

CIRCULAR

Date:	9 October 2023	Ref No.:	LRA/ALL/SM-AB-HY/015-23
To:	UTMC, IUTA, CUTA, PRS PROVIDER, IPRA AND CPRA (DISTRIBUTORS)		
Attn:	Authorised Representatives / Chief Executive Officers / Compliance Officers		

AMENDMENTS TO FIMM's CONSOLIDATED RULES DATED 1 JUNE 2016

1. The Federation of Investment Managers Malaysia (FIMM) is pleased to announce that the FIMM's Consolidated Rules dated 1 June 2016 (FCR) has been recently reviewed and revised.
2. Subsequent to having obtained industry's feedback and approval from the Securities Commission Malaysia, FIMM have amended certain provisions of the FCR, details of which are reflected in **Appendix 1**.
3. With the issuance of this circular, the following are no longer applicable:
 - (a) Circular on amendment to Appendices 2-A and 2-B on the Liberalisation for Institutional Unit Trust Schemes Adviser (IUTA) and Institutional Private Retirement Schemes Adviser (IPRA) to Appoint Independent Individuals as Consultants, which came into effect on 1 April 2017;
 - (b) Circular on amendment to Appendices 2-A and 2-B to allow Corporate UTS Adviser (CUTA) and Corporate PRS Adviser (CPRA) to Form Multiple-Tiered Agency Structure, which came into effect on 4 March 2019; and
 - (c) Circular on amendment to Rule 3.4.3 to Require the Disclosure of Identities of Distributors (including main distributor and sub-distributor) in Application Forms for Dealing in Unit Trust Scheme ("UTS") and Private Retirement Scheme ("PRS"), which came into effect on 22 March 2019.

4. Members and Distributors are hereby advised to take note of the amendments and implement necessary actions to comply with the amended provisions of the FCR.

IUTA or IPRA with Multiple-Tiered Agency Structure

5. In view of the amendments made to Appendix 2-A and Appendix 2-B in the revised FCR, the IUTA or IPRA who are CMSL holders are required to establish appropriate standards of controls prior to forming multiple-tiered agency structure in the company. Such standard of controls includes but not limited to:
 - i. developing and allocating sufficient resources to mitigate risks in handling transactions, including those under the nominee system, and managing the agency force; and
 - ii. developing internal system, policies and procedures, controls as well as proper records in administering and monitoring Consultants' accountability, including:
 - identifying clear role and functions for Consultants at respective tiers;
 - ensuring sufficient training among junior level Consultants;
 - determining tier-position and downlines; and
 - performing evaluation at the respective tier.
6. All eligible IUTA and IPRA must notify FIMM seven (7) business days prior to commencing multiple-tiered agency structure. The notification should include the roles and responsibilities and remuneration structure at each tier and the relevant promotion requirement.
7. Additionally, eligible IUTAs and IPRA with multiple-tiered agency structure will be required to attest to additional questions in the Annual Compliance Review, which details are reflected in **Appendix 2**.

Implementation Date

8. Please be informed that the amendments will come into effect on 10 October 2023.

Any queries in relation to the amendments to the FCR may be submitted via email to info@fimm.com.my

Thank you.

Yours sincerely,



SAHLAWATI MUSTAFA
General Manager
Regulatory Services Division

APPENDIX 1

List of Amendments			
No.	Prior to 10 October 2023	Revised Version dated 10 October 2023	Comments
Chapter 1: Definitions and Interpretations			
1.	Rule 1.1.1	Rule 1.1.1	<p>Amended the definitions of “Appeal Committee”, “Corporation”, “Disciplinary Committee”, and “Member”</p> <p>Added the definition of “Legal Day One”</p> <p>Removed the definitions of “Authorisation Card”, “Complaint Form”, “Investment Management Standard”, and “Mobile Distribution Point”</p>
Chapter 2: Powers and Rules of FIMM			
Powers and Rules of FIMM			
2.	Rule 2.1.1	Rule 2.1.1	Amended draft of the Rule
3.	Rule 2.1.3	Rule 2.1.3	Amended draft of the Rule
4.	Rule 2.2.2 (b)	Rule 2.2.2 (b)	Added the word ‘modifying’
5.	NEW	Rule 2.2.5	Added a provision allowing FIMM to provide extension of time for submissions
Submissions, Notices and Communications			
6.	Rule 2.4.2	Rule 2.4.2	Amended a provision to allow for electronic submission
7.	Rule 2.4.3	Rule 2.4.3	Amended a provision to specify the mode of electronic submission
Chapter 3: Registration of Distributors and Consultants			
General Provisions Applicable to Distributors and Consultants			
8.	Rule 3.1.4(a)	Rule 3.1.4(a)	Amended draft of the Rule
9.	Rule 3.1.6	Rule 3.1.6	Amended draft of the Rule

