



**Suruhanjaya Sekuriti**  
Securities Commission  
Malaysia

**APPLICATION FOR ESTABLISHMENT OF  
FOREIGN FUND MANAGEMENT  
COMPANIES  
UNDER THE SPECIAL SCHEME**

Revised Date – 24 December 2007

## **1.0 INTRODUCTION**

1.1 The *Capital Markets and Services Act 2007* (CMSA) provides that the Securities Commission (SC) is responsible for the regulation as well as development of the capital market including the fund management industry.

1.2 This document sets out the requirements in relation to applications for the establishment of–

- (a) five foreign fund management companies in Malaysia pursuant to the announcement in Budget 2005 on strengthening the capital market; and
- (b) foreign Islamic fund managers pursuant to the announcement in Budget 2008 on positioning Malaysia as an international Islamic financial centre, and who complies with the *Guidelines on Islamic Fund Management* (referred to as “Islamic fund management companies under the Special Scheme”),

(hereinafter collectively referred to as “Foreign Fund Management Companies under the Special Scheme”).

1.3 The “Applicant” herein refers to the parent company (or holding or related company, as may be applicable) of the proposed Foreign Fund Management Company under the Special Scheme.

## **2.0 APPLICATION PROCEDURE**

2.1 An application for the establishment of a Foreign Fund Management Company under the Special Scheme shall be made to the SC by providing the information as set out in the attached ‘Form for Establishment of a Foreign Fund Management Company under the Special Scheme’.

2.2 The Applicant is required to provide information to the SC in relation to its–

- (a) financial soundness;
- (b) compliance, internal audit and risk management capabilities;
- (c) track record in fund management activities;

- (d) geographical presence;
  - (e) brand value and expertise in various markets, products and services; and
  - (f) technological capabilities.
- 2.3 The Applicant is also required to provide information on its proposed business model as well as business plan in Malaysia and its value proposition for the overall development of the capital market.
- 2.4 The SC may seek further clarification, information or documents from the Applicants.

### **3.0 CONDITIONS FOR ESTABLISHMENT**

- 3.1 A Foreign Fund Management Company under the Special Scheme is permitted to have up to 100% foreign equity.
- 3.2 A Foreign Fund Management Company under the Special Scheme shall comply with the licensing requirements under the securities laws and the *Licensing Handbook* prior to commencing its fund management activities.
- 3.3 A Foreign Fund Management Company under the Special Scheme is not required to comply with the following:
- (a) 30% Bumiputera composition of its representatives; and
  - (b) 30% Bumiputera composition of its employees.
- 3.4 A Foreign Fund Management Company under the Special Scheme shall conduct its activities from an office in Malaysia.
- 3.5 Within six months from the date of approval for establishment, the following shall be satisfied:
- (a) a company shall be incorporated in Malaysia to operate as a Foreign Fund Management Company; and

- (b) the Foreign Fund Management Company under the Special Scheme shall apply for a Capital Markets Services Licence from the SC to carry on the regulated activity of fund management.

#### **4.0 MANAGEMENT OF FUNDS**

- 4.1 A Foreign Fund Management Company under the Special Scheme may manage funds sourced from within or outside Malaysia. For purposes of clarity, there is no minimum limit on the size of funds that are sourced from within Malaysia, and this equally applies to an existing Foreign Fund Management Company under the Special Scheme.
- 4.2 An Islamic fund management company under the Special Scheme may also issue, offer or make an invitation to subscribe or purchase units of unit trust funds, subject to obtaining approval under section 289 of the CMSA, and compliance with the *Guidelines on Unit Trust Funds*.
- 4.3 A Foreign Fund Management Company under the Special Scheme may undertake activities in relation to restricted investment schemes, subject to compliance with the *Guidelines on Restricted Investment Schemes*.
- 4.4 For the purposes of clause 4.1, reference to "manage funds" means managing funds whether on a discretionary authority or otherwise.

#### **5.0 SUBMISSIONS**

- 5.1 All submissions relating to this application should be addressed to:

**The Senior Executive Director  
Market Supervision Division  
Securities Commission  
3, Persiaran Bukit Kiara  
Bukit Kiara  
50490 Kuala Lumpur  
Malaysia  
Tel : (603) – 6204 8000  
Fax : (603) – 6201 5282**

**FORM FOR ESTABLISHMENT OF A FOREIGN FUND MANAGEMENT COMPANY  
UNDER THE SPECIAL SCHEME**

---

This form is an attachment to the "Application for Establishment of Foreign Fund Management Companies Under the Special Scheme".

**Section 1: Particulars of the Applicant**

1. Corporation Name
2. Name of direct and ultimate holding company
3. Date of incorporation
4. Incorporation/Registration number
5. Registered office
6. Principal place of business

Please provide relevant information on the group corporate and equity structure in relation to the application.

Please attach the last three years' annual reports and audited accounts.

**Section 2: Contact Information**

1. Names of contact persons and their positions
2. Telephone number
3. Facsimile number
4. E-mail address
5. Correspondence address

**Section 3: Licence Record in Other Jurisdictions**

Please state the countries where the Applicant's group of companies are licensed, authorised or registered with regulatory bodies to engage in fund management activities.

#### **Section 4: Compliance Information**

1. Please provide a brief outline of the Applicant's group's compliance, internal audit and risk management function, system and framework.
2. Please provide a brief outline of the Applicant's organisation initiatives and major actions taken in Anti-Money Laundering/Counter Terrorism Financing (AML/CTF) and promoting "Know Your Customer"; for example, to adopt best practices for financial institutions under the 40 + 9 recommendations issued by the Financial Action Task Force.
3. Please provide the Applicant's organisation risk management scorecard/register and the latest internal audit and compliance (including AML/CTF) report.
4. Has any disciplinary action or proceeding been taken against the Applicant, or any of its directors by any regulatory authority in relation to fund management activities for the last five years?

If yes, please provide details.

5. Has the Applicant or any of its directors been investigated for offences involving fraud or dishonesty or adjudged by a court to be civilly liable for fraud, dishonesty or misfeasance within the last five years?

If yes, please provide details.

6. In relation to fund management activities, has the Applicant or any of its directors been a party to a civil litigation in the past five years?

If yes, is there any judgment or court order which has not been complied with?

7. Has the Applicant been a party to a scheme of arrangement or served a winding up petition or entered into any form of compromise with creditors in the past five years?

If yes, please provide details.

8. Please provide any other material information that you may wish to disclose relating to the Applicant and the group's compliance track record.

## **Section 5: Additional Information**

1. Please provide information in relation to the Applicant's group market share, position and asset size based on the following:
  - a. geographical coverage; and
  - b. coverage by market segments.
2. Please provide information on the Applicant's group brand value and expertise in various markets, products, services and technological capabilities, including research capabilities.
3. Please also provide track record in fund management activities for the past five years.
4. Please describe the Applicant's proposed business model as well as business plan in Malaysia and its value proposition for the overall development of the capital market.
5. Please briefly describe the Applicant's relationship with its home country regulator or exchange. This may include active participation in dialogues, workshops, road shows, sharing of information/technology and other promotional or marketing activities.
6. Please provide information on Shariah advisers or committee members if the Applicant intends to be involved in Islamic fund management services.

I / We declare that all the information provided in this application (including attachments) is complete, true and correct.

---

Signature of Authorised Company Representative

Name

Designation

Date