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TO ALL MEMBERS

TECHNICAL

Press Release on the Eligibility Requirements for Private Retirement Scheme Providers

Paragraph 108 of the 2012 Budget Speech (and Appendix 18 and Clause 10 of Finance (No.2) Bill 2011) proposed that a separate tax relief be given on contributions made to approved Private Retirement Schemes (PRSs) and deferred annuity premiums, subject to a maximum of RM3,000. The PRS is intended to complement the existing EPF scheme and promote the development of our capital markets.

The new Part IIIA of the Capital Markets and Services Act 2007 (Act 671) (CMSA), as introduced by Capital Markets and Services (Amendment) Act 2011 (Act A1406), gazetted on 15 September 2011, lays down the regulatory framework for the setting up of the PRS. The CMSA empowers the Securities Commission of Malaysia (SC) to approve the PRS administrator (Section 139C), PRS provider (Section 139Q), PRS (Section 139v) and the scheme trustee (Section 139ZC), and to make any regulation concerning all matters relating to the PRS administrator, PRS provider, PRS, scheme trustee and employer trustee as well as the duties, standards and conduct of persons involved in a PRS. Consequently, the SC has issued the Guidelines on the Eligibility Requirements for PRS Providers (the Guidelines) together with a Press Release on 5 December 2011.

The press release
(<http://www.sc.com.my/main.asp?pageid=379&linkid=2991&yearno=2011&mod=paper>) has indicated that only a select number of suitably qualified and experienced persons with the required expertise in pension fund management or retail fund management would be approved to be PRS providers. Interested applications are to submit their applications, in the format as set out in the Guidelines, to the SC by 15 February 2012.

However, prior to making the submission, applicants are required to register their interest, as soon as possible, with the SC at PRSgroup@seccom.com.my, in order to receive further information regarding the PRS framework. The contact persons are Ms Amardeep Kaur (Tel: 03-62048703), Norlin Albakri (Tel: 03-62048435) and Azwyn Syed Aziz (Tel: 03-62048441). Based on the response to an enquiry made by CTIM, it is noted that the operational details of the PRS framework are being refined and are subject to further consultation. A draft is only being shared with potential providers to enable them to make a comprehensive submission to the SC. Further details will only be released once the draft has been finalised.

Upon approval by the SC, the PRS providers are required to make an application to the SC for approval of their proposed PRSs. The PRS guidelines will be released (no date provided) by the SC for this purpose.

Members who are interested may view the Guidelines at the Institute's website at http://www.ctim.org.my/cms/file/news/51/00824_SC%20Press%20Release%20on%20PRS%20Providers%20%28051211%29.pdf or the SC's website at http://www.sc.com.my/eng/html/resources/guidelines/prs/prs_111205.pdf.

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