



FEDERATION OF MALAYSIAN UNIT TRUST MANAGERS
(Company No. 272577 - P)

STANDARD AND PRACTICE NOTE

REFERENCE NO	: FMUTM/SPN(R&D)-001
DATE ISSUED	: 8 SEPTEMBER 2005
EFFECTIVE DATE	: 1 OCTOBER 2005

DEALING CUT-OFF TIME FOR UNIT PURCHASES AND REDEMPTIONS

1.0 APPLICATION AND EFFECTIVE DATE

1.1 This Standard and Practice Note of Dealing Cut-off Time for Unit Purchases and Redemptions (DCT) is made pursuant to Clause 3 of the Memorandum of Association and shall come into force on 1 October 2005.

2.0 CURRENT PRACTICE

2.1 A fund's Net Asset Value (NAV) is usually calculated once a day based upon prices of securities determined at its Valuation Point (VP) which is currently set at the close of business for the day of Bursa Malaysia as provided under the Guidelines on Unit Trust Funds (Guidelines). In addition, the Guidelines also provides that all requests for creation and cancellation of units issued by the Unit Trust Management Companies (UTMCs) and received by the trustees before the VP will be based on the same day-end's NAV. Otherwise, the next day-end's NAV shall be used in the event if the trustees received such request for creation and cancellation of units at or after the VP.

2.2 Under the forward pricing regime, requests for unit purchases or redemptions by investors are accepted each day up to the fund's dealing cut-off time (Cut-off Time) and are processed using the same day-end's NAV prices. Buy and sell orders received after the Cut-off Time will be processed based on the next day-end's NAV. Hence, all investors are able to leverage on pertinent market considerations that are available up to the Cut-off Time to either invest or redeem.

2.3 Currently, there is no specific provision in the Guidelines on Cut-off Time and such Cut-off Time is determined by UTMCs at either the same time as the VP or earlier than the VP.

3.0 THE ISSUE

- 3.1 When UTMCs set the Cut-off Time as the same time as VP, it results in the trustees only receiving the instructions for creation and cancellation of units after the VP.
- 3.2 Instructions to the trustees after VP for creation and cancellation of units using the price of the same day-end's NAV are non-compliance with the provisions of Clause 11.02 (2) or Clause 11.03(5) of the Guidelines.

4.0 THE DEALING CUT-OFF TIME

4.1 Applicability of the DCT

There shall be a DCT applicable to all unit trust schemes whether existing or new.

4.2 DCT

The DCT in respect of receiving applications for purchases and redemptions using the same day-end's pricing shall not be later than 4.00 pm each business day. Applications received after the DCT will be processed based on the next day-end's pricing instead.

4.3 Clear segregation of applications received

There shall be well defined internal policies and procedures, controls as well as proper records in place for clear segregation of applications for unit purchases and/or redemptions received before and after DCT via any mode, including electronic means. All pertinent records should be made available for checking and verification for audit purposes.

4.4 Implementation of the DCT

This Standard and Practice Note shall come into force on the date as specified in Clause 1.0 of this Standard and Practice Note but earlier adoption of this Standard and Practice Note is permitted and encouraged.

4.5 Others

- 3.5.1 This Standard and Practice Note shall also be applicable for the purpose of fund switching.
- 3.5.2 The information on the DCT may be disclosed in the prospectuses as well as other marketing and promotional material made available after this Standard and Practice Note has come into effect.