

TECHNICAL

Direct Taxation

REVISED GUIDELINES ON COMPLIANCE FUNCTION FOR FUND MANAGEMENT COMPANIES BY SC

The Securities Commission (SC) issued the above revised Guidelines on 25 April 2014. The Guidelines are issued by the SC under section 377 of the Capital Markets and Services Act 2007 (CMSA). They set out the requirements to be complied with by any person intending to establish or carry out fund management activities in Malaysia.

The 'Contents' of the Guidelines are shown below (with brief outline of subject matter):

Chapter	Subject	Outline Of Subject matter
1	INTRODUCTION	Introduces the legal basis, purpose and scope of the guidelines.
2	DEFINITIONS AND INTERPRETATION	Definitions of terms found in the Guidelines.
3	CORE PRINCIPLES	Lists 11 core principles which a fund management company must comply with.
4	KEY RESPONSIBILITIES	Lists the compliance requirements of the Board of Directors, which is charged with the responsibility for compliance with all laws, regulations and guidelines. One of the requirements is the appointment of one or more 'compliance officers' whose responsibilities are also listed in this Chapter.
5	ORGANISATION AND MANAGEMENT	Sets out the requirements in areas relating to organization and management, e.g. internal audit, risk management, training and education, etc.
6	DISCLOSURE AND CONDUCT	Lists the requirements relating to disclosure and conduct of various parties, e.g. directors, Investment Committee members, employees etc.
7	DEALING WITH CLIENTS	Deals with matters such as fees, charges and other remuneration, valuation of clients' portfolios, confidentiality, and complaints by clients.
8	MARKETING, ADVERTISING AND PROMOTIONAL MATERIALS	Lays down the standards of truth, accuracy and verifiability of information in representations made to clients and in advertisements or promotional material relating to the fund management company.
9	PORTFOLIO MANAGEMENT	Guidelines relating to the standards of care and responsibility in managing clients' investment portfolio.
10	SAFEGUARDING	Sets out principles to be observed in safeguarding clients' assets, including the requirement to appoint a custodian to

	CLIENTS' ASSETS	maintain a trust account for its clients' assets.
11	PROPRIETARY TRADING	Lists the requirements to avoid conflict of interest between the fund management company's transactions and the clients' transactions.
12	RECORD KEEPING	Lists some measures that must be adopted to ensure accuracy of records and the retention of adequate records of all matters.

Please read the [Guidelines](#) in full at the SC website.

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