



CIRCULAR

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To:	UTMC, IUTA, CUTA, PRS PROVIDER, IPRA & CPRA		
Attn:	Authorised Representatives / Chief Executive Officers/Compliance Officers		

DUE DILIGENCE PROCESS ON BANKER'S CHEQUES RECEIVED FOR UNIT TRUST SCHEME (UTS) OR PRIVATE RETIREMENT SCHEME (PRS) INVESTMENTS

1. In our ongoing efforts to enhance the integrity of investment transactions within the industry, the Federation of Investment Managers Malaysia (FIMM) has noted concerns related to verification of banker's cheques for UTS and/or PRS investments, which could lead to fraudulent activities.
2. Verifying the authenticity of the payment and the identity of the payer of the banker's cheques is essential for maintaining financial security, operational integrity and protecting all parties involved in the transaction.
3. To mitigate the risk of fraudulent transaction occurring while ensuring protection of investors, Distributors are required to document and implement stringent verification measures on banker's cheque, and may consider the following recommendation:
 - a. **Verify payer of banker's cheque:**
 - Exercise due care in dealing with all banker's cheques received for investment in UTS and/or PRS. This includes obtaining a copy of the banker's cheque application form to verify the identity of the payer to ensure that the investment is made in the name of the payer and not a third party.
 - In the event of a mismatch of names between the payer and the UTS and/or PRS investment account holder, further due diligence should be conducted in accordance with the Distributors' respective policies and procedures in managing payments from a third party.

b. Review of Consultant's investment account:

- Establish and document policies and procedures to review Consultants' and their immediate family¹'s investment account(s) to ensure that their investments commensurate with their financial standing. Any anomalies should be subject to further investigation, reporting and/or sanction (where applicable).

c. Record Keeping and Reporting:

- Maintain detailed records of all transactions involving banker's cheques, including supporting documents obtained as part of the verification process.
- Document the verification process undertaken to ensure that the investment transaction is for the rightful owner.
- Keep records of transactions and supporting documents in accordance with the prescribed requirements stipulated by the relevant regulatory authorities and make them readily available for regulatory requests.
- Document any discrepancies or suspicious activities identified during the verification process and report them to the regulatory authorities immediately. This includes providing detailed information on the incident and any corrective measures taken in response.

d. Staff Training:

- Ensure all relevant staff involved in processing investment transactions are adequately trained on the updated verification procedures involving banker's cheque and the importance of fraud prevention.
- Regularly update training programmes to reflect any changes in regulatory requirements or emerging threats.

Note that the list above is not exhaustive.

¹ Immediate family as defined by the Distributor's own policies and procedures

By adhering to these measures, we can collectively enhance the security and trust within the industry, protecting both businesses and investors from fraudulent activities. Your cooperation and commitment to these protocols are essential in safeguarding the integrity of the industry.

For more information on this circular, please do not hesitate to contact Asha Balakrishnan at 603-78904242 ext. 211 or email your queries to info@fimm.com.my.

Thank you.



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