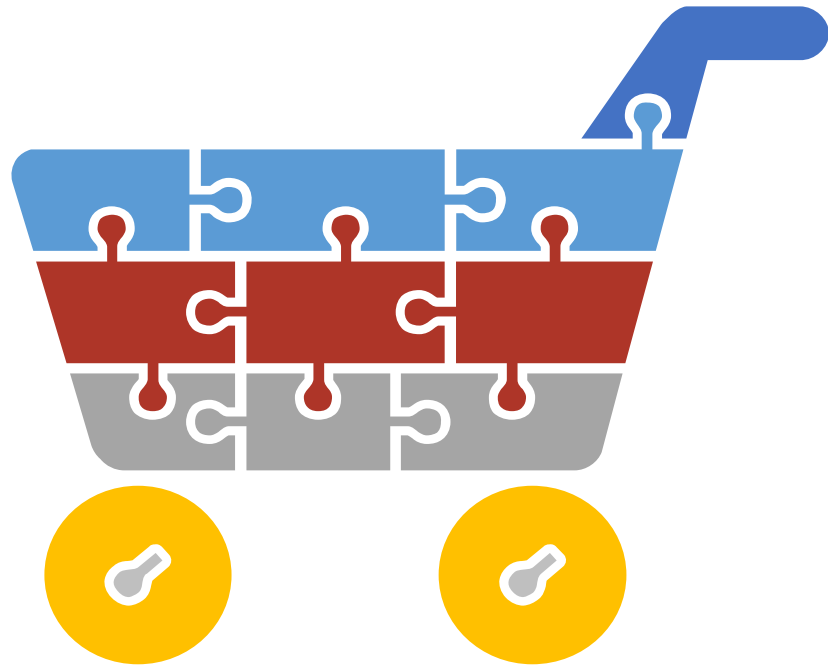
- 20% did not explain investment objective, investment strategy, investment risk, chargeable fees and unit price.
- 94% did not explain on the cooling off period for first time investor.

DISCLOSURE DOCUMENTS



- 98% did not provide complete disclosure documents.
- 64% used only the fund fact sheet to explain on the features of the recommended Schemes.

During the advice generating process, consultants **did not**:



- ✓ Make any direct forecasts or projections of future performance of Schemes;
- ✓ Provide guaranteed returns on any Schemes; and
- ✓ Provide the shoppers with any form of gifts, discounts and rebates to invest in Schemes.

