



Suruhanjaya Sekuriti
Securities Commission

GUIDELINES ON UNIT TRUST FUNDS

**GUIDELINES ON UNIT TRUST FUND
PROSPECTUS**

GUIDELINES ON UNIT TRUST FUND PROSPECTUS

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Chapter 1

GENERAL

- 1.01 Pursuant to section 44(1)(f) of the *Securities Commission Act 1993* (SCA), this *Guidelines on Unit Trust Fund Prospectus* specifies the minimum information that the Securities Commission (SC) requires for inclusion in a unit trust fund prospectus, in addition to the requirements of section 44(1)(a) to (e) SCA. These guidelines are general in nature but should not be viewed as the only criteria for disclosure in unit trust fund prospectuses. Directors, promoters, advisers and experts have the primary obligation and liability in relation to the contents of unit trust fund prospectuses and they should ensure that any or all such information necessary for an assessment of the units offered by the prospectus is disclosed.
- 1.02 Pursuant to section 44 SCA, the management company may seek a waiver or variation from the requirements of the SCA or these guidelines relating to the form and content of a prospectus.
- 1.03 These guidelines also set out the procedures for the registration and lodgement of a prospectus with the SC. For a *new* unit trust fund, the SC will conduct *pre-vetting* of the prospectus, while for renewal of an *existing* unit trust fund's prospectus, the SC will conduct *post-vetting* of the prospectus.
- 1.04 In the case of a prospectus for a *new* unit trust fund, the SC will not commence examination of a draft prospectus unless the draft prospectus is in its complete form and is accompanied by all the necessary materials/documents. Notwithstanding the above, the SC reserves the right to return the draft prospectus if, in the opinion of the SC, the standards of disclosure in the said draft are inadequate.

- 1.05 Management companies are required to ensure that a due diligence review with respect to the *contents* of the prospectus has been carried out by an independent professional or legal adviser prior to submission of the draft prospectus (for new funds) or registration of the prospectus (for renewal). The SC reserves the right to require the due diligence review report to be submitted forthwith.
- 1.06 The cut-off date for information to be disclosed in the prospectus shall be *14 days* before the date of the prospectus.
- 1.07 Where amendments are made to the draft prospectus during the *pre-vetting* stage, all amendments should be marked or highlighted, failing which the draft prospectus would be returned to the applicant without further review.
- 1.08 The prospectus shall be legible and appear in type size of not less than eight-point Times New Roman. All pages must be numbered.
- 1.09 Further, the information to be included must be such information which is within the knowledge of directors, promoters and principal adviser, stockbroker, underwriter, auditor, banker, advocate and other professional advisers/experts or any other persons named in the prospectus with their consents.
- 1.10 In determining what information is required to be included as per the above paragraph, regard shall be given to the following:
- (1) The nature of the fund;
 - (2) The persons likely to consider acquiring units of the fund;
 - (3) The fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom investors may reasonably expect to consult; and
 - (4) Whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or

purchase, units is to be made are unit holders in the unit trust fund, and if they are, to what extent (if any) relevant information has previously been given to them by the management company under any law or guidelines, if applicable, or otherwise.

- 1.11 Applicants, or their advisers, are advised to strictly observe any significant changes and/or new matters arising that could affect the content of the prospectus to be registered or has been registered. Any material change after the registration of the prospectus would require an update of the prospectus via a supplementary prospectus.
- 1.12 Full accountability for the accuracy of all information contained in the prospectus and the responsibility to ensure that there is no omission of facts which would make any of the statements therein misleading remains with the promoters or directors of the management company or any other person who is a party to the preparation of the prospectus or any relevant portion thereof. Such persons are advised to be mindful of the provisions in section 55 SCA pertaining to criminal liability for false or misleading statements or material omissions in prospectuses.

Chapter 2

PROCEDURES FOR REGISTRATION AND LODGEMENT OF PROSPECTUS

2.01 The applicant, or its adviser, shall submit a prospectus of a unit trust fund for registration and lodgement in accordance with the submission requirements and procedures set out herein.

2.02 Registration

(1) The following requirements and procedures shall apply to the registration of a prospectus of a unit trust fund, supplementary prospectuses and renewal of registration of a prospectus pursuant to clause 2.03, paragraph (2) of this chapter.

Draft Prospectus

(2) The applicant, or its adviser, shall submit a draft copy of the prospectus, together with the application for approval pursuant to section 32 and section 98(1) SCA.

(3) A submission shall comprise two sets of at least the following documents:

- (a) Covering letter;
- (b) Submission Checklist (refer to Appendix I);
- (c) The draft prospectus;
- (d) Checklist of Disclosure Requirements (refer to Appendix II); and

- (e) Copies of all material contracts referred to in the prospectus or, in the case of a contract not reduced in writing, a memorandum giving full particulars of that contract.
- (4) Where the applicant proposes to issue a prospectus in various languages, the applicant should only submit a draft prospectus in either Bahasa Melayu or English for the SC to review.

Registration of Prospectus

- (5) Upon receiving a “no further comments” letter from the SC, the applicant, or its adviser, shall submit registrable copies of the prospectus to the SC for the purpose of registering the prospectus of the fund.
- (6) No person shall issue, offer for subscription for or purchase, any securities unless a prospectus in relation to the securities has been registered with the SC.
- (7) Submission for registration of a prospectus of a new fund should only be submitted after the deed of the fund has been registered with the SC.
- (8) For registration purposes, the submission must comprise two sets of at least the following documents:
 - (a) Covering letter specifying the following:
 - (i) Application for registration of the prospectus;
 - (ii) A declaration that the due diligence review on the contents and amendments thereof, had been conducted;

- (iii) A declaration that the registrable copy of the prospectus complies with the requirements of the SCA and the guidelines;
 - (iv) A declaration that the copy of the prospectus submitted for registration is identical to the draft cleared by the SC; and
 - (v) A declaration that the copy of the prospectus to be duly lodged forthwith with the SC will be identical to the prospectus registered with the SC;
- (b) Registration Checklist (see Appendix III);
 - (c) Registrable copy of the prospectus;
 - (d) Checklist of Disclosure Requirements;
 - (e) Certified true copies of all material contracts referred to in the prospectus, or in the case of a contract not reduced in writing, a memorandum, which has been verified by an expert, giving full particulars of that contract;
 - (f) Original copies of all written consents from any person(s) named in the prospectus as having made a statement that is included in the prospectus or on which a statement made in the prospectus is based;
 - (g) Letter of confirmation from the board of directors of the applicant, or its adviser (where applicable), confirming the true and accurate translation of the prospectus (where applicable);
 - (h) Letter of confirmation from the applicant, or its adviser (where applicable), that the electronic copy of the prospectus (if applicable) will be identical to the prospectus registered with the SC;

- (i) Original copies of the tax adviser's report;
 - (j) Original copies of the accountant's report;
 - (k) A declaration by the board of directors of the applicant, signed by *all* the directors; and
 - (l) Application form, together with the unit trust loan financing risk disclosure statement forming part of the application form.
- (9) The prospectus shall be submitted to the SC for registration together with the appropriate fee. Payment shall be made in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission" in accordance with the amount stipulated in the *Securities Commission (Fees) Regulations 2000*.
- (10) Where the applicant proposes to issue prospectuses in various languages, the prospectus in each language must be registered with the SC.

Lodgement of Prospectus

- (11) Upon receiving a registration letter from the SC, the applicant, or its adviser, shall submit the prospectus for lodgement with the SC.
- (12) A copy of the prospectus registered with the SC must be lodged with the SC **before** the date of issue of the prospectus.
- (13) For lodgement purposes, the submission must comprise two sets of at least the following documents:
- (a) Covering letter signed by at least one of the directors of the management company specifying the following:

- (i) Application for lodgement of the prospectus; and
 - (ii) A declaration that the copy of the prospectus lodged with the SC is identical to the prospectus registered with the SC;
 - (b) Lodgement Checklist (refer to Appendix IV);
 - (c) Printed copies of the prospectus (in the same form as those to be distributed to investors, and identical to the prospectus registered with the SC in terms of contents and words used); and
 - (d) Application form, together with the unit trust loan financing risk disclosure statement forming part of the application form.
- (14) The prospectus should be submitted to the SC for lodgement together with the appropriate fee. Payment shall be made in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission" in accordance with the amount stipulated in the *Securities Commission (Fees) Regulations 2000*.
- (15) Where the applicant proposes to issue prospectuses in various languages, the prospectus in each language must be lodged with the SC.

