

# **GUIDELINES FOR THE OFFERING, MARKETING AND DISTRIBUTION OF FOREIGN FUNDS**

**SC-GL/OMD-2008 (R4-2024)**

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OF FOREIGN FUNDS**

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## **Chapter 1**

### **APPLICATION OF GUIDELINES**

- 1.01 The *Guidelines for the Offering, Marketing and Distribution of Foreign Funds* (Guidelines) is issued by the Securities Commission Malaysia (SC) under section 377 of the *Capital Markets and Services Act 2007*.
- 1.02 These Guidelines set out the—
- (a) types of foreign funds that may be offered, marketed or distributed; and
  - (b) requirements for the offering, marketing or distribution of a foreign fund, pursuant to any agreement or arrangement between securities regulators including any circular, announcement, notice or guidance issued pursuant thereto, or as otherwise specified by the SC, in relation to the offering, marketing and distribution of foreign funds in Malaysia.
- 1.03 [Deleted]
- 1.04 [Deleted]
- 1.05 These Guidelines do not apply to the offering, marketing and distribution of a foreign business trust.
- 1.06 The SC may, upon application, grant an exemption from or a variation to the requirements of these Guidelines if the SC is satisfied that—
- (a) such variation is not contrary to the intended purpose of the relevant requirement in these Guidelines; or
  - (b) there are mitigating factors which justify the said exemption or variation.
- 1.07 The adviser, operator and representative of a foreign fund must provide the SC with information and documents as specified in these Guidelines. Such information and documents must be true, complete and accurate.

## Chapter 2

### DEFINITIONS

2.01 Unless otherwise defined, all words used in the Guidelines shall have the same meaning as defined in the CMSA. In these Guidelines, the following words have the following meanings, unless the context otherwise requires:

ACMF	means the ASEAN Capital Markets Forum;
ACMF NRI MoU	means the memorandum of understanding concerning co-operation and exchange of information on cross-border offers of ASEAN collective investment schemes to non-retail investors;
ACMF Retail MoU	means the memorandum of understanding on streamlined authorisation framework for cross-border public offers of ASEAN collective investment schemes;
ACMF Signatory	means the securities regulator of the ASEAN jurisdiction which has signed the ACMF NRI MoU and/or ACMF Retail MoU;
adviser	means a holder of a CMSL for advising on corporate finance or such other person as may be approved by the SC based on the person's qualification, expertise and experience;
ASEAN SRFS	means the <i>ASEAN Sustainable and Responsible Fund Standards</i> ;
ASEAN Sustainable and Responsible Fund	means a Qualifying CIS that complies with the ASEAN SRFS;
authorised	means an authorisation, approval, registration or recognition (as the case may be) granted by a securities regulator in a foreign jurisdiction;
Main Market Listing Requirements	means the <i>Main Market Listing Requirements</i> issued by Bursa Securities;
Bursa Securities	means Bursa Malaysia Securities Berhad;

closed-end fund (CEF)	means a listed corporation which is engaged wholly in the business of investing its funds in securities for the purposes of - (a) spreading investment risks; and (b) managing a portfolio of investments to gain revenue and profit for the benefit and on behalf of its shareholders;
CMSA	means the <i>Capital Markets and Services Act 2007</i> ;
CMSL	means a Capital Markets Services Licence granted to a person pursuant to section 61 of the CMSA;
collective investment scheme (CIS)	means, any arrangement where— (a) it is made for the purpose, or having the effect, of providing facilities for persons to participate in or receive profits or income arising from the acquisition, holding, management or disposal of securities, derivatives or any other property (hereinafter referred to as 'scheme's assets') or sums paid out of such profits or income; (b) the persons who participate in the arrangements do not have day-to-day control over the management of the scheme's assets; and (c) the scheme's assets are managed by an entity who is responsible for the management of the scheme's assets and is approved/authorised/licensed by a securities regulator to conduct fund management activities;
CUTA	means an institution, a corporation or an organisation of financial planners that is registered as a corporate unit trust adviser with FIMM;
digital assets	means a digital currency or a digital token;
digital currency	means a digital currency that is prescribed as securities under the Capital Markets and Services (Prescription of Securities)(Digital Currency and Digital Token) Order 2019;

digital token	means a digital token that is prescribed as securities under the Capital Markets and Services (Prescription of Securities)(Digital Currency and Digital Token) Order 2019;
digital investment management	means the business of fund management incorporating innovative technologies into automated discretionary portfolio management services;
exchange-traded fund (ETF)	means a listed fund whose principal aim is to – (a) track; (b) deliver multiples of; or (c) deliver opposite of,  the performance of an index or a benchmark using a passive investment strategy;
Foreign Exempt Scheme	means a fund that complies with paragraph 3.01(e);
FIMM	means Federation of Investment Managers Malaysia, a self-regulatory organisation recognised by the SC under the CMSA;
foreign fund or fund	means a CIS that is primarily regulated in a jurisdiction other than Malaysia, whether unlisted or listed on an exchange in that jurisdiction;
home jurisdiction	means the jurisdiction in which– (a) a Qualifying CIS is constituted or established, and authorised by the securities regulator of that jurisdiction for offer to the public in that jurisdiction; or  (b) a NRI CIS is constituted or established, and managed by an operator licensed by or registered with the securities regulator of that jurisdiction in accordance with the ACMF NRI MoU, as the case may be;
home regulator	means the securities regulator of the home jurisdiction;