Produce /
display valid
FIMM
authorisation
card



Perform the KYC
and SA prior to
recommendation
of Schemes



Recommend
Schemes as
accordance to
the outcome of
SA



Prospectus
and PHS of
Schemes



Investment
objective,
strategies and
risks of
Schemes
recommended



Charges and
fees imposed

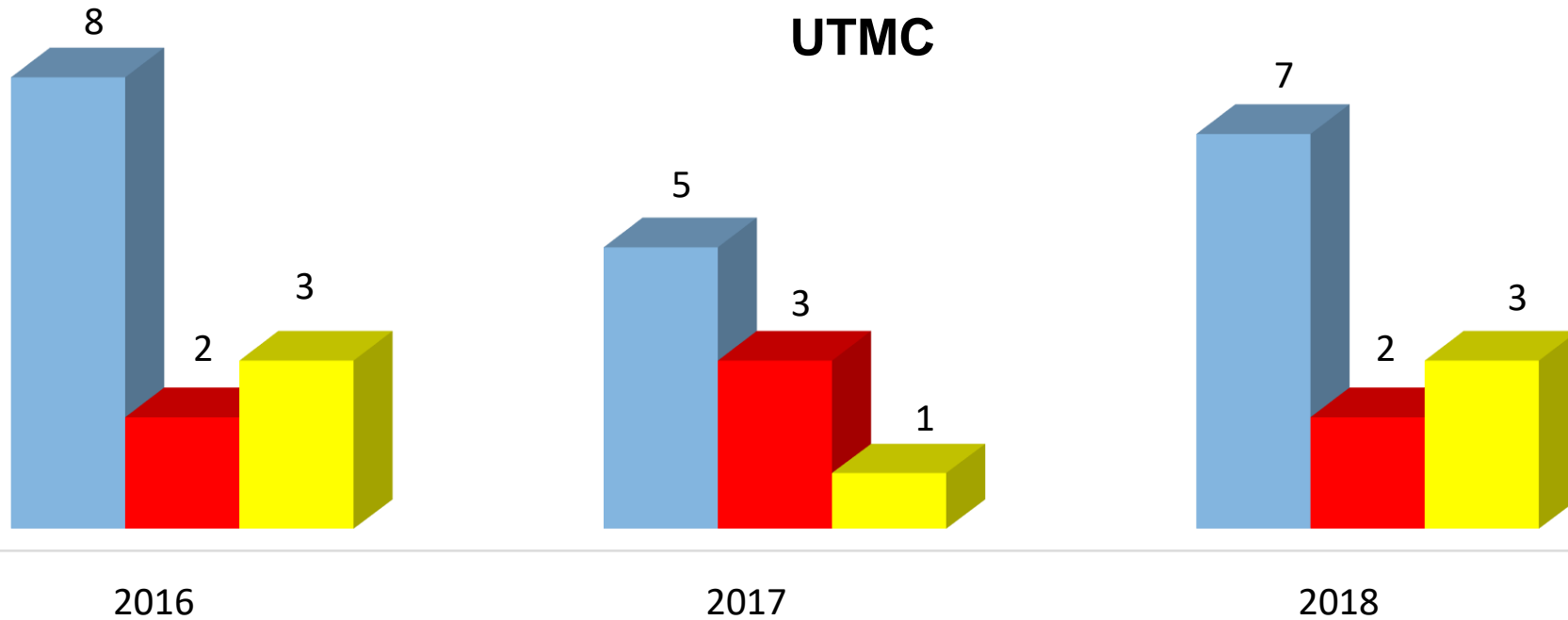


**COMPLY WITH SALES PRACTICE
REQUIREMENTS**

**DO NOT OMIT IMPORTANT
INFORMATION**

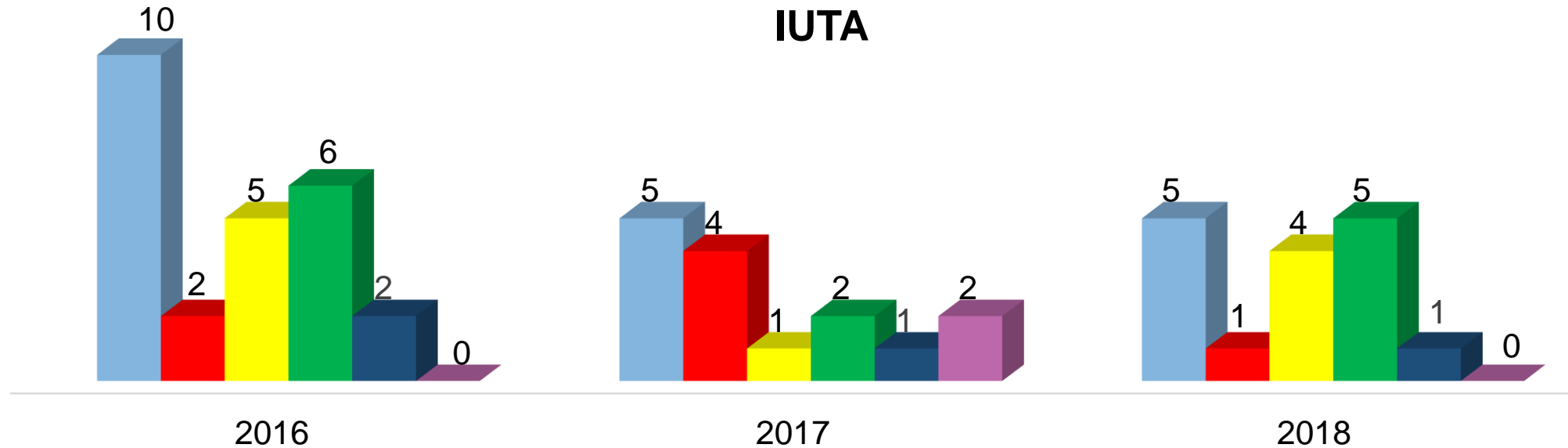
Desktop Review, Complaints & Enforcement Actions

Annual Compliance Reviews – Common Findings

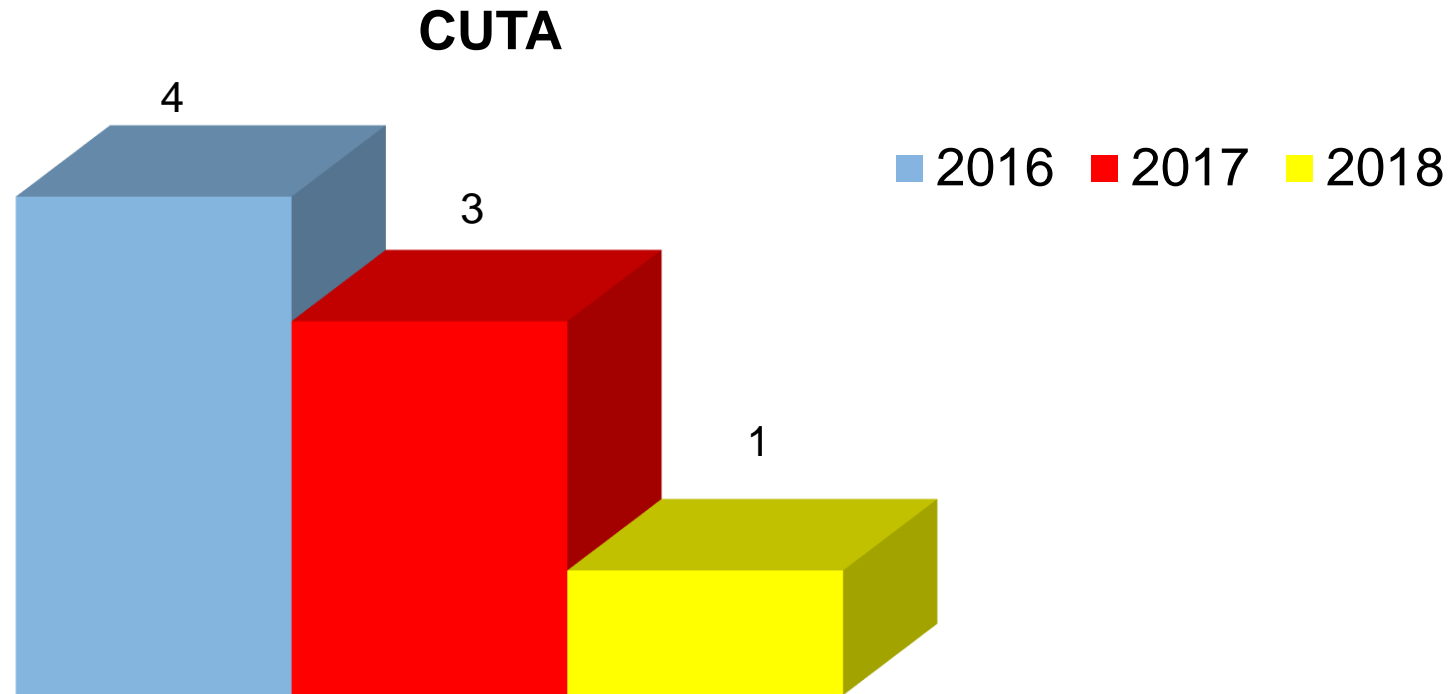


- Absence of periodic review of existing policies and procedures on marketing & distribution of Schemes
- Incomplete capacity building to consultants on anti-money laundering and anti-terrorism financing training
- Delay in dissemination of interim and annual funds' report to investors

Annual Compliance Reviews– Common Findings (cont'd)