2.03 Renewal of Registration

- (1) The SC will conduct *post-vetting* of a prospectus submitted for renewal of registration.
- (2) Notwithstanding paragraph (1) above, where–
 - (a) there is a major or complete makeover of the prospectus from the existing prospectus already registered with the SC;

- (b) there is an inclusion of a new fund(s) into a master prospectus; or
- (c) there is a change in the investment objective or structure of the fund,

the applicant or its adviser, shall submit a draft copy of the prospectus to the SC for review *30 days* before the expiry date of the existing prospectus.

- (3) The procedures for submission of a draft prospectus for the review of the SC under paragraph (2) above is similar to the procedures highlighted in clause 2.02 of this chapter.

Registration of Prospectus

- (4) The applicant, or its adviser, shall submit registrable copies of the prospectus to the SC for renewal of its registration *seven business days before the expiry date of the current prospectus*.
- (5) The submission must comprise two sets of at least the following documents:
 - (a) Covering letter, specifying the following:
 - (i) Application for registration of the prospectus;
 - (ii) A declaration that the due diligence review on the contents and amendments thereof, had been conducted;
 - (iii) A declaration that the registrable copy of the prospectus complies with the requirements of the SCA and the guidelines; and

- (iv) A declaration that the copy of the prospectus to be duly lodged forthwith with the SC will be identical to the prospectus registered with the SC;
- (b) Registration Checklist;
- (c) Registrable copy of the prospectus;
- (d) Checklist of Disclosure Requirements;
- (e) A list highlighting the amendments/changes from the previously registered prospectus;
- (f) Certified true copies of all material contracts referred to in the prospectus, or in the case of a contract not reduced in writing, a memorandum, which has been verified by an expert, giving full particulars of that contract;
- (g) Original copies of all written consents from any person(s) named in the prospectus as having made a statement that is included in the prospectus or on which a statement made in the prospectus is based;
- (h) Letter of confirmation from the board of directors of the applicant, or its adviser (where applicable), confirming the true and accurate translation of the prospectus (where applicable);
- (i) Letter of confirmation from the applicant, or its adviser (where applicable), that the electronic copy of the prospectus (if applicable) will be identical to the prospectus registered with the SC;
- (j) Original copies of the tax adviser's report;
- (k) Original copies of the accountant's report;

- (l) A declaration by the board of directors of the applicant, signed by *all* the directors; and
 - (m) Application form, together with the unit trust loan financing risk disclosure statement forming part of the application form.
- (6) The prospectus should be submitted to the SC for registration together with the appropriate fee. Payment shall be made in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission" in accordance with the amount stipulated in the *Securities Commission (Fees) Regulations 2000*.
- (7) Where the applicant proposes to issue prospectuses in various languages, the prospectus in each language must be registered with the SC.

Lodgement of Prospectus

- (8) Upon receiving a registration letter from the SC, the applicant, or its adviser (where applicable), shall submit a printed copy (in the same form as those to be distributed to investors) for lodgement with the SC.
- (9) A copy of the prospectus registered with the SC must be lodged with the SC **before** the date of issue of the prospectus.
- (10) For lodgement purposes, the submission must comprise two sets of the following documents:
- (a) Covering letter signed by at least one of the directors of the management company, specifying the following:
 - (i) Application for lodgement of the prospectus; and

- (ii) A declaration that the copy of the prospectus lodged with the SC is identical to the prospectus registered with the SC;
 - (b) Lodgement Checklist;
 - (c) Printed copies of the prospectus (in the same form as to be distributed to investors, and identical to the prospectus registered with the SC in terms of contents and words used); and
 - (d) Application form, with the unit trust loan financing risk disclosure statement forming part of the application form.
- (11) The prospectus should be submitted to the SC for lodgement together with the appropriate fee. Payment shall be made in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission" in accordance with the amount stipulated in the *Securities Commission (Fees) Regulations 2000*.
- (12) Where the applicant proposes to issue prospectuses in various languages, the prospectus in each language must be lodged with the SC.

Chapter 3

INFORMATION REQUIRED IN A PROSPECTUS

3.01 Introduction

- (1) The requirement in this chapter is indicative of the *minimum* information necessary for inclusion in a prospectus.
- (2) The management company is, however, encouraged to disclose any other information that is material and important, which investors and/or professional advisers would reasonably require and reasonably expect to find in a prospectus, for the purpose of making an informed assessment.

3.02 Cover Page

- (1) Name of the fund, or funds in the case of a master prospectus.
- (2) The following particulars about the management company:
 - (a) Full name of the management company; and
 - (b) Registration number of the management company.
- (3) The following particulars about the trustee:
 - (a) Full name of the trustee; and
 - (b) Registration number of the trustee.
- (4) The date of the prospectus, and the expiry date of the prospectus.

- (5) The following statement, to appear in bold:

“INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.”

3.03 Inside Cover Page/First Page

- (1) The following statements must be included in the prospectus.

Responsibility Statement

- (a) “ This prospectus has been seen and approved by the directors of the management company and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.”

- (2) The following statements must be included in the prospectus.

Statements of Disclaimer

- (b) “ The Securities Commission has approved the issue, offer or invitation in respect of the unit trust fund(s), the subject of this prospectus, and that the approval shall not be taken to indicate that the Securities Commission recommends the investment.”
- (c) “ The Securities Commission shall not be liable for any non-disclosure on the part of the management company and takes no responsibility for the contents of the prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability

whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR PROFESSIONAL ADVISERS IMMEDIATELY.**"

- (d) "A copy of this prospectus has been registered, and lodged with the Securities Commission."

Additional Statements

- (e) "No units will be issued or sold on the basis of this prospectus later than one year after the date of this prospectus."

3.04 Table of Contents/Definitions/Corporate Directory

- (1) The prospectus should be properly structured, with relevant headings for each sections, for ease of reference and cross-reference.

Table of Contents

- (a) There shall be a table of contents listing all sections and subsections of the prospectus.

Definitions

- (b) A glossary of abbreviations and technical terms shall be provided.

Corporate Directory

- (c) The directory should contain details of the following persons:
- (i) Name, address and telephone numbers of the registered office of the management company and its delegates (if any), as well as the e-mail address and website address (if any);
 - (ii) Name, address and telephone numbers of the trustee's registered office and its delegates (if any), as well as the e-mail address and website address (if any);
 - (iii) Names of the directors of the management company (to specify who the independent directors are);
 - (iv) Names of the investment committee members (to specify who the independent members are);
 - (v) Names of specialist committee members (where applicable);
 - (vi) Names of the audit and compliance committee (or by whatever name called) members (where applicable);
 - (vii) Name, address and membership number of company secretary;
 - (viii) Names and addresses of the following parties (where applicable):
 - Auditors;

- Reporting accountants;
- Tax consultants;
- Solicitors;
- Principal bankers;
- Agency offices; and
- Syariah adviser.

; and

- (ix) Names and addresses of any expert who prepared any report or statement which is included in the prospectus (if any).

3.05 Key Data/Information Summary

- (1) There must be a Key Data/Information Summary section in the prospectus, highlighting salient features of the fund.
- (2) The Key Data/Information Summary section should, where necessary, include cross-references to pages of the body of the prospectus that contains full details of the respective matters.
- (3) The Key Data/Information Summary section should include, but is not limited to, the following information:
 - (a) Fund Information
 - (i) Name of the fund;
 - (ii) Category of the fund:

- State whether the fund is an equity fund, bond fund, money market fund, balanced fund, umbrella fund, etc.;
- (iii) Type of fund:
- State whether the fund is an income fund, growth fund, income and growth fund, index fund, small-cap fund, capital guaranteed fund, capital protected fund, etc.;
- (iv) Brief but relevant description of the specific investment objectives of the fund;
- (v) Brief but relevant description of the specific principal investment strategy to be employed by the investment manager to meet the objectives;
- (vi) Brief but relevant description of the specific principal risks of investing in the fund;
- (vii) Brief but relevant description of the specific investor profile most suitable to invest in the fund;
- (viii) The maximum approved size of the fund; and
- (ix) The units in circulation;
- (b) Fees and Charges
- (i) To disclose charges *directly incurred* by investors when purchasing or redeeming units of the fund, together with the statement below, in the following manner:
- “This table describes the charges that you may incur when you buy or redeem units of the fund.”;

	Charges	%/RM
(1)	Sales charge per unit.	The sales charge should be stated in percentage terms within a narrow range (of not more than 5% points).
(2)	Repurchase charge per unit.	The charge should be stated in percentage terms within a narrow range (of not more than 5% points).
(3)	Transaction cost factor, if any.	
(4)	Any other charges payable directly by the investor when purchasing or redeeming the units.	