host jurisdiction	means a jurisdiction (other than the home jurisdiction) in which– (a) a Qualifying CIS is offered or to be offered to the public in that jurisdiction; or  (b) a CIS is offered or to be offered to the non-retail investors in that jurisdiction, as the case may be;
host regulator	means the securities regulator of the host jurisdiction;
inverse ETF	means an ETF whose aim is to deliver the opposite of the daily performance of the index or benchmarking being tracked;
IOSCO	means the International Organization of Securities Commissions;
IOSCO MMoU	means the IOSCO multilateral memorandum of understanding concerning consultation and co-operation, and the exchange of information among securities regulators;
IUTA	means an institution, a corporation or an organisation that is registered as an institutional unit trust adviser with FIMM;
leveraged ETF	means an ETF whose aim is to deliver multiples of the daily performance of the index or benchmark;
NAV per unit	means the NAV of the fund divided by the number of units in circulation, at the valuation point;
net asset value (NAV)	means the value of all the fund's assets less the value of all the fund's liabilities at the valuation point;
NRI CIS	means a CIS that is recognised by the SC to be offered, marketed or distributed to sophisticated investors;
offering document	means a prospectus, disclosure document, information memorandum, or any other document, as the case may be, inviting subscriptions or offering to subscribe for or purchase units of the foreign fund;

operator	means a person that operates or manages and is responsible for the foreign fund;
permitted entity	means the entity as specified in Appendix 3 of these Guidelines;
principal adviser	has the same meaning assigned to it in the <i>Licensing Handbook</i> ;
Qualifying CIS	<p>means a CIS–</p> <ul style="list-style-type: none"> <li>(a) that is constituted or established in its home jurisdiction which has been authorised by the home regulator for offer to the public in the home jurisdiction;</li> <li>(b) assessed by the home regulator as suitable pursuant to the Standards of Qualifying CIS to apply to a host regulator for cross-border offering to the public in a host jurisdiction pursuant to the ACMF Retail MoU; and</li> <li>(c) where the fund is an ASEAN Sustainable and Responsible Fund, that complies with the ASEAN SRFS;</li> </ul>
registered distributor	<p>means–</p> <ul style="list-style-type: none"> <li>(a) IUTA or CUTA, where the foreign fund is a fund as specified in sub-paragraphs 3.01(a), (b) and (e) of these Guidelines; or</li> <li>(b) a person registered pursuant to Section 76(2) of the CMSA, where the foreign fund is a fund as specified in sub-paragraph 3.01(c) of these Guidelines;</li> </ul>
securities regulator	means a foreign authority which carries out similar functions to that of the SC as provided for under section 15 of the <i>Securities Commission Malaysia Act 1993</i> ;
sophisticated investor	<p>means any person who –</p> <ul style="list-style-type: none"> <li>(a) is determined to be a sophisticated investor under the <i>Guidelines on Categories of Sophisticated Investors</i>; or</li> <li>(b) acquires any capital market product where the</li> </ul>

consideration is not less than two hundred and fifty thousand ringgit or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise,

and such person shall be referred to as non-retail investors (NRI) in the context of ACMF NRI MOU;

Standards of Qualifying CIS

means a set of rules and regulations as agreed and may be amended from time to time among the ACMF Signatories, which applies only to the Qualifying CIS under the ACMF Retail MoU;

synthetic ETF

means an ETF that adopts synthetic replication strategy by entering into over-the-counter derivative contracts to replicate the index's performance without directly holding the underlying constituents of the index or benchmark.

- 2.02 Where relevant, references to 'unit(s)' in these Guidelines should be read to include shares or any other instrument representing a right or interest in a foreign fund and 'unit holder(s)' should be read to refer to shareholders or any person entitled to be recognised as owner of such right or interest in that foreign fund.

## **Chapter 3**

### **PERMITTED FOREIGN FUNDS**

- 3.01 Subject to the requirements under these Guidelines, a foreign fund may be offered, marketed or distributed in Malaysia provided the foreign fund is–
- (a) a fund from a jurisdiction as specified under Appendix 1 of these Guidelines;
  - (b) a fund as specified under Appendix 2 of these Guidelines;
  - (c) a fund offered by a permitted entity as specified under Appendix 3 of these Guidelines;
  - (d) a fund that invests or proposes to invest primarily in income-generating real estate provided that-
    - (i) the units are listed on an exchange as specified by the SC and is located in a jurisdiction where the securities regulator for such fund is a full signatory of the IOSCO MMoU as listed in its Appendix A;
    - (ii) the offering of units is made by a holder of a CMSL who carries on the business of dealing in securities; and
    - (iii) the offering of units is limited to a one-off offering only to sophisticated investors and is not offered to the sophisticated investors on a continuous basis; or
  - (e) a fund as specified under Appendix 4 of these Guidelines.
- 3.02 With regard to a fund as specified under paragraph 3.01(d) above, the following requirements are disappplied:
- (a) Chapter 4, save for paragraphs 4.07, 4.08 and 4.09;
  - (b) Chapter 6;
  - (c) Chapter 8; and
  - (d) Chapter 13.
- 3.03 With regard to a fund as specified under paragraph 3.01(e), the requirements in Chapters 4 to 13 are disappplied. For avoidance of doubt, the fund as specified under paragraph 3.01(e) must comply with the requirements as set out in Appendix 4 of these Guidelines.