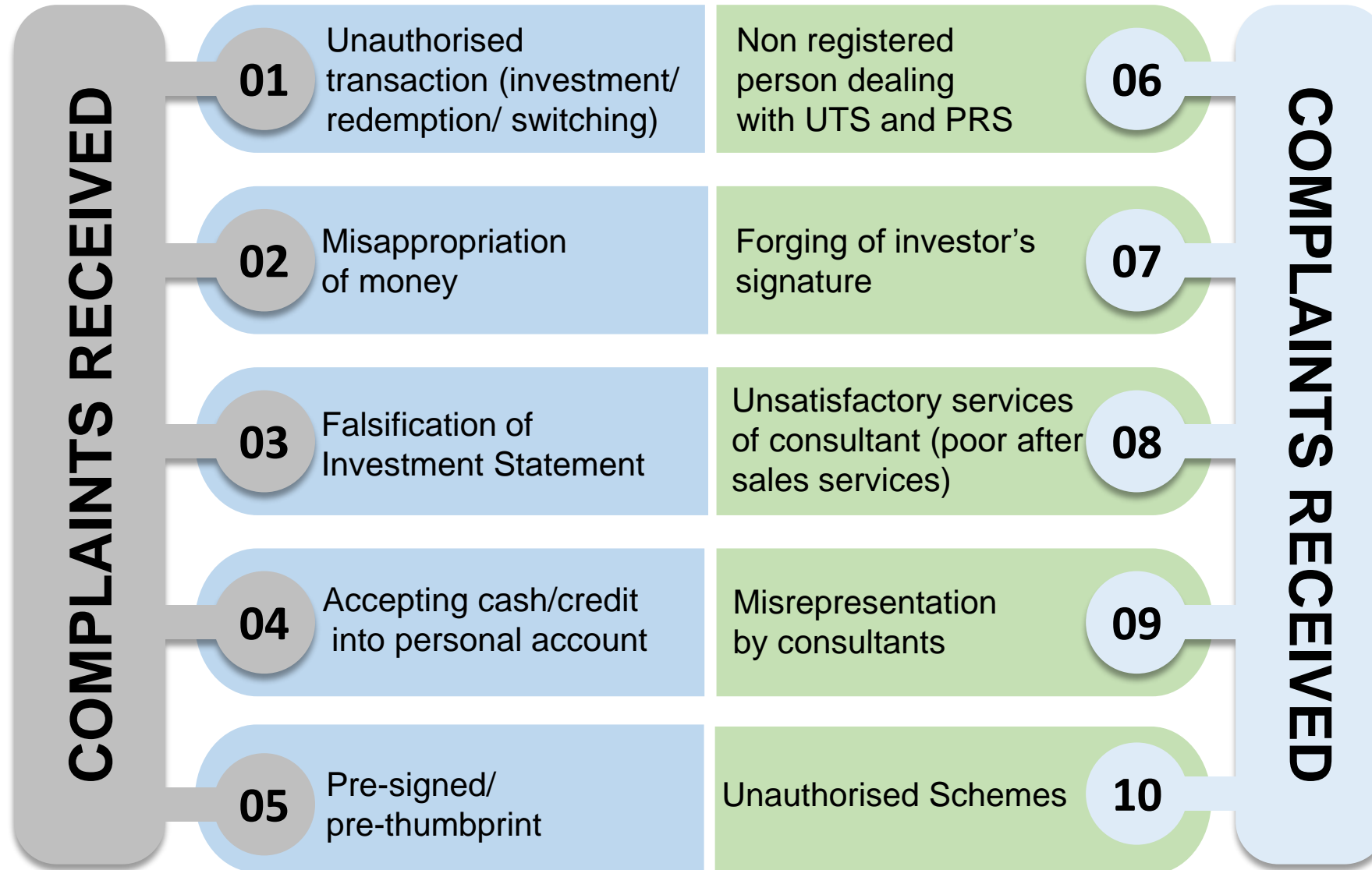


- Absence of periodic review of existing policies and procedures on marketing & distribution of Schemes
- Incomplete capacity building to consultants on anti-money laundering and anti-terrorism financing training
- Delay in dissemination of interim and annual funds' report to investors
- Not meeting the minimum requirement of two (2) consultants stationed at each distribution point
- Latest prospectuses were not uploaded or were incorrectly uploaded on IUTAs website
- Non-notification on resignation, termination or variation of consultants