- (ii) To disclose fees and expenses *indirectly incurred* by investors when investing in the fund together with the statement below, in the following manner:

“ This table describes the fees that you may incur when you invest in the fund.” ;

	Fees and Expenses	%/RM
(1)	Annual management fee.	
(2)	Annual trustee fee.	
(3)	A list of fund expenses.	
(4)	Any other fees payable indirectly by an investor.	

- (iii) To disclose other fees and charges that are imposed by the management company, such as for switching between funds and transfers;
- (iv) For an existing fund that has been in operation for one financial year/period or more, to disclose the management expense ratio (MER) of the fund for the latest financial year/period; and
- (v) The following statement to appear in bold:

“There are fees and charges involved and investors are advised to consider the fees and charges before investing in the fund.”;

(c) Transaction Details

- (i) The minimum initial investment;
- (ii) The minimum additional investment;
- (iii) The minimum repurchase amount;
- (iv) Restriction on the frequency of repurchase (if any);
- (v) Information on cooling-off period;
- (vi) Switching facility (if any) and frequency of switching;
- (vii) Transfer facility (if any);
- (viii) Exit and re-entry option (if any); and
- (ix) Distribution reinvestment option (if any) and costs associated with it (if any);

(d) Distribution Policy

- (i) To disclose the distribution policy of the fund.

; and

(e) Other Information

- (i) Any other information that the management company may consider necessary, material and important to be included in this section; and

- (ii) In addition to the warning statements highlighted earlier, the following statements must be stated in bold:

- **“Unit prices and distributions payable, if any, may go down as well as up.”**
- **“Prospective unit holders should read and understand the contents of the prospectus and, if necessary, consult their adviser(s).”**

(Note: The management company should, where applicable, disclose the avenues for advice available for prospective unit holders).

3.06 Introduction to Unit Trust Funds

- (1) The prospectus must include a general information section on unit trust funds. The objective here is to provide potential investors a *general introduction* to a unit trust fund. *Specific references* to any funds are strictly prohibited in this section.

- (2) The information to be disclosed under this section should include, but is not limited to, the following:
- (a) The basic mechanics of a unit trust fund. This would include disclosure of information relating to the parties involved in a unit trust fund, basic structure of a unit trust fund and the regulatory framework involved;
 - (b) General benefits and risks of investing in a unit trust fund:
 - (i) Examples of benefits would include (but is not limited to) diversification opportunities, minimisation of risks, professional management, liquidity, ease of transactions, etc.; and
 - (ii) Examples of risk factors would include (but is not limited to) among others:
 - *General*

Management risk, inflation/purchasing power risk, liquidity risk, loan financing risk, risk of non-compliances, etc.; and
 - *Investments*

Market risk, risks associated with a particular security or instrument, interest rate risk, credit/default risk, liquidity risk, etc.; and
 - (c) Based on the benefits and risks identified, comparison is required to be made with alternative investment products/methods (e.g. deposits in banks, direct investment in the stock market, etc.);

- (d) Typical profile of a unit trust investor. With respect to the information highlighted in (2)(b) above, information disclosed on the investor profile would include (but is not limited to) details relating to the investor's investment outlook, risk tolerance level and objective of investment;
- (e) An explanation on fees and charges imposed on investors, as well as an explanation on management expense ratio (MER);
- (f) An explanation on understanding fund performance indicators and benchmarks; and
- (g) Any other information the management company considers necessary, material and important to be included in this section.

3.07 The Fund

- (1) The prospectus must include a section on the unit trust fund that is the subject of the prospectus. The objective here is to provide prospective unit holders with detailed information on the fund for the purpose of making an informed assessment of the fund.
- (2) The information to be disclosed in this section should include, but is not limited to, the following:
 - (a) The investment objective(s) of the fund(s). To also state that any material changes to the investment objective(s) of the fund would require unit holders' approval;

- (b) The principal investment strategies to be employed by the fund manager to achieve the stated objective(s). In disclosing the investment strategies, the following information should be included:
- (i) The investment policy or specific practice/ technique of the fund manager in managing the fund's investment portfolio, including whether the fund manager intends to adopt an active and frequent trading strategy in meeting the fund's investment objective(s);
 - (ii) The types and characteristics of the securities/ instruments in which the fund manager proposes to invest, including risks associated with such securities/instruments;
 - (iii) The fund manager's asset allocation strategy;
 - (iv) The performance benchmark used by the fund manager and where information on the benchmark can be obtained;
 - (v) The risk management strategies and techniques to be employed by the fund manager (*e.g. diversification in terms of asset allocation, the use of futures contracts for hedging purposes, etc.*); and
 - (vi) Where applicable, disclosure on whether the fund manager may take temporary defensive positions that may be inconsistent with the fund's principal strategy in attempting to respond to adverse market conditions, economic, political or any other conditions;

- (c) The permitted investments, as well as restrictions and limits placed on investments of the fund, whether stipulated in the guidelines or imposed internally (*e.g. limits on minimum holding of liquid assets*);
 - (d) The bases of valuations of all types of securities/instruments invested or to be invested by the fund(s) (*e.g. for listed and unlisted securities, fixed income securities, suspended counters, foreign securities, futures contracts, etc.*); and
 - (e) The *specific* and *peculiar* risks to investors when investing in the fund, taking into consideration the investment portfolio as a whole, and the circumstances reasonably likely to significantly affect the net asset value per unit, distributions or total returns of the fund.
- (3) In addition to the above requirements, for certain types and categories of funds, the management company should also disclose the additional information stipulated in Appendix V.

3.08 Fund Performance

- (1) This section would apply to an existing fund that has been in operation for at least one financial year/period.
- (2) The information to be disclosed under this section should include, but is not limited to, the following:
 - (a) The fund's average total returns for one year, three years, five years (or since inception) as of the last day of the most recent financial year;
 - (b) The fund's distribution record in relation to the past three financial year-ends (where applicable), specifying the following:

- (i) A breakdown of the source of income for distribution; and

Note

To disclose circumstances where distributions were sourced from contributions (e.g. donations etc.) by the management company or any external parties.

- (ii) The form by which distributions were made (*e.g. cash or additional units*);
 - (c) A brief statement/explanation on the fund's portfolio turnover ratio (PTR) for the latest financial year;
 - (d) The fund's asset allocation as at the latest financial year-end; and
 - (e) In relation to the past three financial year-ends (where applicable), the following information should be highlighted:
 - (i) The top five investments of the fund, based on percentage of NAV;
 - (ii) The top three foreign investments of the fund (if applicable), based on percentage of NAV; and
 - (iii) The top three investments in securities that are not traded in or under the rules of an eligible market (if applicable), based on percentage of NAV.
- (3) The following statement must appear under this section and in bold:

“Past performance of the fund is not an indication of future performance.”

3.09 Fees, Charges and Expenses

- (1) The prospectus must clearly explain the cost of investing in the fund.
- (2) The information to be disclosed under this section should include, but is not limited to, the following:

Charges

- (a) A description of the charges *directly incurred by investors* when purchasing or redeeming units of the fund(s):
 - (i) Sales charge
 - The rate of sales charge to be imposed during the life of the prospectus. The sales charge should be stated in percentage terms within a narrow range (of not more than 5%);
 - The basis on which the sales charge is calculated;
 - To provide an illustration on how the sales charge is calculated; and
 - To disclose the commission paid to distributors/sales agents (if any). The commission should be stated in percentage terms.

; and

(ii) Repurchase charge

- The rate of repurchase charge to be imposed during the life of the prospectus;
- The basis on which the repurchase charge is calculated; and
- To provide an illustration on how the repurchase charge is calculated.

Fees and Expenses

(b) A description of the fees and expenses *indirectly incurred by investors* when investing in the fund(s):

(i) The annual remuneration to the management company:

- The annual management fee should be stated in percentage terms;
- The basis on which the annual management fee is calculated; and
- To provide an illustration on how the management fee is calculated;

(ii) The annual remuneration to the trustee:

- The trustee fee should be stated in percentage terms;
- The basis on which the trustee fee is calculated; and

- To provide an illustration on how the trustee fee is calculated.

