

19 January 2010

CIRCULAR BR/AL/LSH-jc/001-10
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TO : ALL UTMC, IUTA AND CUTA

ATTN : CHIEF EXECUTIVE OFFICER

RE : SELF REGULATORY ORGANISATION (SRO)

1. To fulfill the requirements under the CMSA 2007 and Securities Commission (SC) conditions, FIMM has to address certain key areas and make operational changes before SC approves FIMM to be a SRO. Broadly, the areas of enhancement and changes will include the following:
 - a. Enhancing governance structure to ensure public interest is upheld. This will include having public interest directors (PID) where the PID must represent at least 45% of the Board of Directors (Board) of FIMM.
 - b. Distribution standards must be strengthened including raising the industry standards of sales practices and managing of investors complaints.
 - c. Establish a supervisory and enforcement framework over the marketing and distribution activities of unit trust consultants (UTC) and other distributors.
 - d. Strengthening the Secretariat.
2. For your information, FIMM “approved body” status under the CMSA has been extended by the SC to 27 September 2010. Efforts are currently been made by the Board to fulfill the above requirements to enable FIMM to take on the role of a SRO.

Statutory Declaration (SD) for Continuous Eligibility Requirements of UTC

3. On the area of strengthening distribution standards, the SC requires continuous checks on UTC in meeting the eligibility requirements as set out under the “Guidelines on Marketing and Distribution of Unit Trust Funds”. Such checks will include:
 - a. Bankruptcy checks on UTC to be conducted by FIMM.
 - b. UTC affirming a newly required SD for continuous eligibility requirement biennially as a prerequisite for renewal of registration.

Existing UTC

4. To comply with item 3(b), the principal (UTMC, IUTA or CUTA) and existing UTC must observe the following:
 - a. The UTC must submit the newly required SD for continuous eligibility requirement every two years (attested by a Commissioner for Oaths) to his/her principal confirming he/she has met all eligibility requirements as prescribed by FIMM.
 - b. The Annual Membership Subscription Fees or Annual Fees (where relevant) payable by the principal to FIMM at the beginning of the year will be calculated

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- partly based on the number of UTC who have forwarded the SD to the principal and the UTC registration will be renewed accordingly.
- c. The SD is applicable for two years of registration renewal.
 - d. The SC has determined the requirement to submit the SD will commence in year 2010 and the principal must receive the SD by 30 April 2010 for any renewal of UTC registration for year 2011 and 2012, failing which the UTC will be de-registered in May 2010.
 - e. This deadline of 30 April 2010 is only applicable for the first year of commencement of this exercise. For subsequent years, the principal may determine the deadline for submission of the same. **The SD validity must not be more than 12 months from the date of attestation of the SD**, when received by the principal for renewal purposes.
 - f. The principal shall ensure all the newly required SD for continuous eligibility requirement submitted by UTC are properly maintained and kept for record and audit purposes. Principals are not required to submit the newly required SD to FIMM.

For illustration, please refer to the Appendix.

New UTC

5. New candidates registering for the Computerised Unit Trust Examination (CUTE) will continue to complete the existing SD for CUTE registration, which are also to be maintained and kept by the respective principals effective 1 February 2010 CUTE. SD for CUTE on 1 February 2010 onwards which have been sent to FIMM will be returned to the respective principals for safekeeping.

New candidates for the CUTE need not submit the new SD for continuous eligibility requirement until the end of the following year after joining as UTC, as illustrated in Scenario 2 and 3 as shown in the Appendix.

6. Principals are required to terminate the registration of the UTC and inform FIMM in the event of:
 - (a) The UTC informing the principal that any of the requirements of the SD is not satisfied; or
 - (b) The principal having discovered that any of the requirements of the SD pertaining to the UTC is not satisfied.
7. Please be advised accordingly and contact Business Registration Department at 03-2093 2600 should you need further clarification. A sample copy of the SD for continuous eligibility requirement is attached. A softcopy of the SD can be obtained from FIMM website.

Thank you.

Yours faithfully
Federation of Investment Managers Malaysia



LEE SIEW HOONG
Executive Director

Appendix

Scenario 1:

Adam is an existing UTC. He submits the SD for continuous eligibility requirement on 29 April 2010. The SD submitted will be valid for registration renewal for 2011 and 2012. By 31 December 2012*, Adam will have to submit a new SD for renewal for 2013 and 2014.

**Note: Principal may determine an earlier deadline for submission of the SD to meet internal operations deadlines.*

Scenario 2:

Diana is a new UTC, joining the principal in March 2010. The SD submitted by Diana at the time of registering for CUTE is valid for 2010 and 2011. By 31 December 2011*, Diana will have to submit a new SD for renewal for 2012 and 2013. **Any UTC who joined on or prior to 31 December 2009 will be required to submit a new SD before 30 April 2010.**

**Note: Principal may determine an earlier deadline for submission of the SD to meet internal operations deadlines.*

Scenario 3:

Tom is a new UTC, joining the principal in December 2010. The SD submitted by Tom at the time of registering for CUTE is valid for 2010 and 2011. By 31 December 2011*, Tom needs to submit a new SD for renewal for 2012 and 2013.

**Note: Principal may determine an earlier deadline for submission of the SD to meet internal operations deadlines.*

As such, subsequent to the initial implementation of the SD for continuous eligibility requirement, all principals must coordinate and ensure collection of new SD before 31 December each year of the relevant UTC, for the renewal to be done.