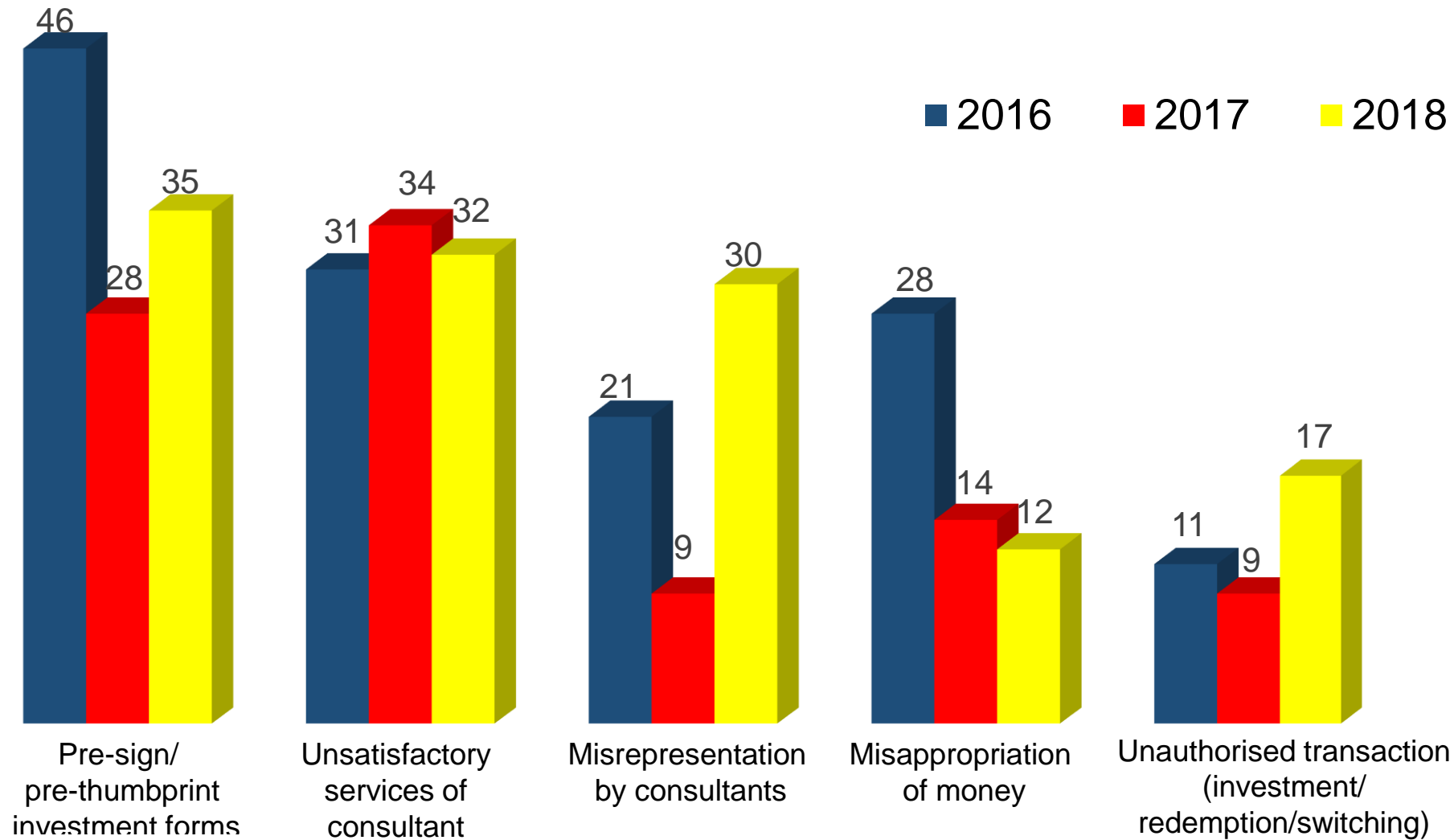


Incomplete capacity building to consultants on anti-money laundering and anti-terrorism financing training