; and

- (iii) A list of expenses directly related to the fund (e.g. commission paid to brokers, auditors fee, valuation fee, taxes, custodial charges, etc.).
- (c) Description of any other fees or charges that may be imposed (e.g. charges imposed for switching between funds, charges imposed for any transfers, etc.).
- (d) For an existing fund, the prospectus must include the following table, to reflect the total annual expenses incurred by the fund in the preceding year:

Fund Name	Management		Trustee Fee		Other Expenses		Total Annual Expenses		Management Expense Ratio
	RM	%*	RM	%*	RM	%*	RM	%*	%

* Reflected as a percentage of NAV

- (e) The management company's policy with respect to rebates and soft commissions.
- (3) The following statement must appear under this section and in bold:

“There are fees and charges involved and investors are advised to consider the fees and charges before investing in the fund.”

3.10 Transaction Information

- (1) The prospectus must contain information which an investor would reasonably require for the purpose of purchasing and redeeming units, as well as the means by which unit holders can get information pertaining to their investments in the fund.
- (2) The information to be disclosed under this section should include, but is not limited to, the following:

Pricing

- (a) The management company's policy with respect to the valuation point and pricing of units ("forward pricing" or "historic pricing").

Note

Where historic pricing is adopted:

- (i) The timing and frequency of revaluation of the assets of the fund must be clearly stated.
 - (ii) A statement that "the management company must reprice the units if the NAV per unit of the fund, if revalued, differs by more than 5% from the last valuation point" must be clearly stated.
- (b) An explanation, with an illustration, on how the selling price and repurchase price of units are calculated.

Note

- (i) For a new fund, the illustration should include calculation of prices during and after the initial offer period.

- (ii) The illustration should clearly show that rounding adjustment is made only after the selling price has been calculated.

Transaction Details

- (c) To disclose information, such as–
 - (i) the period of initial offer (for new unit trust funds);
 - (ii) how to purchase and redeem units of the fund;
 - (iii) details on cooling-off period, in particular, the treatment on cooling-off right for various types of investors (e.g. investor from the EPF Member Investment Scheme), and the basis for refund;
 - (iv) where units can be purchased and redeemed;
 - (v) how to switch between funds or transfer ownership of units; and
 - (vi) any other transaction information that may be pertinent to investors.

Other Information

- (d) To disclose the mode of distribution to unit holders, including policies and procedures on unclaimed monies/ distributions.
- (e) To disclose the means by which unit holders can keep abreast of developments in the fund (e.g. information on the reports of the fund, frequency of reports, etc.).
- (f) To disclose the means by which unit holders can keep track of the current price per unit/net asset value per unit.

- (g) To disclose the customer services provided by the management company.
- (h) Any other information that may be pertinent to investors/unit holders.

3.11 Rights and Liabilities of a Unit Holder

- (1) The prospectus must describe the rights of the unit holder. A unit holder has the right, among others, to the following:
 - (a) To receive the distribution of the fund, participate in any increase in the capital value of the units and to other rights and privileges as set out in the fund's deed;
 - (b) To call for unit holders' meetings;
 - (c) To vote for the removal of the trustee or the management company through an extraordinary resolution;
 - (d) To exercise the cooling-off right; and
 - (e) To receive annual reports, interim reports or any other reports of the fund.
- (2) The unit holder's liability must also be clearly disclosed in the prospectus.

3.12 The Management and Administration of the Fund

- (1) The prospectus must include a section on the management company that manages and administers the fund that is the subject of the prospectus.

- (2) The information to be disclosed under this section should include, but is not limited to, the following information:
- (a) Corporate information of the management company, including–
- (i) names of the directors of the management company, highlighting their status (independent or non-independent);
 - (ii) information on the key personnel of the management company, highlighting the academic and/or professional qualifications, as well as experience possessed by the respective personnel;

Note

In this regard, key personnel should among others, include the chief executive officer (CEO) and the designated person responsible for compliance matters.

- (iii) the number of staff (executive and non-executive);
- (iv) total number of funds under the management of the management company;
- (v) the management company's experience in investment management and number of years in the unit trust industry; and
- (vi) summary of the management company's financial position for the past three years (where applicable), in tabular form, disclosing–
 - paid-up share capital;

- shareholders' funds;
 - turnover;
 - pre-tax profit/loss; and
 - after tax profit/loss;
- (b) Functions, duties and responsibilities of the management company;
- (c) Information on the investment management function of the management company. The information should include the following:
- (i) Information on the investment committee of the fund, which should include, but is not limited to, the following:
- Details relating to the investment committee's role and primary functions, as well as frequency of meetings; and
 - Information on each member of the investment committee, including the status (independent or non-independent), date of appointment, qualifications and experience relevant to the appointment as an investment committee member;
- (ii) Information on the investment department/unit, which should include, but is not limited to, the following:
- Information on the designated person responsible for investment management of the fund, highlighting the academic and/or

professional qualifications, as well as relevant experience of the designated person in investment management; and

- Information on the experience and expertise of the designated person with respect to investments in the specific type of securities/instruments that the fund intends to invest in;

(iii) Where an external fund manager(s) or investment adviser(s) is/are appointed, the following information should be disclosed:

- Corporate information of the external fund manager(s) or investment adviser(s), including its experience in investment management (with a breakdown in value of securities/instruments managed, i.e. equities, bonds, etc.), total amount of funds under management (where applicable), number of years in the investment management industry and staff strength;
- Information on the designated person responsible for investment management of the fund, highlighting the academic and/or professional qualifications, as well as relevant experience of the designated person in investment management; and
- Information on the experience and expertise of the designated person with respect to investments in the specific type of securities/instruments that the fund intends to invest in.

; and

(iv) Where a Syariah committee/Syariah adviser/panel of advisers is/are appointed, the following information should be disclosed:

- Details relating to the Syariah committee/Syariah adviser/panel of advisers' role and primary functions and frequency of meetings;
- Information on the individual member, including date of appointment, qualifications and experience relevant to their appointment as a member of the committee; and
- Where a company is appointed as an adviser, corporate information of the company, including experience relevant to its appointment as an adviser, number of funds in which it acts as adviser (where applicable) and staff strength. To also disclose details of the designated person responsible for matters relating to the fund.

; and

(d) The management company's policy with respect to dealing with conflict of interest situations must be disclosed under this section (e.g. dealing in securities by employees, directors, members of investment committee, etc.).

(3) Disclosure of the following information:

(a) Circumstances that may lead towards the retirement, removal or replacement of the management company; and

- (b) Powers of the management company to remove/replace the trustee, as stipulated under the deed and securities laws.
- (4) Where any function of the management company (other than investment management function) is delegated, this section should include brief information on the delegate and the function that is delegated. The information should be relevant and material, and which investors and/or professional advisers would reasonably require and reasonably expect to find in the prospectus, for the purpose of making an informed assessment.
- (5) Disclosure of all current material litigation and arbitration, including those pending or threatened, and any facts likely to give rise to any proceedings which might materially affect the business/financial position of the management company or any of its delegates.

3.13 Trustee of the Fund

- (1) The prospectus must include a section on the trustee of the fund.
- (2) Accordingly, this section should include, but is not limited to, the following information:
 - (a) Corporate information of the trustee, including–
 - (i) names of the directors of the trustee;
 - (ii) total number of staff employed (executives and non-executives);
 - (iii) number of funds under trusteeship;

- (vi) the trustee's experience as trustee to unit trust funds and number of years in the unit trust industry; and
 - (v) summary of the trustee's financial position for the past three years (where applicable), in tabular form, disclosing–
 - paid-up share capital;
 - shareholders' funds;
 - turnover;
 - pre-tax profit/loss; and
 - after tax profit/loss.
- ; and
- (b) The duties and responsibilities of the trustee in relation to the fund.
- (3) This section should also include the following information:
- (a) Circumstances that may lead towards the retirement, removal or replacement of the trustee; and
 - (b) Powers of the trustee to remove, retire or replace the management company.
- (4) The prospectus must include a trustee's statement of responsibility.
- (5) Where any function of the trustee is delegated, this section should include brief information on the delegate, and the function that is delegated. The information should be relevant

and material, and which investors and/or professional advisers would reasonably require and reasonably expect to find in the prospectus, for the purpose of making an informed assessment.

- (6) For trustees that are related to the management company, please make reference to the *Guidelines on Allowing a Person to Be Appointed or to Act as Trustee under Subsection 99(1) of the Securities Commission Act 1993* for additional disclosure requirements.
- (7) Disclosure of all current material litigation and arbitration, including those pending or threatened, and any facts likely to give rise to any proceedings which might materially affect the business/financial position of the trustee or any of its delegates.

