



CIRCULAR ON GUIDELINES ON UNIT TRUST FUNDS

Reference No:	TIM/CIRC 1 - 05	Date:	27 May 2005
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INVESTMENTS IN FOREIGN MARKETS

Clause 10.02(1) of the Guidelines on Unit Trust Funds provides that "the investments of the fund may consist of foreign investments traded in or under the rules of a foreign market approved by the SC."

2. Following the liberalisation of foreign exchange administration rules effective 1 April 2005 as announced by Bank Negara Malaysia (BNM), it is hereby notified that existing unit trust funds are allowed to increase the percentage exposure in foreign investments up to 30% without having to obtain SC's prior approval (provided the foreign markets have been approved by SC previously). However, should a unit trust management company propose to invest more than 30% of an existing fund's net asset value in foreign investments, SC's prior approval is required as there is a significant change in the previously approved fund.

3. Investments abroad by unit trust funds are subject to the limit approved by BNM. Unit trust management companies must also comply with all the relevant laws, guidelines and notices in relation to investments in foreign markets issued by the SC from time to time.

Trusts and Investment Management Department
Issues and Investment Division
SECURITIES COMMISSION