Common Nature of Complaints



3- Year Complaints' Trend Analysis

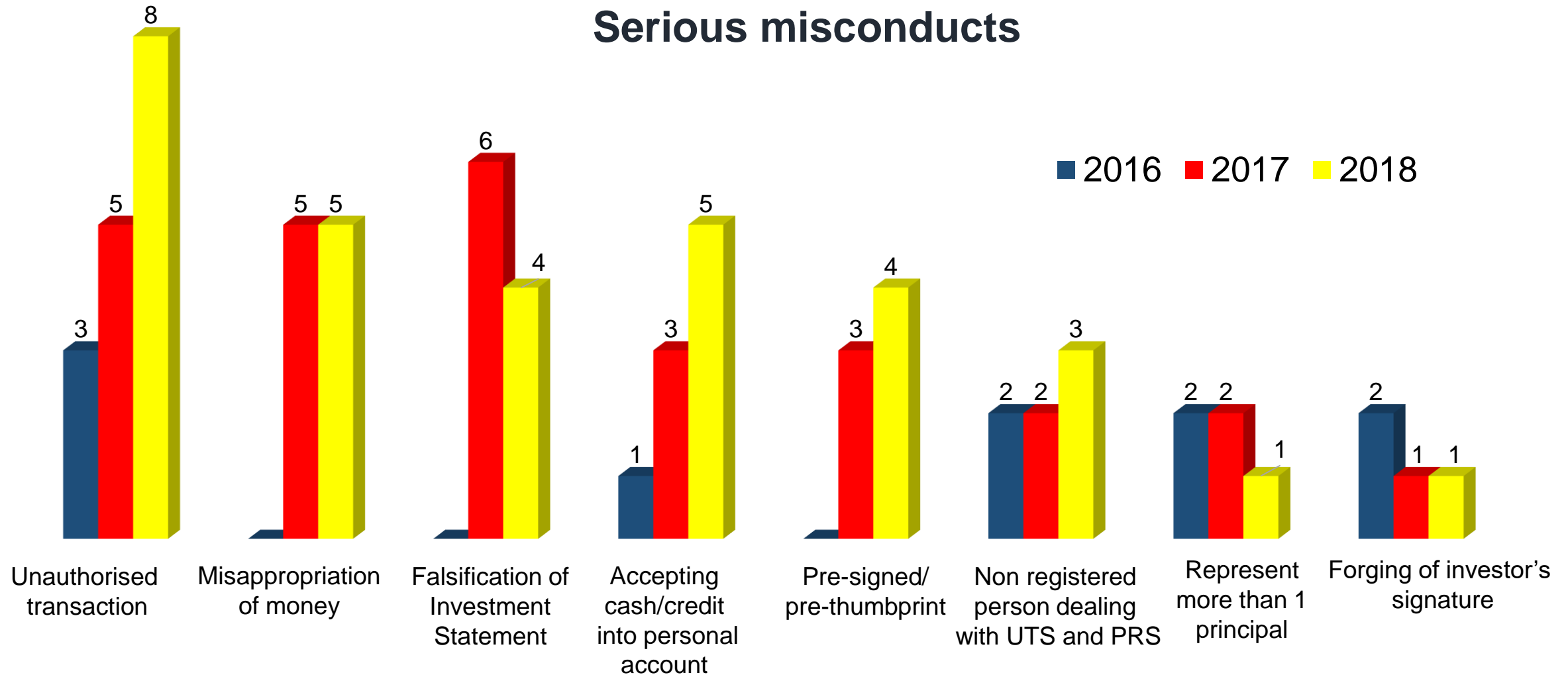


Total Complaints for the Year:
2016 = 137
2017 = 94
2018 = 126

Source: Quarterly Submission

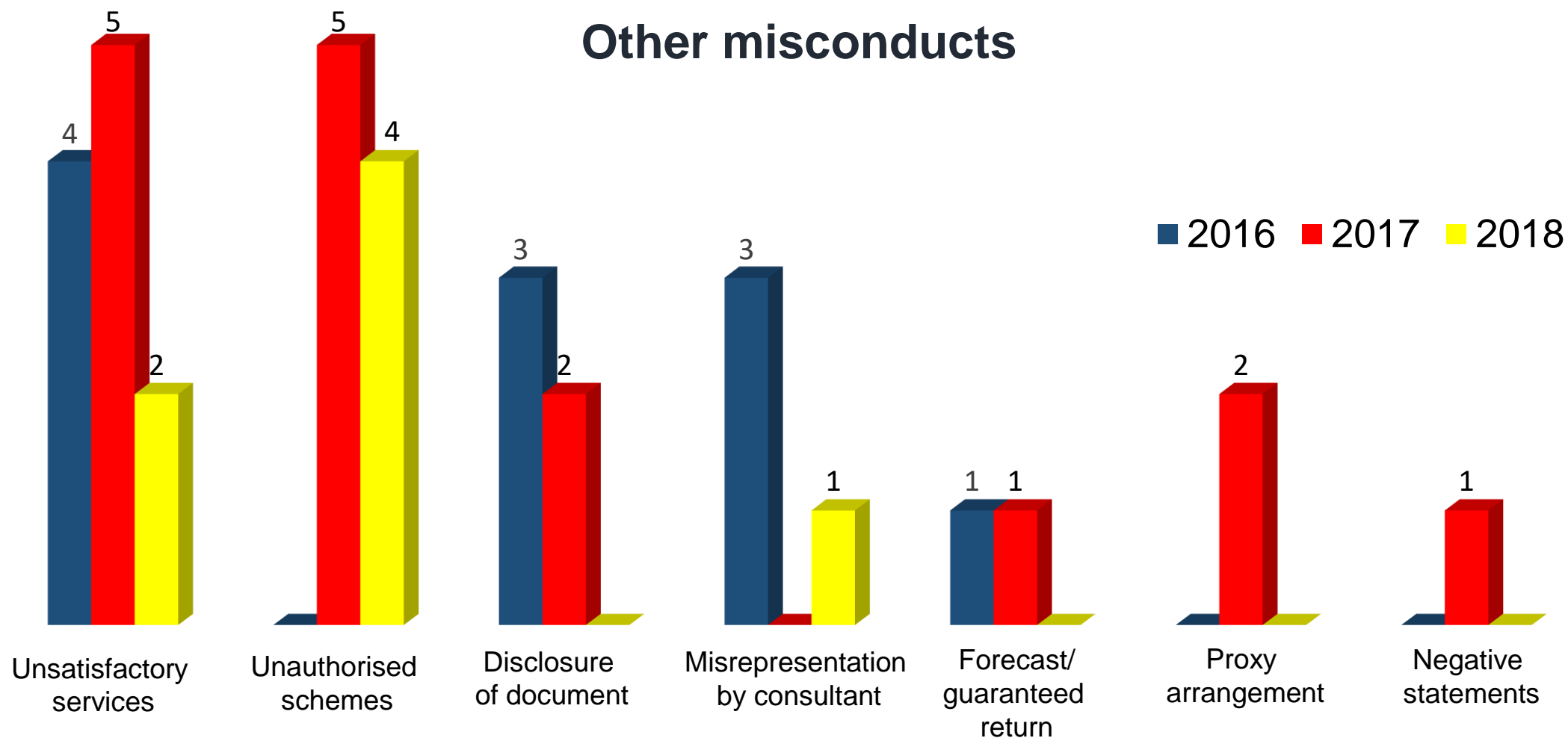
Nature of Complaints Received by FIMM

Serious misconducts



Nature of Complaints Received by FIMM

Other misconducts



As a SRO, FIMM performs...



Gate-keeping



Registration of Distributors and Consultants
Conducting qualifying examinations for consultants
Ensuring continuous professional development

Supervision



Ensuring Distributors and Consultants
continuously comply with rules and regulations

Enforcement

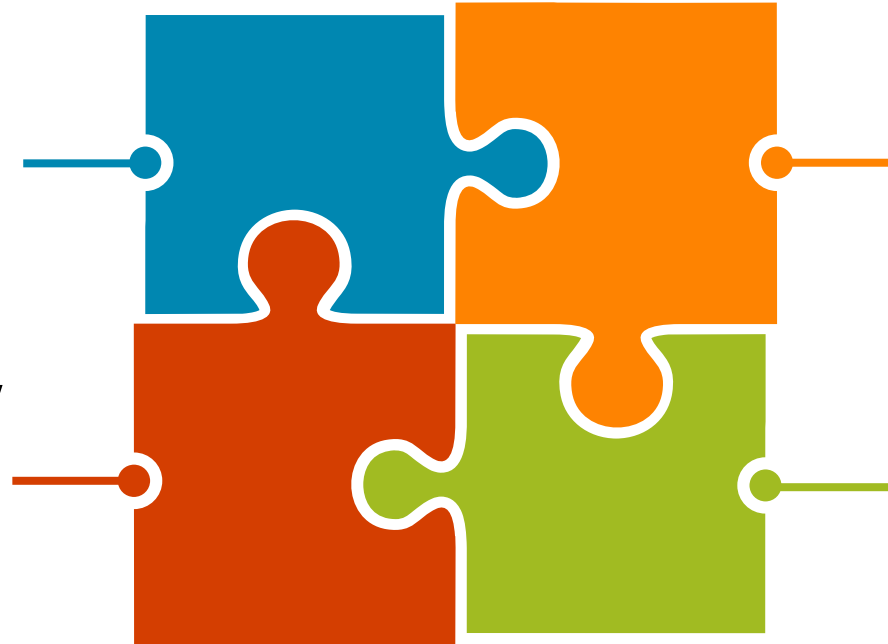


Imposition of appropriate sanctions on
Distributors and Consultants resulting from
non-compliance with rules and regulations

What is FIMM's Enforcement Power?