3.14 Taxation of the Fund

- (1) The prospectus should contain a report (for existing funds) or opinion (for new funds) from the fund's tax adviser detailing the following:
 - (a) The taxation of the fund taking into account any distinctive characteristics of the fund (e.g. its participation in futures contracts, investment in foreign securities); and
 - (b) Tax liabilities of the unit holder, if any.

3.15 Accountant's Report

- (1) The prospectus should contain an accountant's report dated *not more than six months prior to the date of the prospectus* detailing the following:

- (a) An extract of the fund's audited income and expenditure statement for the past five financial years (where applicable);

Note

Disclosure of income should be in the form of dividends, interest and realised gains/losses on investments.

- (b) An extract of the fund's statement of assets and liabilities for the past five financial years (where applicable);
 - (c) Disclosure as to the significant accounting policies used;
 - (d) The fund's distribution record for the past five financial years (where applicable); and
 - (e) The management company's condensed audited profit and loss account and balance sheet for the past five financial years.
- (2) For existing fund(s), if the most recent audited accounts of the fund(s) covered by the accountant's report is *more than six months* prior to the date of the prospectus, interim accounts must be included in the prospectus. If the interim accounts are unaudited, then such accounts must be accompanied by an express declaration by the management company's board of directors that the accounts reflect a true and fair view of the state of affairs of the fund(s). This declaration must be included in the prospectus.

3.16 Consents

- (1) A prospectus that includes a statement, other than a statement which is an extract of an official statement or any other statement as may be specified by the SC, purporting

to be made by any person or to be based on a statement made by such person, must–

- (a) receive a written consent from that person to the issue of the prospectus with the statement made in the form and context in which it is included and has not, before the date of issue of the prospectus, withdrawn such consent; and
- (b) appear in the prospectus a statement that the person has given and has not withdrawn the consent.

3.17 Exemptions/Variations Granted by the Securities Commission

- (1) There must be a disclosure of all exemptions/variations from any relevant securities laws or guidelines granted to the management company, trustee and/or the fund by the SC.

3.18 Documents Available for Inspection

- (1) There must be a statement which states that for a period of not less than 12 months from the date of the prospectus, the following documents or copies thereof, where applicable, may be inspected at the registered office of the management company and/or the trustee, without charge:
 - (a) The deed of the fund;
 - (b) Each material contract or document referred to in the prospectus;
 - (c) The latest annual and interim reports of the fund;

- (d) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus;
- (e) The audited accounts of the management company and the fund for the current financial year (where applicable);
- (f) The audited accounts of the management company and the fund for the last five financial years or from the date of incorporation/commencement, if fewer than five years, preceding the date of prospectus; and
- (g) Any consent given by experts or persons whose statement appears in the prospectus.

3.19 Directors' Declaration

- (1) There shall be a directors' declaration as follows:

"This Prospectus has been seen and approved by the directors of the management company and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the circumstances, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading."

- (2) Where a prospectus includes interim unaudited accounts of the fund, a declaration by the management company's board of directors that the accounts reflect a true and fair view of the state of affairs of the fund, must be included.

- (3) The declaration must be signed by all directors of the management company, prior to submission of the prospectus to the SC for registration.
- (4) Management companies are responsible and must take reasonable steps to ensure that all the directors of the management company sign the declaration in time for submission of the prospectus for registration.

3.20 Application Form

- (1) The application form to purchase units of the fund, together with a unit trust loan financing risk disclosure statement that should form part of the application form, should be attached together with the prospectus.

3.21 Directory of Sales Office

- (1) The prospectus should include a list of premises (e.g. management company's registered office, distributors/sales agency office, banks and their branches, finance companies distributors/sales and their branches) where units can be bought or sold.

Chapter 4

SUPPLEMENTARY PROSPECTUS

- 4.01 This chapter applies only in relation to a supplementary prospectus in so far as it may differ from the requirements of these guidelines. In respect of the main body of the supplementary prospectus or reports included in a supplementary prospectus, regard shall be given to the respective items of Chapter 3 to which the new material relates.
- 4.02 The supplementary prospectus must contain details of the significant new matter or significant change.
- 4.03 Each page of the supplementary prospectus must contain a clear statement in bold type that states that the document is a supplementary prospectus that is to be read in conjunction with the original prospectus (which must be identified in the supplementary prospectus) and any other supplementary prospectuses.
- 4.04 If the information in the supplementary prospectus gives rise to new risk factors not covered in the original prospectus, the supplementary prospectus must contain a description of those new risk factors.
- 4.05 The supplementary prospectus must contain or be accompanied by a new application form that–
- (1) refers to the supplementary prospectus; and
 - (2) contains a feature, such as marking, lettering, colour or other feature which distinguishes the form from the application form accompanying the original prospectus or previous supplementary prospectuses.

SUBMISSION CHECKLIST



SUBMISSION OF DRAFT PROSPECTUS

Management company :
 Name of fund(s) :
 Date of prospectus :
 Date of submission to the SC :

Requirements		Compliance Check		SC's Remarks
		Check	Remarks	
1	Submission consists of two copies of all relevant documents, and made together with submissions under section 32 and section 98 of the <i>Securities Commission Act 1993</i> .			
2	Covering letter (specifying clearance sought).			
3	Submission Checklist.			
4	Checklist of Disclosure Requirements.			
5	The draft prospectus.			
6	Copies of all material contracts referred to in the prospectus enclosed (if applicable).			

.....
Name: Name:
(Person responsible for the submission documents) *(Chief Executive Officer of the Management Company)*
Date: Date:

For Internal Use of the SC:

Submission of Documents

Please tick relevant box:

Complete

Not complete

If not complete, please state missing documents

.....
.....

Date of letter informing applicant of missing documents -.....
(if the application is not returned by the SC)

Date of receipt of missing documents -.....

Desk Officer

.....
Name:
Date:

Supervisor

.....
Name:
Date:

COMPLIANCE
CHECKLIST

Suruhanjaya Sekuriti
Securities Commission

CHECKLIST OF DISCLOSURE REQUIREMENTS

Management company :
 Name of fund(s) :
 Date of prospectus :
 Date of submission to the SC :
 Date of due diligence review :
 Name of party that carried out :
 the due diligence review

Disclaimer

This checklist is intended to provide clarification on the application of the *Guidelines on Unit Trust Fund Prospectus*. This checklist sets out the recommendations intended to represent the minimum requirements on contents of prospectus of a unit trust fund. The SC shall not be responsible for any error or omission of information in the prospectus.

While this checklist is proposed as a guide in preparing prospectuses, nothing contained herein should be construed as prejudicing the powers of the SC under the guidelines.

Declaration

I hereby declare that I have inspected the draft prospectus and to the best of my knowledge and belief the contents of the draft prospectus are complete and accurate.

.....
 Name: Name:
(Person responsible for the *(Chief Executive Officer of the*
submission documents) *Management Company)*
 Date: Date:

Appendix II

For Internal Use of the SC:

Submission of Documents

Please tick relevant box:

Complete

Not complete

If not complete, please state missing documents

.....
.....

Date of letter informing applicant of missing documents -.....
(If the application is not returned by the SC)

Date of receipt of missing documents -.....

