



Suruhanjaya Sekuriti
Securities Commission

CIRCULAR ON GUIDELINES ON UNIT TRUST FUNDS

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SINGLE-PRICING FOR UNIT TRUST FUNDS

The Guidelines on Unit Trust Funds (Guidelines) require all unit trust funds to adopt dual pricing for units, where two prices are quoted by the Unit Trust Management Company (UTMCs) for investors buying and selling units respectively. The sales and/or redemption charges are incorporated in the price that is quoted for selling (offer price) and buying (bid price).

2. The dual pricing method, despite serving the industry well over the years, has raised concerns regarding the lack of transparency in the disclosure of sales and/or redemption charges attributed to different distribution channels.

3. Findings of a study conducted by the Securities Commission (SC) indicate that single pricing which equates to sales and redemptions quoted and transacted on a single price (i.e. Net Asset Value per unit), offer many advantages to investors. Under this practice, distribution charges are separately disclosed, therefore it is easier to understand and fairer to investors as they can see what they are being charged. Such transparency would also facilitate the investors in comparing the different charges imposed by the various distribution channels and assist investors in making an informed decision about their choice of investment products as well as the preferred distribution channel. In addition, with all charges separately stated, investors are able to clearly gauge or ascertain the performance of their investment.

4. The SC notes that all parties concerned would require some time to make adjustments to implement the new pricing regime. As such, it is hereby notified that single pricing will be effective from **1 April 2007**.

5. The Guidelines will be amended to reflect the changes in due course. All parties concerned are expected to take the necessary steps and actions to ensure compliance with the new pricing regime by the stated date.

Trusts and Investment Management Department
Issues and Investment Division
SECURITIES COMMISSION