To **investigate** any complaints/allegations relating to any Distributor/ Consultant misconduct

To require any Distributor/ Consultant to **disclose and provide** information, documents, books and records

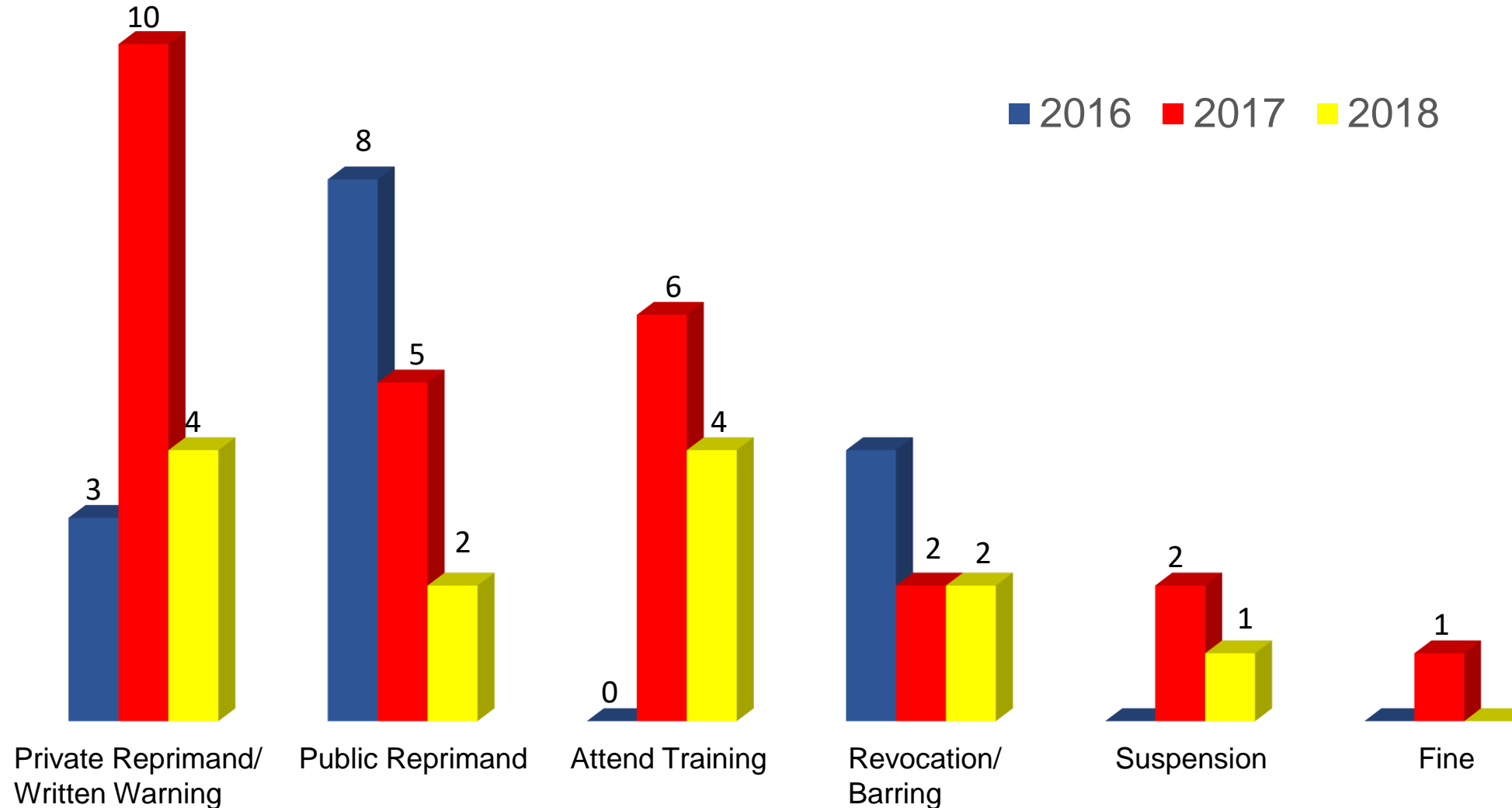


To require the **attendance** of any Distributor/ Consultant at FIMM's meetings

To **discipline, take action and impose sanction** against any Distributor/Consultant

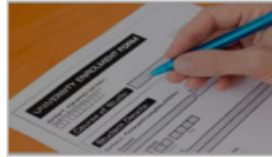
Source: Rule 2.2 of FIMM's Consolidated Rules

Sanction Imposed by FIMM from 2016-2018



Registration: Issues and Key Findings

- 1. Consultants' Registration**
- 2. Consultants' Resignation / Termination**
- 3. Consultants' Information**
- 4. Replacement of Authorisation Cards / Certificates**
- 5. Distributor's Funds Lodgment**



1.1 Application Form



1.2 FIS Administration



1.3 Statutory Declaration



1.4 Academic Qualification



1.5 Candidate Photograph



1.6 Exam Registration

- ✗ Missing applicant's signature**
- ✗ Signature differs from SD form**
- ✗ No sign off date**
- ✗ Wrong sign off date**
- ✗ Wrong application form submitted**



Application Form

1.1 Application Form

UD01

Affix one passport-size colour photograph

APPLICATION FOR REGISTRATION OF UNIT TRUST SCHEME CONSULTANT ("UTS Consultant")
(please complete this form in BLOCK letters and tick (✓) one where applicable) Batch No: _____

A. TYPE OF APPLICATION

Computerized Unit Trust Examination (CUTE)
(please complete all sections)

Exemption for CUTE
(please complete all sections except Section A & C)

Note: Candidate is required to pass CUTE prior to registration as UTS Consultant unless exempted from CUTE

Category of Exemption: CEO Director Fund Manager Financial Planner
 Former UTS Consultant / Vary Registration

B. PERSONAL PARTICULARS OF THE APPLICANT

Name (as in NRIC): _____

Identification No: (New) _____ (Old) _____

Date of Birth: (dd/mm/yyyy) _____ Sex: Female Male Race: _____

Mailing Address: _____
Post Code: _____ State: _____

Tel: (OM/Handphone) _____ (House) _____

Email Address: _____

Highest Educational Qualification: SPM STPM Diploma Degree Post-graduate Others (please specify) _____

C. TYPES OF CONSULTANT

Category of Consultant: Agent Employee (please complete Section D)

Apprenticeship Program: Yes No (applicable for Corporate Unit Trust Adviser only)

Name of UTM/UTA/CUTA: _____

FIMM Member Code: _____

D. PARTICULARS OF DEPARTMENT AND DISTRIBUTION POINT

Department: Sales and Marketing Training Customer Service Compliance Others (please specify) _____