Desk Officer

.....
Name:
Date:

Supervisor

.....
Name:
Date:

Minimum Disclosure Requirements	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Cover Page			
Name of the fund, or funds in the case of a master prospectus.			
Name of the management company.			
Registration number of the management company.			
Name of trustee.			
Registration number of trustee.			
Date of prospectus and expiry date of prospectus.			
The following statement in bold: “INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.”			
Inside Cover Page/First Page			
Responsibility statement.			
Statements of disclaimer.			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Additional statements.			
Table of Contents			
Definition/Glossary			
Definitions of technical terms or abbreviations used in the prospectus are defined.			
Corporate Directory			
Name, address and telephone numbers of registered office of the management company and its delegates (<i>if any</i>), as well as e-mail address and website address (<i>if any</i>).			
Name, address and telephone numbers of registered office of the trustee and its delegates (<i>if any</i>), as well as e-mail address and website address (<i>if any</i>).			
Names of directors of the management company (<i>to specify the independent directors</i>).			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Names of investment committee members <i>(to identify the independent members).</i>			
Names of the specialist committee members <i>(where applicable).</i>			
Names of audit and compliance committee members <i>(if any).</i>			
Name, address and membership number of company secretary.			
Names and addresses of auditors, reporting accountants, tax consultants, solicitors, principal bankers, agency offices, Syariah adviser, etc. <i>(where applicable).</i>			
Names and addresses of any expert who prepared any report or excerpt of statement thereof which is included in the prospectus.			
Key Data Section			
<i>Fund Information</i>			
Name of the fund.			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Category of fund.			
Type of fund.			
Brief but relevant description of the investment objectives of the fund.			
Brief but relevant description of the principal investment strategy to be employed by the fund manager to meet the fund objectives.			
Brief but relevant description of the specific principal risks of investing in the fund.			
Brief but relevant description of the specific investor profile most suitable to invest in the fund.			
The maximum approved size of the fund.			
The units in circulation.			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<i>Fees and Charges</i>			
<p>Disclosure of charges <i>directly incurred</i> by investors when purchasing or redeeming units of the fund:</p> <ul style="list-style-type: none"> – As per the table prescribed in the <i>Prospectus Guidelines</i>. – The statement referred to in the <i>Prospectus Guidelines</i>. 			
<p>Disclosure of fees and expenses <i>indirectly</i> incurred by investors when investing in the fund:</p> <ul style="list-style-type: none"> – As per the table prescribed in the <i>Prospectus Guidelines</i>. – The statement referred to in the <i>Prospectus Guidelines</i>. 			
Disclosure of other fees and charges that are imposed by the management company (e.g. switching fee, transfer fee, etc.).			
For existing fund, disclosure of the management expense ratio of the fund in the preceding year.			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
The following statement in bold: “There are fees and charges involved and investors are advised to consider the fees and charges before investing in the fund.”			
<i>Transaction Details</i>			
The minimum initial investment.			
The minimum additional investment.			
The minimum repurchase amount.			
Restriction on the frequency of repurchase (if any).			
Information on the cooling-off period.			
Information on switching facility (if any) and frequency of switching.			
Information on transfer facility (if any).			
Exit and re-entry option (if any).			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Distribution reinvestment option <i>(if any)</i> and costs associated with it <i>(if any)</i> .			
<i>Distribution Policy</i>			
Disclosure of the fund(s) distribution policy.			
<i>Other Information</i>			
Any other information that the management company may consider necessary, material and important to be included in this section.			
Additional statements as follows (in bold): “Prospective unit holders should read and understand the contents of the prospectus and if necessary, consult their adviser(s)” “Unit prices and distributions payable, if any, may go down as well as up.”			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Introduction to Unit Trusts			
The basic mechanics of unit trusts (parties to a fund, basic structure, etc.) and the regulatory framework.			
General benefits and risks.			
Comparison with alternative investment products/methods.			
A typical unit trust investor profile.			
An explanation on the fees and charges imposed on investors, as well as an explanation on MER.			
An explanation on understanding fund performance indicators and benchmarks.			
Any other information the management company considers necessary, material and important to be included in this section.			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
The Fund			
<p>The investment objectives of the fund(s).</p> <ul style="list-style-type: none"> – to state that any changes to the fund's investment objectives would require unit holders' approval. 			
<p>Principal investment strategies to be employed by the fund manager to achieve the stated objectives. The following information must be included:</p> <ul style="list-style-type: none"> – The investment policy or specific practice or specific technique of the fund manager in managing the fund's investment portfolio, including whether the fund manager intends to adopt an active and frequent trading strategy in meeting the investment objective. – The type and characteristic of the securities/instruments, including risks associated with such securities/instruments, in which the fund manager proposes to invest. 			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<ul style="list-style-type: none"> - The fund manager's asset allocation strategy. - The performance benchmark used by the fund manager and where such information on the benchmark can be obtained. - The risk management strategies and techniques to be employed by the fund manager (e.g. diversification in terms of asset allocation, the use of futures contracts for hedging purposes). - Where applicable, disclosure on whether the fund manager may take temporary defensive positions that may be inconsistent with the fund's principal strategy in attempting to respond to adverse market conditions, economic, political or any other conditions. 			
The permitted investments as well as investment restrictions and limits placed on the investments of the fund.			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
The bases of valuations of all types of securities/instruments invested by the fund(s).			
The <i>specific</i> and <i>peculiar</i> risks when investing in the fund, taking into consideration the investment portfolio as a whole, and the circumstances reasonably likely to significantly affect the net asset value per unit, distributions or total return of the fund.			
For a specialised fund, inclusion of additional disclosure requirements stipulated under Appendix V of the <i>Prospectus Guidelines</i> .			
Fund Performance			
<i>Past Performance</i>			
The fund's average total returns for one year, three years, five years (or since inception), as of the last day of the most recent financial year.			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>The fund's distribution record in relation to the past three financial year-ends (where applicable), specifying–</p> <ul style="list-style-type: none"> – a breakdown of the source of income for distributions. – the form by which distributions were made. 			
<p>A brief statement/explanation on the fund's PTR for the latest financial year.</p>			
<p>The fund's asset allocation as at the latest financial year-end.</p>			
<p>The following information in relation to the past three financial year-ends (where applicable), should be highlighted:</p> <ul style="list-style-type: none"> – The top five investments of the fund(s), based on percentage of NAV. – The top three foreign investments of the fund(s), based on percentage of NAV. 			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<ul style="list-style-type: none"> – The top three investments in securities that are not traded in or under the rules of an eligible market based on percentage of NAV. 			
<p>The following statement to appear in bold:</p> <p>“Past performance of the fund is not an indication of future performance.”</p>			
Fees, Charges and Expenses			
<i>Charges</i>			
<p><i>Directly incurred</i> by investors when purchasing or redeeming the units:</p> <ul style="list-style-type: none"> – Sales charge. – Redemption charge. 			
<i>Fees and Expenses</i>			
<p><i>Indirectly</i> incurred by investors when investing in the fund:</p> <ul style="list-style-type: none"> – Annual management fee. – Annual trustee fee. – List of expenses directly related to the fund. 			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Any other fees or charges that may be imposed.			
For an existing fund, disclosure of the total annual expenses of the fund in a table prescribed under the <i>Prospectus Guidelines</i> .			
The management company's policy on rebates and soft commissions.			
The following statement to appear in bold: “There are fees and charges involved and that investors are advised to consider the fees and charges before investing in the fund.”			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Transaction Information			
<p>Policy with respect to the valuation point and pricing of units (forward or historic):</p> <ul style="list-style-type: none"> – Where historic pricing is adopted, the timing and frequency of revaluation of assets must be stated. – A statement that “ the management company must reprice the units if the net asset value per unit of the fund, if revalued, differs by more than 5% from the last valuation point” must be clearly stated. 			
Explanation, with an illustration, on how the selling price and repurchase price of units are calculated.			
<p>To disclose transaction details, such as–</p> <ul style="list-style-type: none"> – the initial offer period (<i>for new unit trust fund</i>). – how to purchase and redeem units of the fund(s). 			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<ul style="list-style-type: none"> - details with respect to the cooling-off period, in particular, the treatment on cooling-off right for various types of investors (e.g. investor from the EPF Member Investment Scheme) and the basis of refund. - where units can be purchased and redeemed. - how to switch between fund(s), or transfer ownership of units. - any other transaction information. 			
Disclosure on mode of distributions to unit holders, including policies and procedures on unclaimed monies/distributions.			
Disclosure on the means by which unit holders can keep abreast of developments in the fund (e.g. information on the reports of the fund, frequency of reports etc.).			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Disclosure on the means by which unit holders can keep track of the current price per unit/net asset value per unit.			
Information on the customer services provided by the management company.			
Any other information that may be pertinent to investors/unit holders.			
Unit Holder's Rights and Liabilities			
Brief description of unit holders' rights.			
Brief description of unit holders' liabilities.			
The Management and Administration of the Fund			
Corporate information of the management company, including– – names of the directors of the management company, highlighting their status (independent or non-independent).			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<ul style="list-style-type: none"> - information on the key personnel of the management company, highlighting their academic and/or professional qualifications, as well as experience possessed by the respective personnel. - the number of staff (executive and non-executive). - total number of funds under management. - experience in investment management and number of years in the industry. - summary of the management company's financial position for the past three years (where applicable). 			
Functions, duties and responsibilities of the management company.			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>Information on the investment management function of the management company, including–</p> <p>(a) information on the investment committee of the fund, including information on–</p> <p>(i) details relating to the investment committee's role and primary functions.</p> <p>(ii) information on each member of the investment committee, including the status (independent or non-independent), date of appointment, qualifications and experience relevant to the appointment as an investment committee member.</p> <p>(b) information on the investment department/unit, including information on–</p>			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>(i) the designated person responsible for the management of the fund, highlighting the academic and/or professional qualifications, as well as relevant experience of the designated person in investment management.</p> <p>(ii) experience and expertise of the designated person with respect to investments in the specific type of securities/instruments the fund intends to invest in.</p> <p>(c) where an external fund manager(s) or investment adviser(s) is/are appointed, to disclose the following:</p> <p>(i) Corporate information of the delegate, including its experience in investment management, total</p>			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>amount of funds under management (where applicable), number of years in the industry and staff strength.</p> <p>(ii) Information on the designated person responsible for the management of the fund, highlighting the academic and/or professional qualifications, as well as relevant experience of the designated person in investment management.</p> <p>(iii) Experience and expertise of the designated person with respect to investments in the specific type of securities/instruments the fund intends to invest in.</p> <p>(d) where a Syariah committee/ Syariah adviser/panel of</p>			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>advisers is/are appointed, to disclose the following:</p> <ul style="list-style-type: none"> (i) Details relating to the committee/adviser's role and primary functions, as well as frequency of meetings. (ii) Information on the individual member, including date of appointment, qualifications and experience relevant to the appointment as a member of the committee. (iii) Where a company is appointed as an adviser corporate information of the company, including experience relevant to its appointment as an adviser, number of funds in which it acts as adviser (where applicable) and staff strength. To also disclose details of the designated 			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
person responsible for matters relating to the fund.			
The management company's policy with respect to dealing with conflict of interest situation must be disclosed in this section.			
<p>Disclosure of the following:</p> <ul style="list-style-type: none"> – Circumstances that may lead towards the retirement, removal or replacement of the management company. – Powers of the management company to remove/replace trustee, as stipulated under the deed and securities laws. 			
Where any function of the management company (other than investment management function) is delegated to a third party, this section should include brief information on the delegate and the function that is delegated.			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Disclosure of all current material litigation and arbitration, including those pending or threatened, and any facts likely to give rise to any proceedings which might materially affect the business/ financial position of the management company or any of its delegates.			
Trustee of the Fund			
<p>Corporate information on the trustee, including–</p> <ul style="list-style-type: none"> – names of the directors of the trustee. – total number of staff employed (e.g. number of executives and non-executives. – number of funds under its trusteeship. – experience as trustee to unit trust funds and number of years in the unit trust industry. 			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<ul style="list-style-type: none"> – summary of the trustee's financial position for the past three years (where applicable). – the duties and responsibilities of the trustee in relation to the fund. 			
<p>Disclosure of the following:</p> <ul style="list-style-type: none"> – Circumstances that may lead towards the retirement, removal or replacement of the trustee. – Powers of the trustee to remove, retire or replace the management company. 			
Where any function of the trustee is delegated to a third party, to include brief information on the delegate and the function that is delegated.			
The trustee's statement of responsibility.			
Disclosure of all current material litigation and arbitration,			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
including those pending or threatened, and any facts likely to give rise to any proceedings which might affect the business/ financial position of the trustee or any of its delegates.			
Taxation of the Fund			
<p>This section should contain a report (for existing funds) or opinion (for new funds) from the fund's tax adviser detailing the following:</p> <ul style="list-style-type: none"> - The taxation of the fund taking into account any distinctive characteristics of the fund. - Tax liabilities of the unit holder, if any. 			
Accountant's Report			
<p>A recent accountant's report dated not more than six months prior to the date of the prospectus detailing the following:</p> <ul style="list-style-type: none"> - An extract of the fund's audited income and 			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>expenditure statement for the past five financial years (where applicable).</p> <ul style="list-style-type: none"> - An extract of the fund's statement of assets and liabilities for the past five financial years (where applicable). - Disclosure as to the significant accounting policies used. - The fund's distribution record for the past five financial years (where applicable). - The management company's condensed audited profit and loss account and balance sheet for the past five financial years (where applicable). - For existing fund(s), if the most recent audited accounts of the fund as covered by the 			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
accountant's report is more than six months prior to the date of the prospectus, interim accounts must be included in the prospectus.			
If the interim accounts are unaudited, then such accounts must be accompanied by an express declaration by the management company's board of directors that the accounts reflect a true and fair view of the state of affairs of the fund.			
Consents			
A written consent from the relevant persons whose statement is used in the prospectus.			
Exemptions/Variations Granted by the SC			
Disclosure of any exemptions or variations granted to the management company, trustee and/or the fund by the SC.			