## Chapter 4

### **REQUIREMENTS FOR THE OFFERING, MARKETING OR DISTRIBUTION OF FOREIGN FUNDS**

#### **General**

- 4.01 A foreign fund as specified under Appendix 1 of these Guidelines may be offered, marketed or distributed in Malaysia provided that–
- (a) the fund complies with the requirements as stipulated in the said Appendix; and
  - (b) if the fund is listed and traded on an exchange in that jurisdiction, the exchange must be regulated by the relevant regulator in that jurisdiction.
- 4.02 A foreign fund as specified under Part 1 of Appendix 2 of these Guidelines may be offered, marketed or distributed in Malaysia, provided that the home regulator of the NRI CIS is a signatory to the ACMF NRI MoU.
- 4.03 A foreign fund as specified under Part 2 of Appendix 2 and Appendix 3 of these Guidelines may be offered, marketed or distributed in Malaysia provided that–
- (a) the fund is domiciled in a jurisdiction where the securities regulator for the fund is a full signatory of the IOSCO MMoU as listed in its Appendix A;
  - (b) the fund is primarily regulated by a securities regulator that is a full signatory of the IOSCO MMoU as listed in its Appendix A;
  - (c) the rules on investments, borrowing and lending are substantially similar to the requirements imposed on a fund primarily regulated in Malaysia;
  - (d) the legal and regulatory framework governing such fund and the enforcement of investors rights should provide a level of investor protection equivalent to that offered in Malaysia;
  - (e) if the fund is listed and traded on an exchange in the foreign jurisdiction, the exchange must be an exchange that–
    - (i) is a member of the World Federation of Exchanges and other exchanges as may be specified by the SC; and
    - (ii) has standards of disclosure that are at least equivalent to that of Bursa Securities.
- 4.03A In addition to paragraph 4.03, a foreign fund as specified under Appendix 3 of these Guidelines must–

- (a) be constituted and domiciled in a country which is a member of the permitted entity; and
- (b) be regulated by a securities regulator of a country which is a member of the permitted entity.

### **Operator of a foreign fund**

- 4.04 An operator of a foreign fund must be licensed or otherwise regulated and supervised by the following:
- (a) For a fund as specified under Part 1 of Appendix 1 of these Guidelines, the securities regulator as specified under that part; or
  - (b) For a fund as specified under Part 2 of Appendix 1 of these Guidelines, an ACMF Signatory to the ACMF Retail MoU; or
  - (c) For a fund as specified under Part 1 of Appendix 2 of these Guidelines an ACMF Signatory to the ACMF NRI MoU; or
  - (d) For a fund as specified under Part 2 of Appendix 2 and Appendix 3 of these Guidelines, the securities regulator that is a full signatory of the IOSCO MMoU as listed in its Appendix A.

### **Offering of listed foreign funds in Malaysia**

- 4.05 A foreign fund that is listed on an exchange in a foreign jurisdiction may only be offered in Malaysia through a listing and quotation of its units on Bursa Securities. In such instances, these Guidelines must be read together with the relevant provisions in the *Main Market Listing Requirements*.
- 4.06 Notwithstanding paragraph 4.05 above, a foreign fund as specified under Part 2 of Appendix 1 of these Guidelines that is listed on an exchange in its home jurisdiction may be offered in Malaysia as an unlisted capital market product.

### **Requirements for Islamic funds**

- 4.07 A foreign fund may be offered, marketed or distributed as an Islamic fund in Malaysia provided that there is a Shariah supervisory board/Shariah adviser appointed by the operator.
- 4.08 The Shariah supervisory board/Shariah adviser must–
- (a) certify that the fund is Shariah compliant;
  - (b) review and ensure compliance with Shariah principle rulings at least on an annual basis;

- (c) ensure that the fund's monies and properties are properly safeguarded and segregated in accordance with Shariah requirements; and
  - (d) state in the annual report whether the fund has been operated and managed in accordance with Shariah principles. The report by the Shariah supervisory board/Shariah adviser must also include a statement to the effect that the status of securities has been determined or classified as Shariah compliant.
- 4.09 For an Islamic fund, the following information must be disclosed to the investors:
- (a) the name and experience of the Shariah supervisory board/Shariah adviser;
  - (b) the roles and primary functions of the Shariah supervisory board/Shariah adviser;
  - (c) a clear description of the Shariah approval process including details of methodologies, rulings and screening process; and
  - (d) frequency of review on the fund's investments by the Shariah supervisory board/Shariah adviser to ensure compliance with Shariah principles or any other relevant principle at all times.

## Chapter 5

### OFFERING DOCUMENT AND CONSTITUTIVE DOCUMENT FOR A FOREIGN FUND

#### Offering document

5.01 An offering document which is required for the offering of a foreign fund to retail investors must comply with the relevant disclosure requirements applicable to a foreign fund as provided under the securities laws of Malaysia, the *Prospectus Guidelines for Collective Investment Schemes* and the *Guidelines on Disclosure Documents* issued by the SC.

5.02 In relation to a foreign fund to be offered to sophisticated investors, where there is any offering document accompanying such foreign fund in the case:

- (a) where the foreign fund is a fund other than a real estate investment trust, such offering document must be lodged with the SC in accordance with the requirements under the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework*; or
- (b) where the foreign fund is a real estate investment trust, such offering document must be submitted with the SC as required in the CMSA.