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No.	Prior to 10 October 2023	Revised Version dated 10 October 2023	Comments
10.	NEW	Rule 3.1.6A	Added a provision requiring applicants to ensure that all information submitted are true, current and accurate
Distribution and Sub-distribution Arrangements			
11.	-	Rule 3.4.3(d)(ii)	Added an existing requirement requiring all Distributors to disclose their identities in investment application forms
Notification Requirements			
12.	Rule 3.4.4, Table 1, Para (i)(ii)(iv)(x)	Rule 3.4.4, Table 1, Para (i)(ii)(iv)(x)	Amended draft of the Rule to standardise the submission timeline for Insurance/Takaful Brokers with other Distributors and changes on the submission deadline for Para (iv) and (x)
13.	-	Rule 3.4.4(b)	Added a provision requiring Consultants to notify Distributor of changes in own registration particulars
Post-Registration Assessment			
14.	Rule 3.4.5	Rule 3.4.5 NEW Rule 3.4.5(a)(iii)	Amended draft of the Rule to change the submission deadline and added new provision for Rule 3.4.5(a)(iii)
Annual Compliance Review			
15.	Rule 3.4.6	Rule 3.4.6	Amended draft of the Rule and incorporated existing submission deadline
Special Requirements on Professional Indemnity Insurance			
16.	Rule 3.5.1	Rule 3.5.1	Amended draft of the Rule
Submission Requirements			
17.	Rule 3.4.7-Table 2(i)(iv)	Rule 3.4.7-Table 2(i)(iv) NEW Rule 3.4.7- Table 2(v)	Amended draft of the Rule, removed submission for trend analysis on complaints and added

List of Amendments			
No.	Prior to 10 October 2023	Revised Version dated 10 October 2023	Comments
			submission requirement for material complaint
Cessation of Operations of Distributors			
18.	Rule 3.4.8(c)	Rule 3.4.8(c)	Amended draft of the Rule
Proof of Registration			
19.	Rule 3.6.4	Rule 3.6.4	Amended to reflect that FIMM no longer issue Authorisation Cards
Variation to Registration of Consultant			
20.	Rule 3.6.7	Rule 3.6.7	Amended draft of the Rule
Chapter 6: Investigation and Disciplinary Proceedings			
Purpose and Scope of Investigation and Disciplinary Proceedings			
21.	NEW	Rule 6.1.4	Added a provision to allow FIMM, in certain circumstances, to impose sanctions without conducting disciplinary proceedings
Disciplinary Process			
22.	Rule 6.2.3	Rule 6.2.2	Amended numbering of the Rule
23.	Rule 6.2.4	Rule 6.2.3	Amended numbering and draft of the Rule
Complaints			
24.	Rule 6.3.1	Rule 6.3.1	Amended pursuant to the deletion of Appendix 3-A
Summary Dismissal			
25.	Rule 6.4.4	-	Deleted
26.	Rule 6.4.5	-	Deleted
Decision of the Disciplinary Committee			
27.	Rule 6.5.8	Rule 6.5.8	Amended draft of the Rule
Sanctions			
28.	Rule 6.6.1	Rule 6.6.1	Amended draft of the Rule

List of Amendments			
No.	Prior to 10 October 2023	Revised Version dated 10 October 2023	Comments
Effects of Non-Payment of Fines			
29.	Rule 6.6.2	Rule 6.6.2	Amended draft of the Rule for registration of Distributor or Consultant be suspended until fines are paid
Notice of Appeal			
30.	Rule 6.7.1	Rule 6.7.1	Amended pursuant to the deletion of Appendix 3-D
Notices			
31.	Rule 6.9	-	Deleted
Chapter 7: CPD Programme			
CPD Programme Requirements			
32.	Rule 7.1.1	Rule 7.1.1	Amended draft of the Rule
33.	Rule 7.1.3	Rule 7.1.3	Amended draft of the Rule
Obtaining CPD Points			
34.	Rule 7.3.1	Rule 7.3.1	Amended draft of the Rule to refine the CPD allocation, ensure only programmes approved by FIMM are recognised and allow structured online training programme
Obligation of Consultant			
35.	Rule 7.6.1	Rule 7.6.1	Amended pursuant to the deletion of Appendix 4.
Obligations of Principals			
36.	NEW	Rule 7.7.2	Added a provision whereby CPD points must not be given to Consultants for attending the same programme in the same year.
Appendices 2-A and 2-B: Post-Registration Requirements Applicable to a UTS Distributor and PRS Distributor			
37.	Appendix 2-A	Appendix 2-A	Formation of multiple-tier agency including the definition of agency unit and size:
38.	-	Annexure 1 NEW for IUTA	

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No.	Prior to 10 October 2023	Revised Version dated 10 October 2023	Comments
39.	Appendix 2-B	Appendix 2-B	- Existing provision for UTMC/CUTA and PRS Provider/CPRA - New provision for IUTA/IPRA that is a CMSL holder
40.	-	Annexure 1 NEW for IPRA	
Appendix 3-A: Complaint Form			
41.	Appendix 3-A	-	Deleted
Appendix 3-B: Matters outside FIMM's jurisdiction			
42.	Appendix 3-B	-	Deleted
Appendix 3-C: Examples of frivolous or vexatious complaints			
43.	Appendix 3-C	-	Deleted
Appendix 3-D: Notice of Appeal			
44.	Appendix 3-D	-	Deleted
Appendix 4: CPD Record Form			
45.	Appendix 4	-	Deleted

APPENDIX 2

No	Description	Yes / No / Not Applicable	Remarks
Agency Structure and Size			
1.	Does the multi-tier agency structure meet FIMM's requirements set out in Appendix 2-A and Appendix 2-B of FIMM's Consolidated Rules?		
2.	Are the following, documented and in place to support the implementation of the agency structure? <ul style="list-style-type: none"> ○ Internal systems ○ Policies ○ Procedures 		
3.	Are records of agency units (including details of agents at each tier) maintained?		
4.	Are the following, clearly documented for every agent at each tier? <ul style="list-style-type: none"> ○ Roles ○ Responsibilities ○ Commission/remuneration 		
5.	Were there any instances of allegations/misconduct of agents detected during the period under review? (If answer is "Yes", please provide details of action(s) taken in the "Remarks" column.)		
6.	Are records of these allegations/misconduct of agents maintained, investigated and reported?		