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
Documents Available for Inspection			
A statement which states that for a period of not fewer than 12 months from the date of the prospectus documents (as stated in the <i>Prospectus Guidelines</i>) may be inspected, without charge at the registered office of the management company and/or trustee.			
Directors' Declaration			
A declaration by the board of directors, as follows: "This Prospectus has been seen and approved by the directors of the management company and they collectively and individually accept full responsibility for the accuracy of all information contained herein and confirm, having made all enquiries which are reasonable in the			

Appendix II

Minimum Disclosure Requirement	To Be Filled by the Submitting Party		For Internal Use of the SC
	Under Item No.	On Page	Remarks
<p>circumstances, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.”</p>			
<p>Where a prospectus includes interim unaudited accounts of the fund, a declaration by the board of directors that the accounts reflect a true and fair view of the state of affairs of the fund must be included in the directors’ declaration.</p>			
Application Form			
<p>The application form, together with the unit trust loan financing risk disclosure statement that should form part of the application form, should be attached together with the prospectus.</p>			
Directory			
<p>Directory as to where units may be bought and sold.</p>			

For Internal Use of the SC:

Comments:
.....
.....
.....
.....

Desk Officer
.....
Name:
Date:

Supervisor
.....
Name:
Date:

REGISTRATION
CHECKLIST**REGISTRATION OF PROSPECTUS/SUPPLEMENTARY PROSPECTUS**

Management company :
 Name of fund(s) :
 Date of prospectus :
 Date of registration :

Requirements		Compliance Check		Remarks of the SC
		Check	Remarks	
1	Submission consists of two copies of all relevant documents.			
2	Covering letter which specifies the following: (a) Application for registration; (b) Declaration that the due diligence review on the contents and amendments thereof, had been conducted; (c) Declaration that the registrable copy of the prospectus complies with the requirements of the			

Requirements		Compliance Check		Remarks of the SC
		Check	Remarks	
	<p><i>Securities Commission Act 1993 and Guidelines on Unit Trust Fund Prospectus;</i></p> <p>(d) (Where the SC had reviewed and cleared a draft prospectus), a declaration that the copy of the prospectus submitted for registration and the draft cleared by the SC are identical; and</p> <p>(e) Declaration that the printed copy of the prospectus to be duly lodged forthwith with the SC will be the same as the prospectus registered by the SC.</p>			
3	Registration Checklist.			
4	Registrable copy of the prospectus.			
5	Checklist of Disclosure Requirements.			
6	Where submission is for renewal of registration, a list highlighting the amendments/changes from the previous registered prospectus.			

Appendix III

Requirements		Compliance Check		Remarks of the SC
		Check	Remarks	
7	Certified true copy of all material contracts referred to in the prospectus, or in the case of a contract not reduced in writing, a memorandum which has been verified by an expert, giving full particulars of that contract.			
8	Original copies of all written consents from any person(s) named in the prospectus as having made a statement that is included in the prospectus or on which a statement made in the prospectus is based.			
9	Letter of confirmation from the board of directors of the applicant, or its adviser, confirming the true and accurate translation of the prospectus (where applicable).			
10	Letter of confirmation from applicant, or its adviser, that the electronic copy of the prospectus will be identical to the prospectus registered with the SC (where applicable).			
11	Original copy of tax adviser's report.			

	Requirements	Compliance Check		Remarks of the SC
		Check	Remarks	
12	Original copy of accountant's report.			
13	A declaration by the board of directors, signed by <i>all</i> directors.			
14	Application form, with the unit trust loan financing risk disclosure statement forming part of the application form.			
15	Registration fee in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission".			

.....
 Name :
 (Person responsible for the submission
 documents)
 Date:

.....
 Name :
 (Chief Executive Officer of the
 Management Company)
 Date:

Appendix III

For Internal Use of the SC :

Submission of Documents

Please tick relevant box:

Complete

Not complete

If not complete, please state missing documents

.....
.....

(if the application for registration is not returned by SC)

Date of letter informing applicant of missing documents -.....
(If the application is not returned by the SC)

Date of receipt of missing documents -.....