Distribution Point Code: _____

Distribution Point Name: _____

Address: _____
Post Code: _____ State: _____

E. PARTICULARS OF COMPUTERIZED UNIT TRUST EXAMINATION

First Time Retest
Please provide date of last CUTE: _____

Language: English Bahasa Malaysia Chinese

Examination Location & Examination Centre Code:

<input type="checkbox"/> Alor Setar (SISK/DAS)	<input type="checkbox"/> Kota Kinabalu (i-SKILLS/IKC)	<input type="checkbox"/> Petaling Jaya 3 (ARCNET A/C)
<input type="checkbox"/> Ipoh (OLYMP/PIF)	<input type="checkbox"/> Kuala Terengganu (TMT/TKT)	<input type="checkbox"/> Petaling Jaya 2 (TESS/DG/P)
<input type="checkbox"/> Johor Bahru (WORLD/JHR)	<input type="checkbox"/> Kuantan (KPT/M/PHK)	<input type="checkbox"/> Seremban (OLYMN/SSM)
<input type="checkbox"/> Klang Valley (ARCNWPKL Room 1)	<input type="checkbox"/> Kuching (ACS/W/KH)	<input type="checkbox"/> Sibu (ASIA/COM/SWS/S)
<input type="checkbox"/> Klang Valley (ARCNWPKL Room 2)	<input type="checkbox"/> Melaka (STAMP/M/LC)	<input type="checkbox"/> Tawau (OLYMB/TW)
<input type="checkbox"/> Klang Valley (ARCNWPKL Room 3)	<input type="checkbox"/> Miri (B/COM/S/W/M/R)	
<input type="checkbox"/> Kota Bharu (ARCNET A/C/KB)	<input type="checkbox"/> Penang (WORLD/PGB/L)	

Part A to Part D
MUST BE
COMPLETED
FULLY

1.1 Application Form

U001

Session Time Code: 1 9.00am - 11.00am 2 12.00noon - 2.00pm 3 3.00pm - 5.00pm

1st Preferred Examination Session:	Examination Centre Code: <input type="text"/>	Examination Date: <input type="text"/>	Examination Time: <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3
2nd Preferred Examination Session:	Examination Centre Code: <input type="text"/>	Examination Date: <input type="text"/>	Examination Time: <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3
3rd Preferred Examination Session:	Examination Centre Code: <input type="text"/>	Examination Date: <input type="text"/>	Examination Time: <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3

F. INFORMATION FOR CUTE VERIFICATION PURPOSES (Please refer to note no. 7 below)

Father's Full Name:

G. TERMS AND CONDITIONS

General

1. Submission of Applications
The applicant must submit the completed application form accompanied with the pre-requisite documents to the UTMIC, IUTA or CUTA that the applicant is affiliated to.

2. Variations
If FIMM finds any discrepancy in the details provided by the applicant in this application form and the details provided by the UTMIC, IUTA or CUTA that the applicant is affiliated to in the i3 System, FIMM will treat the details submitted by the UTMIC, IUTA or CUTA as final. FIMM will not be responsible for any data error that could result in the applicant being rejected for the registration as UTS Consultants.

3. Payments
Fees must be made payable to the UTMIC, IUTA or CUTA that the applicant is affiliated to.
Fees must NOT be made payable to FIMM.
Fees are non-refundable.

For CUTE Only

1. Submission of Applications
All application form must reach FIMM before the closing date of each CUTE session. FIMM will not accept any late entry. FIMM does not allow any applicant to make any alteration to examination entry after the closing date. FIMM may reject an applicant from sitting for the CUTE, if the applicant provides any false information or omit any information required for purposes of the CUTE.

2. Examination Location
The applicant is required to select the Examination Centre for any of the CUTE sessions in Section E of this application form. If the applicant fails to indicate the preferred Examination Centre in Section E, a location nearest to the mailing address on this application form will be selected on behalf by the UTMIC, IUTA or CUTA that the applicant is affiliated to.

3. Examination Session
The applicant is required to indicate three (3) preferred CUTE sessions in Section E of this application form. If the applicant fails to indicate the three (3) preferred CUTE sessions in Section E, three (3) preferred CUTE sessions will be selected on behalf by the UTMIC, IUTA or CUTA that the applicant is affiliated to.

4. Examination Timetable
The applicant is required to refer to the CUTE timetable for the dates of available CUTE sessions. For detailed information, please contact the person in charge of the UTMIC, IUTA or CUTA that the applicant is affiliated to.

5. Examination Notification
The applicant may obtain Candidate Examination Number from the UTMIC, IUTA or CUTA that the applicant is affiliated to.

6. Postponement/Withdrawal of Examination
The applicant is NOT ALLOWED to request for postponement of CUTE under any circumstances. If an applicant withdraws his/her application to sit for the CUTE or fails to present himself/herself for the CUTE, no full or part of the fee will be refunded.

7. Information for CUTE Verification Purposes
The applicant is required to provide father's full name in Section F of this application form for purposes of logging into the CUTE system during the CUTE sessions. Failure to log in the CUTE system due to data discrepancies, will lead to candidate concerned not being able to take the CUTE and therefore he/she will be treated as absent.

8. Variations
If FIMM finds any discrepancy in the details provided by the applicant in this application form and the details provided by the UTMIC, IUTA or CUTA that the applicant is affiliated to in the i3 System, FIMM will treat the details submitted by the UTMIC, IUTA or CUTA as final. FIMM will not be responsible for any data error that could result in the applicant being rejected to sit for the CUTE.

H. APPLICANT'S DECLARATION

1. I declare that the information provided in this application form is true, correct and complete and that I am bound by the rules and regulations regarding the CUTE set by FIMM.

2. Pursuant to the Personal Data Protection Act 2010, I confirm that I have read and understood FIMM's Personal Data Notice available on its website and I hereby consent for my personal data provided herein to be processed by FIMM for the purposes stated in the Personal Data Notice.