#### Constitutive document

5.03 Nothing in the constitutive document of a foreign fund may exclude the jurisdiction of the courts of Malaysia to entertain any action concerning the foreign fund.



## Chapter 6

### REQUIREMENT TO APPOINT A REPRESENTATIVE IN MALAYSIA

- 6.01 An operator must appoint a representative in Malaysia in relation to each foreign fund that is to be offered, marketed and distributed in Malaysia.
- 6.02 The operator must at all times, ensure that there is an appointed representative—
- (a) throughout the duration the foreign fund being offered in Malaysia; or
  - (b) so long as there is a unit holder of such foreign fund in Malaysia.
- 6.03 The operator must remain responsible for the conduct and obligations of the appointed representative.
- 6.04 In relation to a foreign fund as specified below, only the following persons can be appointed as a representative:

Foreign fund	Representative
Specified under- <ul style="list-style-type: none"><li>• Appendix 1;</li><li>• Part 1 of Appendix 2; and</li><li>• Item 1 and 2, Part 2 of Appendix 2</li></ul>	<ul style="list-style-type: none"><li>(a) Holder of a CMSL;</li><li>(b) Registered distributor;</li><li>(c) Audit firm registered with the Audit Oversight Board of the SC;</li><li>(d) Trustee registered pursuant to the <i>Guidelines on the Registration and Conduct of Capital Market Services Providers</i>; or</li><li>(e) Any other person as may be approved by the SC.</li></ul>
Specified under Item 3, Part 2 of Appendix 2	Holder of a CMSL for fund management that is a related corporation to the operator.
Specified under Appendix 3	A person registered under sub-section 76(2) of CMSA.

- 6.05 Notwithstanding paragraph 6.03, the SC may take action against a representative who fails to carry out the functions of a representative as set out under these Guidelines.

## Obligations of a representative

6.06 An appointed representative must –

- (a) represent the foreign fund and its operator for all matters relating to that foreign fund including representing the operator of that foreign fund in any dispute resolution scheme that the said operator may be subject to;
- (b) submit or make available to the SC any information relating to that foreign fund, the business of the operator or the representative, and any other information as may be required by the SC from time to time;
- (c) accept any notice or correspondence, including service of process, which unit holders may wish to serve on the foreign fund, its trustee/fund supervisor/custodian or its operator and forwarding the same to the said trustee/fund supervisor/custodian or operator, as the case may be;
- (d) keep a consolidated register<sup>1</sup> of unit holders, which must include the following information:
  - (i) For individuals, the name, address and the number of the identity card issued under the *National Registration Act 1959*, or passport number in the case of a foreigner;
  - (ii) For corporations, the name, registered address and registration number of that corporation;
  - (iii) The number of units held by each unit holder;
  - (iv) The date on which the name was entered in the register as a unit holder;
  - (v) The date on which any person ceased to be a unit holder; and
  - (vi) Any other relevant information or particulars of the unit holder;
- (e) provide unit holders<sup>2</sup> with information on the foreign fund in a timely and efficient manner, including any periodic reports, notices and public announcements issued in relation to the foreign fund;
- (f) concurrently submit a copy of the information referred to in paragraph 6.06(e) above to the SC;
- (g) make available for public inspection at its registered office in Malaysia, at no charge, the following:

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<sup>1</sup> Where there are multiple registered distributors, the representative must consolidate the registers maintained by each registered distributor pursuant to paragraph 8.02.

<sup>2</sup> In the case where units are held under a nominee system, the representative must ensure that such nominee provides the said information to the ultimate beneficial owners of the units.

- (i) The current offering document and constitutive document;
- (ii) Each material contract disclosed in the current offering document and in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts;
- (iii) The audited financial statements of the foreign fund for the current financial year and–
  - (A) the audited financial statements for the last three financial years; or
  - (B) if established/incorporated less than three years, all audited financial statements preceding the date of the current offering document;
- (iv) All reports, letters or other documents, valuations and statements by any expert or any part of which is extracted or referred to in the current offering document. Where a summary expert's report is included in the current offering document, the corresponding full expert's report must be made available for inspection;
- (v) Writ and relevant cause papers for all material litigation and arbitration disclosed in the current offering document; and
- (vi) All consents given by experts disclosed in the current offering document;
- (h) notify the SC immediately–
  - (i) of any material change to or development in the foreign fund, or parties responsible for the foreign fund;
  - (ii) of any material action taken against the parties responsible for the foreign fund by the securities regulator of each jurisdiction where the fund is offered, marketed or distributed;
  - (iii) when the dealing of units in the fund has been suspended in the jurisdiction where it is primarily regulated or in Malaysia;
  - (iv) when the fund is no longer authorised to be offered in the foreign jurisdiction where it is primarily regulated;
  - (v) upon the commencement and completion of the termination or winding up of the foreign fund; or
  - (vi) of any change to its registered address or any other contact details;
- (i) ensure that the offering document and reports of the foreign fund, and all information meant for investors in Malaysia are either in Bahasa Malaysia or English;

- (j) provide the SC details of all contracts between the appointed representative and its operator in respect of the foreign fund. The SC must be notified of subsequent material amendments to such contracts;
  - (k) ensure that the NAV per unit of the foreign fund is made publicly available on a daily basis except in the case of a–
    - (i) CEF listed on Bursa Securities, where the NAV per unit of the foreign fund must be made publicly available at the frequency required by the relevant regulator in the jurisdiction, where it is primarily regulated or at least on a weekly basis; and
    - (ii) foreign property fund (including real estate investment trust) listed on Bursa Securities, where the NAV per unit of the foreign fund must be made publicly available at the frequency required by the relevant regulator in the jurisdiction, where it is primarily regulated or at least on a quarterly basis; and
  - (l) submit to the SC the statistical returns of the foreign fund in accordance with the requirements set out under paragraphs 13.01 to 13.09.
- 6.07 If the representative is undertaking a regulated activity, it must obtain the necessary licence for that regulated activity.

