

14th November 2013

CIRCULAR : ISRV/PRS Distributors/AJ-Ily/651-13
(TOTAL NO. OF PAGES: 7)

TO : PRS Providers, Institutional PRS Advisers and Corporate PRS Advisers

ATTN : CHIEF EXECUTIVE OFFICER / AUTHORIZED REPRESENTATIVE

Re: Post Registration Assessment Exercise ("PRAE") for Private Retirement Schemes ("PRS")

We refer to the above subject matter.

Pursuant to Clause 3.0, 10.0 & 19.0 of the Guidelines on Registration of Private Retirement Scheme Distributors and Consultants issued by FIMM on 29 June 2012, PRS Providers, Institutional PRS Advisers and Corporate PRS Advisers (collectively known as "PRS Distributors") must appoint an external auditor to conduct an operational audit after the commencement of operation based on the scope and within timelines prescribed by FIMM.

However, having considered that the PRS is relatively new to the industry and not to further burden PRS Distributors with an audit requirement, please be informed that the operational audit is replaced with a PRAE. The PRAE is a one-off self-assessment exercise with the objectives to ensure that (i) the relevant policies and control procedures to operate as a PRS Distributor are in place and (ii) the marketing and distribution activities are in compliance with the regulations of PRS issued by the Securities Commission and FIMM.

Please refer to Appendix A for the PRAE's scope of assessment.

To ensure strict adherence to the PRAE's requirements, the relevant authorities will be notified of any non-compliant PRS Distributor and FIMM reserves the right to take the appropriate action(s) against such PRS Distributor.

Briefing Session

Please be informed that FIMM will be organizing a briefing to PRS Distributors on PRAE.

The details of the briefing session are as follows:

- Date** : 28 November 2013 (Thursday)
- Venue** : Dewan Perdana
Bukit Kiara Equestrian & Country Resort
Jalan Bukit Kiara
Off Jalan Damansara
60000 Kuala Lumpur
- Time** : 9.00a.m. – 11.00 a.m. (Registration starts at 8.30a.m.)

Kindly appoint two (2) representatives to attend the briefing. Please confirm the attendance of your two (2) representatives by completing the enclosed Reply Slip (Appendix B) and email to isrv@fimm.com.my by 12pm on 22nd November 2013 (Friday). In the event we do not receive your reply by 12pm on 22nd November 2013, it shall be deemed as non-attendance.

Should you have any query pertaining to the PRAE, please contact Industry Surveillance Department at 03-2093 2600. Alternatively, you may submit your query to isrv@fimm.com.my.

Thank you.

Yours faithfully,
Federation of Investment Managers Malaysia



Angelena Joseph
Head, Industry Surveillance Department

Encs:

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

Scope of Assessment:

No.	Description
A.	<p>Governance</p> <p>1) Role of Board of Directors ("BOD")</p> <p> a) BOD's involvement in ensuring the PRP to have in place the policies and processes relating to the promotion, marketing and sale of PRS</p> <p>2) Effectiveness of the Organisation and Key Management</p> <p> a) Job description and responsibilities</p> <p>3) Risk Management Control Function</p> <p> a) Internal audit function</p> <p> b) Compliance policy</p> <p> c) Risk management policy</p> <p> d) Business Continuity Plan</p>
B.	<p>Information Processing Control</p> <p>1) Procedures and Documentation for Sales, Withdrawal, Switching, Transfer and Cooling-off</p> <p> a) Policies and procedures in place to:</p> <ul style="list-style-type: none"> • Disallow pre-signing of application form and Pre-Investment Form • Monitor processing time for transactions • Cooling-off right • Default option • Withdrawal – pre-retirement • Reconciliation • Accrued benefits • Distribution of income
	<p>2) Opening and Handling of Member's Accounts</p> <p> a) Suitability Assessment</p> <p> b) Members' accounts</p>

**Private Retirement Scheme ("PRS")
Post Registration Assessment Exercise**

Appendix A

Scope of Assessment:

No.	Description
	3) Record Keeping and Confidentiality of Members' Information a) Policies and procedures for record keeping and confidentiality b) Safeguarding of member's information
	4) Protection of Members' Monies a) Segregation of duties b) Controls procedures
	5) Communication with Private Pension Administrator ("PPA") a) Policies and procedures on communication with PPA i.e. to obtain authorization from PPA before refund for cooling-off/ withdrawal/ transfer
	6) Communication with PRS Providers ("PRP") a) Policies and procedures on communication with PRP i.e. distribution agreement, processing of transactions.
C.	Information System 1) Security Policy and Access Controls a) Documented information system security policy i.e. security and access control to business applications/systems and database
D.	Members' Rights 1) Policies and procedures in relation to members' rights
E.	Product Highlight Sheet ("PHS") 1) Policies and procedures in respect of PHS
F.	Advertisements and Promotional Materials 1) Advertisements and Promotional Materials ("A&P") a) Policies and procedures relating to A&P which includes: b) Handling of inaccurate/incorrect information in A&P c) Review and approval process

Scope of Assessment:

No.	Description
	2) Online Advertisements and Promotional Materials a) Review and approval process
	3) Other Informational Materials (e.g. transaction statements, interim/annual reports etc.) a) Policies and procedures to ensure compliance with relevant requirements issued by the SC and FIMM
G.	FIMM's Registration Requirement for PRP, IPRA and CPRA 1) Requirement for at least two (2) PRS Consultants at each of the Distribution Points and Mobile Distribution Points 2) Valid distribution agreement
H.	Registration, Training and Monitoring of PRS Consultants 1) Eligibility and Registration of PRS Consultants a) Eligibility of PRS Consultants before registration / renewal of registration b) Policies and procedures relating to recruitment c) All individuals deal in marketing and distribution of PRS must registered with FIMM d) Conflict of interest
	2) Training and Continuing Professional Development's (CPD) Compliance of PRS Consultants a) Relevant training provided to the PRS Consultants b) Maintenance of proper records on training
	3) Business Conducts and Related Activities of PRS Consultants a) Policies and procedures to monitor the conduct of PRS Consultants
	4) PRS Familiarization Program ("PFP") a) Attendance for PFP b) Training for trainers

Scope of Assessment:

No.	Description
I.	Complaints Handling 1). Processes and Procedures in Recording and Reporting Members' Complaints: a) Staff with sufficient knowledge and skill to deal with complaints b) Policies and procedures to handle complaints c) Conflict of interest 2). Treatment and Timeline in Resolving Members' Complaints: a) Resolving complaints within the time frame state in policies and procedures
J.	Money Laundering 1). Policies and procedures to ensure compliance with anti-money laundering and anti-terrorism financing requirements

Briefing Session on Post Registration Assessment Exercise for Private Retirement Schemes**Reply Slip**

To: Federation of Investment Managers Malaysia ("FIMM")
 c/o Industry Surveillance Department ("ISRV")
 19-06-01, 6th 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 12pm on 22nd November 2013 (Friday). Please tick accordingly and let us know even if your company is not able to participate.

Date : 28 November 2013 (Thursday)
 Venue : Dewan Perdana
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Name of Company: _____

Contact Person: _____

Telephone no. and Email address: _____

Yes, attending the briefing session. (Please indicate the details of attendees in table below)

No, we are not attending the briefing session.

Details of attendees:

(1) Name:		
Designation:		
Tel. No:		Email address:
(2) Name:		
Designation:		
Tel. No:		Email address: