

For Immediate Release.

Kuala Lumpur, 21 August 2024

## **PUBLIC REPRIMAND AGAINST A CORPORATE UNIT TRUST SCHEME ADVISER AND CORPORATE PRIVATE RETIREMENT SCHEME ADVISER**

The Federation of Investment Managers Malaysia (FIMM) recently reprimanded Harveston Wealth Management Sdn. Bhd. (HWM), a Corporate Unit Trust Scheme Adviser (CUTA) and Corporate Private Retirement Scheme Adviser (CPRA) for its non-compliances with FIMM's Consolidated Rules (Revised on 10 October 2023) (FCR) and FIMM's Code of Ethics (Third Edition) dated 13 January 2020 (FIMM's Code). HWM was required to pay a fine of RM46,329.96 for breaching the following:

**(a) Non-Registered Person Dealing with Unit Trust and/or Private Retirement Schemes**

Rule 3.1.1 of the FCR and Paragraph 4.3(g) of FIMM's Code by appointing two (2) persons who were, at the material time, not registered with FIMM to market/distribute unit trust scheme (UTS) on its behalf.

**(b) Acting for More than One (1) Principal**

Rule 3.1.4 of the FCR by allowing four (4) UTS and/or Private Retirement Scheme (PRS) Consultants to market/distribute UTS on its behalf while being registered with other Distributors.

**(c) Parking Consultants under Multiple Agency Units**

Rule 3.4.1 and Item 1 of the CUTA Category of Registration in Annexure 1 of Appendix 2-A of the FCR by allowing Consultants to be parked under multiple agency units and hold different ranking within the tiering of each agency structure.

**(d) Allowing Lowest-Tiered Consultants to Recruit New Consultants**

Rule 3.4.1 and Item 2 of the CUTA Category of Registration in Annexure 1 of Appendix 2-A of the FCR by allowing the lowest-tiered Consultant to conduct recruitment of new Consultants.

This Public Reprimand is imposed to send a strong message that FIMM will take action against those who fail to comply with any rules issued by FIMM. This is to deter UTS and/or PRS Consultants and/or Distributors from committing any misconducts and reminding them that it is crucial to observe FIMM's rules when marketing and distributing UTS and/or PRS in Malaysia to protect the interests of the investing public.

The non-compliances were detected by FIMM's supervisory activities.

**Applicable FIMM Rules:**

**FCR:**

Rule 3.1.1

*"No person shall market or distribute a Scheme or make any arrangement to market or distribute a Scheme unless such person is registered with FIMM in the relevant category of registration as set out in the first column of Appendices 1-A and 1-B."*

Rule 3.1.4

*"Distributor must ensure that their Consultants observe the following:*

- (a) A Consultant must only represent 1 principal for UTS and/or PRS respectively at any one time; and*
- (b) A Consultant must only deal in the Schemes distributed by his principal."*

Rule 3.4.1

*"Upon registration by FIMM, a Distributor must comply with the requirements as set out in Appendices 2-A and 2-B of these Consolidated Rules."*

Items 1 and 2 of the CUTA Category of Registration in Annexure 1 of Appendix 2-A

*"(1) Where independent individuals (i.e. non-salaried employees of the CUTA) are appointed as UTS Consultants and agency units are formed, the number of tiers in an agency unit must be standardised and does not exceed three tiers. The tiers should comprise–*

- (a) agency manager;*
- (b) agency supervisor; and*
- (c) agent.*

*(2) An agent is not allowed to conduct recruitment."*

**FIMM's Code:**

Paragraph 4.3(g)

*"A Distributor and Consultant shall not: (g) appoint or allow a non-registered person to market or distribute any Schemes."*

For more information on matters related to UTS, PRS and investor protection, please visit [www.fimm.com.my](http://www.fimm.com.my).

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**Note to Editors**

**About Federation of Investment Managers Malaysia**

The Federation of Investment Managers Malaysia (FIMM) was established on 7 August 1993. By a gazette order dated 20 January 2011, FIMM was recognised by the Securities Commission Malaysia (SC) as a Self-Regulatory Organisation (SRO).

As an SRO, FIMM regulates and supervises its members and registered persons to strive for the highest level of integrity and standards of practice that will best serve the investment management industry and promote investor protection.

**FIMM's Code of Ethics and FIMM's Consolidated Rules**

FIMM's Code of Ethics and FIMM's Consolidated Rules can be downloaded from our website [www.fimm.com.my](http://www.fimm.com.my).