#### **Replacement of representative**

- 6.08 If the position of the representative becomes vacant, the offering, marketing or distribution of the foreign fund must immediately cease.
- 6.09 The operator must appoint a new representative within 30 calendar days from the date of the vacancy, or any such period as may be allowed by the SC.
- 6.10 The operator must immediately notify the SC of such appointment.

## Chapter 7

### **ADDITIONAL OBLIGATIONS OF AN OPERATOR OF A FOREIGN EXCHANGE-TRADED FUND**

7.01 The operator of a foreign ETF as specified under Part 1 of Appendix 1 and Part 2 of Appendix 2 of these Guidelines is required to maintain a website incorporating information relating to its ETF. The information to be included on the website are as follows:

- (a) Indicative NAV per unit of the ETF on a real time or near real time basis;
- (b) The ETF's portfolio on a daily (end of day) basis except where in-kind creation or redemption transactions can only be made outside Malaysia;
- (c) Annual rate of management fee;
- (d) Annual rate of trustee fee, where applicable;
- (e) Any other transaction charges;
- (f) Information on key personnel of the operator such as the chief executive and designated person responsible for compliance matters. Information must include academic or professional qualifications and relevant work experience;
- (g) Summary of the operator's financial position for the past three years, where applicable, in tabular form, disclosing-
  - (i) paid-up share capital;
  - (ii) shareholders' funds;
  - (iii) revenue;
  - (iv) profit or loss before tax; and
  - (v) profit or loss after tax;
- (h) Total number of funds as well as total value of funds operated by the operator of the foreign ETF;
- (i) Where the fund management function of the foreign ETF is undertaken by an external fund manager, a brief corporate information of the external fund manager and total value of funds under the fund manager's management;
- (j) Where the operator of the foreign ETF outsources any function to an external party, a brief corporate information of the service provider or sub-contractor and the roles and duties of the service provider or sub-contractor; and
- (k) A hyperlink from the foreign ETF's website to the website of the stock exchange.

- 7.02 The operator of the foreign ETF must ensure the following documents are made readily available to Malaysian investors through the website of the foreign ETF or such other channels, as the SC considers appropriate:
- (a) Offering document of the foreign ETF;
  - (b) Key features of the foreign ETF except where the fact sheet of the foreign ETF is made available instead of the key features of the foreign ETF;
  - (c) Latest annual report, and any periodic reports of the foreign ETF; and
  - (d) All notices and public announcements issued by the foreign ETF.
- 7.03 The operator of the foreign ETF must notify the SC of events that may the acceptability of the index which the foreign ETF is tracking. These may include, but are not limited to-
- (a) a change in the composition of the index due to, for example, the inclusion or deletion of any constituent; or
  - (b) a change in the weightings of the index constituents due to, for example, corporate activities (such as mergers and acquisitions) or significant market movements.
- 7.04 The SC may require additional information to be disclosed if deemed necessary.

## **Chapter 8**

### **REQUIREMENT TO APPOINT A REGISTERED DISTRIBUTOR IN MALAYSIA**

- 8.01 An operator must appoint a registered distributor in Malaysia for the purpose of offering, marketing or distributing a foreign fund that is to be offered in Malaysia as an unlisted capital market product.
- 8.02 Such registered distributor must keep a register of unit holders, which must include the following information:
- (a) For individuals, the name, address and the number of the identity card issued under the *National Registration Act 1959*, or passport number in the case of a foreigner;
  - (b) For corporations, the name, registered address and registration number of that corporation;
  - (c) The number of units held by each unit holder;
  - (d) The date on which the name was entered in the register as a unit holder;
  - (e) The date on which any person ceased to be a unit holder; and
  - (f) Any other relevant information or particulars of the unit holder.
- 8.03 A registered distributor must also comply with the relevant guidelines, circulars and any other rules issued by the SC or FIMM, as the case may be, in relation to the marketing and distribution of the foreign fund.