Desk Officer
.....
Name:
Date:

Supervisor
.....
Name:
Date:

Registration

Please tick relevant box:

Approval

Refusal

If prospectus is refused for registration, please state reasons:

.....
.....

..... Name:..... (Head of Department) Date:.....



LODGMENT OF PROSPECTUS/SUPPLEMENTARY PROSPECTUS

Management company :
 Name of fund(s) :
 Date of prospectus :
 Date of registration :

Requirements		Compliance Check		Remarks of the SC
		Check	Remarks	
1	Submission consists of two copies of all relevant documents.			
2	Covering letter signed by at least one of the directors of the management company which specifies the following: (a) Application for lodgment; and (b) Declaration that the prospectus lodged with the SC is identical to the prospectus registered with the SC.			
3	Lodgment Checklist			
4	Printed copies of the prospectus (in the same form as those to be distributed to investors).			

Requirements		Compliance Check		Remarks of the SC
		Check	Remarks	
5	Application form, with the unit trust loan financing risk disclosure statement forming part of the application form.			
6	Lodgment fee in the form of a crossed cheque/draft order made in favour of "Suruhanjaya Sekuriti" or "Securities Commission" .			

.....
 Name :
(Person responsible for the submission documents)
 Date:

.....
 Name:
(Chief Executive Officer of the management company)
 Date:

Appendix IV

For Internal Use of the SC :

Submission of Documents

Please tick relevant box:

Complete

Not complete

If not complete, please state missing documents

.....
.....

Date of letter informing applicant of missing documents -.....

Date of receipt of missing documents -.....

Desk Officer

.....
Name:
Date:

Supervisor

.....
Name:
Date:

ADDITIONAL DISCLOSURE REQUIREMENTS

1.0 Index Fund

- (1) In “The Fund” section of the prospectus, the following minimum information must be disclosed, in addition to the disclosure requirements set out in clause 3.07 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*:
 - (a) The underlying index which the fund intends to track or replicate, as well as a description of the market or sector the index represents;
 - (b) The fund’s investment strategy whether to invest in all (full replication) or a representative sample (sampling) of component securities of the underlying index. Where a representative sample of component securities of the index is used, to disclose how the sample is constituted;
 - (c) Circumstances that may lead to tracking errors and strategies employed in minimising such errors;
 - (d) The risks of investing in an index fund;
 - (e) The policy on re-balancing the investment portfolio;
 - (f) The weightings of the top 10 component securities of the underlying index;
 - (g) In addition to sub-paragraph 1.0(1)(f) above, where a representative sample of component securities of the underlying index is used to track or replicate the index, the weightings of the top 10 component securities in the sample; and

Appendix V

- (h) a statement that there is no guarantee or assurance of exact or identical replication at any time of the performance of the index;
- (2) In the "Transaction Information" section of the prospectus, in addition to the disclosure requirements set out in clause 3.10 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*, to disclose the means by which investors may obtain the latest information on the index and other important news on the index; and
- (3) The prospectus should also include any other information which investors may find necessary, relevant and material to make an informed assessment.

2.0 Money Market Fund

- (1) In "The Fund" section of the prospectus, the following minimum information must be disclosed, in addition to the disclosure requirements set out in clause 3.07 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*:
 - (a) The minimum credit rating of the money market instruments or debentures that the fund would invest in;
 - (b) The steps to be taken where the ratings are downgraded below that set as part of the fund's investment strategy; and
 - (c) The following statement to appear in bold:

"Investment in the fund is not the same as placing funds in a deposit with a financial institution. There are risks involved and investors should rely on their own evaluation to assess the merits and risks when investing in the fund."

3.0 Guaranteed Fund

- (1) In the “Cover Page” section of the prospectus, in addition to the disclosure requirements set out in clause 3.02 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*, the offer period of the fund should be disclosed (where applicable).
- (2) In the “Corporate Directory” section of the prospectus, in addition to the disclosure requirements set out in clause 3.04 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*, the name, address and telephone number of the guarantor must be disclosed.
- (3) In the “Key Data/Information Summary” section of the prospectus, the following minimum information must be disclosed, in addition to the disclosure requirements set out in clause 3.05 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*:
 - (i) Name of the guarantor;
 - (ii) The offer period and commencement date of the fund;
 - (iii) The tenure and maturity date of the fund; and
 - (iv) The guaranteed value per unit.
- (4) In “The Fund” section of the prospectus, the following minimum information *about the guarantee* must be disclosed, in addition to the disclosure requirements set out in clause 3.07 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*:
 - (a) Material terms of the guarantee;
 - (b) Scope of the guarantee;

Appendix V

- (c) Enforceability of the guarantee (an independent legal opinion should also be included in the prospectus on the enforceability of the guarantee);
- (d) An illustration or description to clearly demonstrate the guarantee and investment mechanism;
- (e) Circumstances under which the guarantee may be terminated; and
- (f) The implication or consequence (if any) to unit holders in respect of the guarantee in the event–
 - (i) the manager retires, is removed or replaced;
 - (ii) the trustee retires, is removed or replaced;
 - (iii) there is a change in the guarantor;
 - (iv) the guarantor goes into liquidation or ceases to carry on business; and
 - (v) the guarantee is terminated.
- (5) The following must be disclosed in bold in the “ Key Data/ Information Summary” and “ The Fund” sections of the prospectus:
 - (a) A statement on the material terms of the guarantee;

(Example: Where applicable, disclose that the guarantee only applies to unitholders who hold their investment until maturity date or until the date specified in the guarantee. Any redemption before the maturity/ specified date would be based on the NAV of the fund on that day and would be charged an exit fee, if any, and that the guarantee does not apply in this case).

- (b) A statement to the effect that there may be dilution of performance due to the guarantee structure being in place, compared with a non-guaranteed conventional fund; and
 - (c) The guarantee is subject to the credit risk of the guarantor and it does not give any assurance to the future solvency of the guarantor.
- (6) There should be an additional section in the prospectus which discloses information on the guarantor. The information to be disclosed should include, but is not limited to, the following:
- (a) Corporate information on the guarantor, including–
 - (i) description of its business;
 - (ii) names of directors of the guarantor; and
 - (iii) summary of the guarantor's financial position for the past three years (where applicable) in tabular form, disclosing–
 - paid-up share capital;
 - shareholders' funds;
 - turnover;
 - pre-tax profit/loss; and
 - after tax profit/loss.
 - (b) The rating of the guarantor and names of the rating agency/agencies that carried out the rating; and

Appendix V

- (c) Steps to be taken and implication to unit holders (if any) where the guarantor's ratings are downgraded below the minimum rating stated in the guidelines.
- (7) The prospectus should also include any other information which investors may find necessary, relevant and material for investors to make an informed assessment.

4.0 Capital Protected Funds

- (1) In the "Cover Page" section of the prospectus, in addition to the disclosure requirements set out in clause 3.02 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*, the offer period of the fund should be disclosed (where applicable).
- (2) In the "Key Data/Information Summary" section of the prospectus, the following minimum information must be disclosed, in addition to the disclosure requirements set out in clause 3.05 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*:
 - (a) The offer period and commencement date of the fund;
and
 - (b) The tenure and maturity date of the fund.
- (3) In the "The Fund" section of the prospectus, the following minimum information must be disclosed, in addition to the disclosure requirements set out in clause 3.07 of Chapter 3 of the *Guidelines on Unit Trust Fund Prospectus*:
 - (a) The specific salient features of the fund and terms of investing in the fund, such as commencement date, maturity date and level of protection;

- (b) Information on the capital protection mechanism and description of the underlying securities/instruments that the fund would invest in, including the minimum credit rating of these securities/instruments; and
 - (c) The steps to be taken where the ratings are downgraded below that initially set as part of the fund's investment strategy.
- (4) The following must be disclosed in bold in the "Key Data/Information Summary" and "The Fund" sections of the prospectus:
- (a) A statement on the specific terms of the capital protection;

(Example: Where applicable, disclose that the capital protection only applies to unit holders who hold their investment until maturity date or until the date specified in the prospectus. Any redemption before the maturity/ specified date would be based on the NAV of the fund on that day and would be charged an exit fee, if any, and that the protection does not apply in this case); and
 - (b) A statement to the effect that there may be dilution of performance due to the capital protection structure being in place, compared with a conventional fund without capital protection.
- (5) The prospectus should also include any other information which investors may find necessary, relevant and material for investors to make an informed assessment.

