

## **GUIDANCE NOTE 20**

Date issued: 15 May 2007

### **Issued Pursuant to the Guidelines on Unit Trust Fund - Single Pricing**

#### **Introduction**

1. This Guidance Note is published pursuant to Section 158(1) of the Securities Commission Act 1993 to notify a new policy in relation to the pricing of units of a unit trust fund currently stipulated under Chapter 11 of the Guidelines on Unit Trust Fund (Guidelines).
2. The new provisions under this Guidance Note shall take effect on 1 July 2007. From that day onwards, pricing of all unit trust funds shall be based on a single price (i.e. the Net Asset Value per unit of the fund).
3. Nothing contained herein should be construed as prejudicing the powers of the Securities Commission under the Guidelines.

## **Amendments to Chapter 11 (Pricing and Dealing)**

### Initial offer

4. Sub-clause 11.01(2) is hereby amended to read as follows:

(2) The creation, cancellation, selling and repurchase prices for units during the period of the initial offer must be the NAV per unit of the fund.

5. Sub-clauses 11.01(3) and 11.01(4) are hereby deleted.

### Sale of units

6. Sub-clauses 11.05(2) and 11.05(3) are hereby amended to read as follows:

(2) The selling price for units should be the NAV per unit of the fund as at the next valuation point after the request for units is received by the management company.

(3) Although sub-clause 11.05(2) is preferred, the selling price for units may be the NAV per unit of the fund as at the valuation point immediately before the request for units is received by the management company.

7. Sub-clauses 11.05(5) and 11.05(6) are hereby deleted.

### Repurchase of units

8. Sub-clauses 11.07(5) and 11.07(6) are hereby amended to read as follows:

(5) The repurchase price for units should be the NAV per unit of the fund as at the next valuation point after the request for repurchase is received by the management company.

(6) Although sub-clause 11.07(5) is preferred, the repurchase price for units may be the NAV per unit of the fund as at the valuation point immediately before the repurchase request for units is received by the management company.

9. Sub-clauses 11.07(8) and 11.07(9) are hereby deleted.

## Charges

10. A new sub-clause 11.07A is hereby introduced as follow:

- (1) Management company may impose a charge for the sale and/or redemption of units.
- (2) The management company must not impose a charge unless:
  - (a) it is permitted by the deed; and
  - (b) it is expressed as a fixed amount or calculated as a percentage of the price of a unit.
- (3) The maximum charges imposed by the management company must be clearly stipulated in the deed and disclosed in the prospectus.
- (4) The charge should not exceed the amount or rate stated in the prospectus of the fund unless:
  - (a) the management company has notified the trustee in writing of the higher charge and the effective date of the charge;
  - (b) a supplementary prospectus stating the higher sale and repurchase charge is issued thereafter; and
  - (c) 30 days have elapsed since the effective date of the supplementary prospectus.
- (5) Any adjustments for rounding up may only be conducted once at the charges level and only up to 4 decimal places.
- (6) Any increase in the maximum amount or maximum rate stipulated in the deed may only be made by way of a supplemental deed and in accordance with the requirements of the SCA.
- (7) The practice of providing discounts and rebates in any form to investors are prohibited. Management companies, agents and distributors should clearly inform the investors the actual rate of charges payable.

11. Clause 11.11 is hereby deleted.

Notification to the trustee

12. The following sub-clauses are introduced to Clause 11.10:

- (7) Upon completion of any valuation, the management company must immediately notify the trustee of the NAV per unit of the fund. Likewise, if the function is delegated, the delegatee must inform the management company immediately upon completion of the valuation.
- (8) The NAV per unit of the fund notified under sub-clause 11.10(7) should remain valid until a new NAV per unit of the fund is calculated and the respective parties are notified.

**Amendments to Chapter 14 (Other Operational Matters)**

13. The header for sub-clause 14.06 is hereby amended to read as "Publication of NAV".

14. Sub-clauses 14.06(1), 14.06(2) and 14.06(3) are hereby amended to read as follows:

- (1) The management company must publish the NAV per unit of the fund daily in at least one national Bahasa Melayu newspaper and one national English newspaper.
- (2) The NAV per unit published should be the latest NAV per unit calculated for the day, before the relevant newspaper ceases to accept material for publication in the next edition.
- (3) The figures published in the newspaper should be rounded to 4 decimal places.

15. Sub-clause 14.06(4) is hereby deleted.