## **Chapter 9**

### **APPLICATION FOR SC'S APPROVAL OR RECOGNITION FOR THE OFFERING OF A FOREIGN FUND TO RETAIL INVESTORS**

#### **General**

- 9.01 An application to the SC for the approval or recognition for the offering of a foreign fund to retail investors must be submitted by an adviser appointed by the operator of that foreign fund.
- 9.02 Notwithstanding paragraph 9.01 above, in the case of a foreign ETF where the ETF operator has at least five (5) years of experience in managing ETF (local or foreign), the application to the SC may be submitted by–
- (a) the ETF operator, if the ETF operator is a holder of a CMSL for fund management in relation to portfolio management, dealing in securities or advising on corporate finance; or
  - (b) in the case where the ETF operator is not a holder of a CMSL for fund management in relation to portfolio management, dealing in securities or advising on corporate finance, its related corporation who is a holder of a CMSL for such regulated activities, on behalf of the ETF operator.
- 9.03 Where the above paragraph 9.02 applies, all provisions in these Guidelines relating to advisers would be applicable to the ETF operator or the ETF operator's related corporation, as the case may be.
- 9.04 Unless specified otherwise, applications must be submitted in accordance with the requirements set out under paragraphs 9.11 to 9.13 of these Guidelines.
- 9.05 The adviser and operator have a duty to ensure that all the requirements of the SC pertaining to submission of an application are met and is responsible for dealing with the SC on all matters relating to the application.
- 9.06 Submissions of applications that do not comply with the requirements of the SC or which are unsatisfactory may be returned.
- 9.07 The operator, adviser and any other person accepting responsibility for all or any part of the information and documents submitted to the SC should exercise due diligence for such information.
- 9.08 The adviser must submit to the SC any additional information as may be requested by the SC in relation to the application.
- 9.09 The adviser must immediately inform the SC of–
- (a) any material change or development in circumstances that would affect the SC's consideration of the application; and/or
  - (b) any material change or development in circumstances relating to the application occurring subsequent to the SC's approval or recognition.



- 9.10 The SC may consider an application to vary any term or condition imposed in its approval or recognition, as the case may be. Such application must be supported by justifiable grounds which may include changes in circumstances beyond the control of the relevant parties.

**Submission of applications and documents**

- 9.11 Unless otherwise specified in these Guidelines, an application pursuant to paragraphs 9.01 and 9.12 must be made in accordance with, and accompanied by documents, as specified on the SC's website.
- 9.12 In addition to paragraph 9.11, an application under paragraph 9.01 must be accompanied with an application to register and lodge the offering document in accordance with the requirements set out in the *Prospectus Guidelines for Collective Investment Schemes*.
- 9.13 All applications must be accompanied by the relevant fees prescribed by the SC.

## Chapter 10

### ADDITIONAL OBLIGATIONS OF AN ADVISER IN RELATION TO A SUBMISSION

- 10.01 This Chapter sets out the additional obligations of an adviser making a submission to the SC including an application made pursuant to paragraphs 9.01 and 9.12.
- 10.02 An adviser must–
- (a) act honestly, fairly and efficiently;
  - (b) maintain the integrity of the market; and
  - (c) maintain and safeguard the confidentiality of records and information.
- 10.03 Where more than one adviser is appointed, all advisers are jointly and severally responsible for the submission made to the SC.
- 10.04 An adviser has a duty to ensure that after having made due and careful enquiries, it has reasonable grounds to believe that–
- (a) the submission made to the SC meets the requirements as set out in the securities laws and where applicable, the *Main Market Listing Requirements*; and
  - (b) the submission made to the SC will not adversely impact the operator's ability to continue to comply with the securities laws and where applicable, the *Main Market Listing Requirements*.
- 10.05 An adviser must–
- (a) provide all assistance to the SC including grant full and free access to all information relating to any submissions made to the SC; and
  - (b) deal promptly with all SC's queries and concerns raised in relation to any submissions made. The responses to queries must be complete and concerns raised must be resolved in an effective manner.
- 10.06 An adviser must have effective policies and procedures for the proper performance of its obligations under these Guidelines. Such policies and procedures must be continuously reviewed to address any inadequacies and gaps present and to ensure they remain effective.
- 10.07 An adviser must retain all documents and records in relation to work done demonstrating compliance with the securities laws and where applicable, the *Main Market Listing Requirements* for a period of at least seven (7) years from the date of the –
- (a) SC's decision;

- (b) termination of its engagement after a submission has been made to the SC; or
  - (c) submission to or deposit of documents with the SC in relation to the submission, whichever is the latest.
- 10.08 An adviser must take all reasonable measures to avoid, resolve or adequately mitigate situations that are likely to involve a conflict of interest and where relevant, disclose steps taken to mitigate or resolve any situations of conflict.
- 10.09 Notwithstanding paragraph 10.08, the SC may direct an adviser to take such steps as the SC considers necessary to resolve or adequately mitigate and disclose any situation of conflict of interest and the adviser must comply with any such directions issued.
- 10.10 An adviser must ensure the confidentiality of and protect against unauthorised use of or access to operator's records and information.
- 10.11 An adviser must ensure that all information from the SC to the operator are conveyed to the operator in an accurate and prompt manner.
- 10.12 An adviser must–
  - (a) have sufficient personnel with relevant experience, competency and qualifications at all times; and
  - (b) ensure that it has adequate resources to supervise diligently and does supervise diligently persons employed or appointed by it to conduct business on its behalf.

## **Chapter 11**

### **OBLIGATIONS OF AN OPERATOR IN RELATION TO A SUBMISSION**

- 11.01 This Chapter sets out the obligations of an operator who is not making a submission to the SC for the offering of a foreign fund. In this Chapter, reference to an operator includes the directors, promoters and any employee authorised to act on behalf of the operator.
- 11.02 An operator must at all times extend its full cooperation and participation to other parties involved in the submission to the SC including–
- (a) providing and verifying relevant information to enable an adviser to perform their obligations in relation to the submission;
  - (b) informing the adviser of any change to information that was previously made available or provided as well as new information that may impact the submission; and
  - (c) responding in a prompt and complete manner to any queries and concerns raised by the SC and the adviser in relation to the submission.
- 11.03 An operator must take all reasonable measures to avoid, resolve or adequately mitigate situations that are likely to involve a conflict of interest and where relevant, disclose steps taken to mitigate or resolve any situations of conflict.