3. Pursuant to the Credit Reporting Agencies Act 2010, I hereby expressly consent and authorise FIMM to obtain and/or disclose any Credit Information relating to me from and/or to Credit Reporting Agency or any source deemed appropriate and reasonable for the purposes of this application for registration with FIMM. This consent shall remain in effect during the period of registration with FIMM as UTS Consultant.

Reminder!

Applicant's signature:

Date: - -

I. FOR FIMM USE ONLY

Remarks:	Date Processed for Examination:	FIMM No.:	Result:
			(Please tick when applicable)
	Date Processed for Registration:	Date issued:	<input type="checkbox"/> Passed <input type="checkbox"/> Failed <input type="checkbox"/> Absent

© FIMM 2015

1. Signature MUST BE THE SAME as on SD

2. MUST state the date of application

- ✘ Wrong input of**
- **Name**
 - **NRIC/Passport No.**
 - **Race/Gender/DOB**
 - **Address**
 - **Phone Number**
 - **Email**

✔ Must ensure the spelling is correct and all information are registered accordingly

1.3 Statutory Declaration



**Statutory
Declaration**

1.3 Statutory Declaration

- (d) provide full cooperation and assistance to FIMM in all matters pertaining to my registration; and
- (e) immediately notify the principal and/or FIMM in the event that I fail to satisfy any of the fit and proper criteria prescribed by FIMM.

AND I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

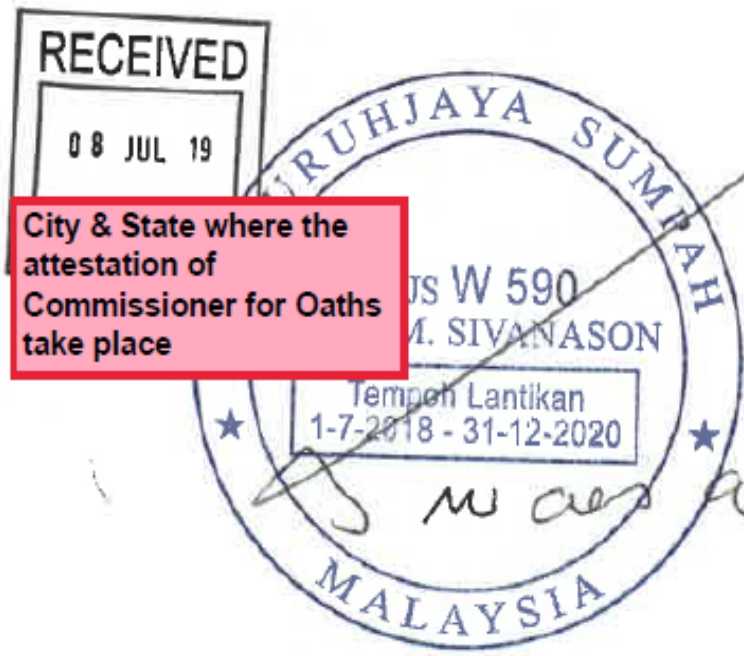
Subscribed and solemnly declared by the above named

Name of applicant _____ at

~~KUALA LUMPUR~~
~~WILAYAH PERSEKUTUAN.~~

in the state of _____
this 3 day of JUL 2019
(month) (year)

The validity of the statutory declaration must not be more than 12 months from the date of its attestation



City & State where the attestation of Commissioner for Oaths take place

[Handwritten Signature]

Applicant's signature

The applicant's signature must be the same as on the application form

Before me,
Sign and stamp by the Commissioner for Oaths

Commissioner for Oaths

Lot LG 27B, Lower Ground Floor,
Wilayah Complex
No. 2, Jalan Munshi Abdullah
50100 Kuala Lumpur

* Please strike off whichever not applicable
Effective Date 01/06/2016

✗ Minimum academic qualification requirements

NOT FULFILLED

✗ Only academic transcript being submitted

✓ At least 3 credits in SPM or its equivalent

✓ MUST submit the academic certificate

1.5 Candidate's Photograph

✗ PDF Format

**✗ Image not clear &
in bad condition**

✓ .jpeg or .png

**✓ Image MUST BE clear
& in good condition**

✗ Application documents submitted after examination registration closing date



Application documents MUST BE RECEIVED by FIMM on or before the examination registration closing date

- 1. Consultants' Registration**
- 2. Consultants' Resignation / Termination**
 - 2.1 Notification**
 - 2.2 Tagging**

2. Consultants' Resignation / Termination

✗ Late notification

✗ Wrong tagging of termination type

✓ Notification & FIS update must be done WITHIN one (1) business day

from the effective date of resignation / termination

✓ Must tag accordingly

- 1. Consultants' Registration**
- 2. Consultants' Resignation / Termination**
- 3. Consultants' Information**

3. Consultants' Information

dummy@dummy.com	196
123@gmail.com	11
123@hotmail.com	2

- 1. Consultants' Registration**
- 2. Consultants' Resignation / Termination**
- 3. Consultants' Information**
- 4. Replacement of Authorisation Cards / Certificates**

Replacement request for FIMM Authorisation Card and Certificate MUST come from the Principal

- 1. Consultants' Registration**
- 2. Consultants' Resignation / Termination**
- 3. Consultants' Information**
- 4. Replacement of Authorisation Cards / Certificates**
- 5. Distributors' Funds Lodgment**

**Notification must be submitted to FIMM
AT LEAST one (1) business day
before the effective date of
marketing & distribution of the UTS/PRS**

Distributor must.....



Conduct Data Integrity Check



Ensure ACCURATE submission



Adhere to all submission timeline

Continuing Professional Development: Update

CPD Requirement

Former consultant
or variation of
registration within
the same calendar
year

16 CPD points is not required

Example: Resigned on 3 March 2019
and re-register on 5 May 2019

Former consultant
or variation of
registration across
calendar year

16 CPD points is required

Example: Resigned on 3 March
2018 and re-register on 2 January
2019 CPD point accumulated in
previous year (2018) will be
accepted

Variation of Registration

In relation to a former Consultant who applies for registration within 3 years from the date of withdrawal of his registration, he must either acquire 16 CPD points or in lieu thereof, he must re-sit and pass the CUTE and/or PRS examination

FIMM Consolidated Rules (7.1.3)

THANK YOU