## Chapter 12

### OFFERING OF A FOREIGN FUND TO SOPHISTICATED INVESTORS

#### Lodge and Launch Framework

- 12.01 In relation to the offering of a foreign fund to sophisticated investors, the requirements as set out in the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* must apply. Lodgement of relevant information and documents with the SC is required prior to the offering of a foreign fund to sophisticated investors.
- 12.02 All information and documents that must be lodged with the SC as required under the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* are set out in the *Lodgement Kit*.
- 12.03 Any lodgement must be accompanied by the relevant fees prescribed by the SC.

#### Application for SC's recognition for the offering of a foreign fund to sophisticated investors as specified under paragraph 3.01(d)

- 12.04 An application to the SC for the recognition for the offering of a foreign fund to sophisticated investors as specified under paragraph 3.01(d) must be submitted by a principal adviser appointed by the operator of that foreign fund.
- 12.05 The principal adviser is subjected to the requirements as set out in paragraphs 9.05 to 9.10 of these Guidelines and Chapter 5 of the *Guidelines on Submission of Corporate and Capital Market Product Proposals*.
- 12.05A An application pursuant to paragraph 12.04 must be made in accordance with, and accompanied by documents, as specified on the SC's website.
- 12.06 [Deleted]
- 12.07 [Deleted]
- 12.08 [Deleted]
- 12.09 All applications must be accompanied by the relevant fees prescribed by the SC.

## **Chapter 13**

### **REPORTING TO THE SECURITIES COMMISSION MALAYSIA**

#### **General**

- 13.01 The representative of a foreign fund must submit the statistical returns of the fund on a monthly basis via the SC online submission system, unless specified otherwise by the SC.
- 13.02 The report should cover a period starting from the first day of a month until the last day of that month. For information required at a certain cut-off, it must be as at the last day of the month.
- 13.03 For a fund newly offered, marketed or distributed in Malaysia, the statistical returns must commence from the month in which the fund's offer period in Malaysia ends. For example, if a fund was launched on 28 June and the offer period ends on 18 July, the first statistical returns should be submitted for the month of July. In this instance, the statistical returns will consist of data for more than one month, i.e. from 28 June to 31 July.
- 13.04 The representative must take all necessary steps to ensure that the information provided in the statistical returns is complete and accurate.
- 13.05 The chief executive officer of the operator is ultimately responsible for all information submitted in the statistical returns. The chief executive officer is expected to ensure that necessary policies and procedures are in place, and that the information submitted to the SC in the statistical returns is true and accurate.
- 13.06 The representative must keep a printed copy of the statistical returns at its registered office or a designated place approved by the SC at all times for a minimum period of seven years from the date the statistical returns is submitted to the SC.
- 13.07 The representative must submit the statistical returns within seven business days of the month following the month of reporting.
- 13.08 Should there be errors and/or omissions discovered after the submission of statistical returns, the representative must immediately rectify and re-submit the amended statistical returns to the SC.

#### **Submission of statistical returns during winding up**

- 13.09 While a fund is being wound up, the representative must continue to submit the statistical returns to the SC until the winding up is complete.

## Appendix 1

### PERMITTED FOREIGN FUNDS SPECIFIED UNDER PARAGRAPH 3.01(a)

#### Part 1 – Jurisdictions and Funds under Mutual Recognition Agreements

Jurisdictions	Funds
Dubai International Financial Centre	Islamic funds which are– (a) constituted and domiciled in the Dubai International Financial Centre; and (b) notified or registered with the Dubai Financial Services Authority and includes: <ul style="list-style-type: none"><li>• Public funds</li><li>• Private funds [100 participants]</li><li>• Umbrella funds</li><li>• Property funds (including REITs)</li><li>• Feeder funds</li><li>• Fund-of-funds</li><li>• Private equity funds</li><li>• Commodity-related funds</li></ul>
Hong Kong	Islamic funds (excluding hedge funds and leveraged funds) which are– (a) authorised and primarily regulated by Securities and Futures Commission Hong Kong (SFC) but exclude funds that are authorised under any mutual recognition agreement between SFC and another jurisdiction; (b) managed by SFC-licensed managers; and (c) domiciled in– <ul style="list-style-type: none"><li>• Hong Kong; or</li><li>• jurisdictions that have broadly implemented IOSCO Principles for Collective Investment Schemes and are signatories to the IOSCO MMoU.</li></ul>

#### Part 2 – Jurisdictions and Funds under the ACMF Retail MoU

Permitted Funds	Jurisdictions
Qualifying CIS	The jurisdiction of an ACMF Signatory to the ACMF Retail MoU <sup>3</sup>

<sup>3</sup> Please refer to the '*Handbook for ASEAN CIS and Their Operators*', which is available on the SC's website.

## **Appendix 2**

### **PERMITTED FOREIGN FUNDS SPECIFIED UNDER PARAGRAPH 3.01(b)**

#### **Part 1 – Permitted Foreign Funds for Non-retail Investors under the ACMF NRI MoU**

1. An unlisted fund which—
  - (a) is constituted or established in the jurisdiction of an ACMF Signatory to the ACMF NRI MoU;
  - (b) is offered for sale in the jurisdiction where it is primarily regulated and is not subject to any prohibition order imposed by its home regulator on the marketing, distribution or offering of units of such fund;
  - (c) complies with the requirements as set out under the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* (to be read together with the *Lodgement Kit*; and
  - (d) invests 85% or more of its NAV in another fund, the fund manager of such other fund—
    - (i) must be suitably authorised, regulated and supervised by an acceptable securities regulator; and
    - (ii) such regulator of the fund manager must be a signatory to the IOSCO MMoU as listed in its Appendix A or has a bilateral agreement or arrangement with the SC, in particular, with regard to co-operation on supervision, investigation, enforcement and information sharing.
2. The unlisted fund as set out in paragraph 1 must not be a fund that invest in digital assets or assets of a similar nature.

#### **Part 2 – Other Permitted Foreign Funds**

1. An ETF that -
  - (a) uses passive management strategy; and
  - (b) directly invest in the underlying assets without using derivative positions to create synthetic exposures or leveraged or inverse exposure to an index.
2. In the case of a foreign synthetic or leveraged or inverse ETF, up to five (5) of such ETFs per operator.
3. Listed CEF.



## Appendix 3

### PERMITTED FOREIGN FUNDS SPECIFIED UNDER PARAGRAPH 3.01(c)

Permitted entity	Funds
Islamic Corporation for the Development of the Private Sector, declared as an international organization under the <i>International Organizations (Privileges and Immunities) Act 1992</i> and any regulation issued under it.	Islamic funds which are allowed to invest only in the following permitted investments: <ul style="list-style-type: none"><li>• Shares and other securities equivalent to shares that are dealt in on an organised market;</li><li>• Sukuk that are dealt in on an organised market;</li><li>• Islamic money market instruments that are normally dealt in on the money market;</li><li>• Placement in Islamic deposits;</li><li>• Units or shares in other Islamic collective investment schemes; and</li><li>• Islamic financial derivatives.</li></ul>

## Appendix 4

### PERMITTED FOREIGN FUNDS UNDER PARAGRAPH 3.01(e)

1. A Foreign Exempt Scheme must be a fund that meets the following criteria:
  - (a) Established and managed by an operator that is—
    - (i) licensed or otherwise regulated and supervised by the relevant regulator in a foreign jurisdiction to carry on the activity of fund management and must be a related corporation to a holder of a CMSL for the regulated activity of fund management in relation to portfolio management, but does not include digital investment management; or
    - (ii) a holder of a CMSL for the regulated activity of fund management in relation to portfolio management, but does not include digital investment management;
  - (b) Only offered, marketed or distributed to accredited investors and high-net worth entities set out in the *Guidelines on Categories of Sophisticated Investors*. However, in the case of accredited investors, the Foreign Exempt Scheme must not be offered, marketed or distributed to—
    - (i) a chief executive officer or a director as referred to in subparagraph 5.01(a)(viii) of the *Guidelines on Categories of Sophisticated Investors*; and
    - (ii) an individual who is a licensed person or a registered person; and
  - (c) Is not a listed CIS that invests primarily in real estate.
- 1A. For the purpose of this Appendix—
  - (a) a related corporation has the same meaning as defined in the CMSA; or
  - (b) a corporation shall be deemed to be a related corporation of another corporation where both corporations have the same individual or a group of individuals who—
    - (i) controls the composition of the board of directors of the corporations;
    - (ii) controls more than half of the voting power of the corporations; or
    - (iii) holds more than half of the total number of issued shares of the corporation, excluding any part of the share capital which consists of non-voting shares.

## **Offering of a Foreign Exempt Scheme**

2. Prior to the offering, marketing or distribution of the Foreign Exempt Scheme, all information and documents as set out in the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework* must be lodged with the SC.
3. Any advertisement that seeks to promote the Foreign Exempt Scheme through printed, electronic, digital or any other means may only be undertaken if such advertisement is made available exclusively to the investors set out in paragraph 1(b) of this Appendix.
4. The operator remains responsible for all continuous obligations to its investors including informing investors of any material and significant changes affecting the Foreign Exempt Scheme as well as any changes to the material information previously provided to investors.
5. Any person offering the Foreign Exempt Scheme must ensure investors are informed of the following:
  - (a) The Foreign Exempt Scheme is established in a foreign jurisdiction and regulated by the relevant regulator in the foreign jurisdiction;
  - (b) The Foreign Exempt Scheme is not authorised or recognised by the SC; and
  - (c) Investors must rely on their own evaluation to assess the merits and risks of their investments in the Foreign Exempt Scheme.

## **Representative of the Foreign Exempt Scheme**

6. For the offering, marketing or distribution of the Foreign Exempt Scheme, the operator must –
  - (a) appoint a representative in Malaysia; and
  - (b) ensure that there is a representative –
    - (i) throughout the duration of the Foreign Exempt Scheme being offered; and
    - (ii) so long as there is a unit holder in Malaysia for such Foreign Exempt Scheme.
7. The representative for the Foreign Exempt Scheme must be a holder of a CMSL for the regulated activity of fund management in relation to portfolio management and is a related corporation to the operator.

8. Notwithstanding paragraph 6 of this Appendix, where the operator is a holder of a CMSL for the regulated activity of fund management in relation to portfolio management, the operator must carry out all the duties of the representative as set out in this Appendix.
9. The operator must remain responsible for the conduct and obligations of the representative.
10. The representative must submit or make available to the SC any information relating to the Foreign Exempt Scheme as set out in the *Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework*.
11. Where the position of the representative becomes vacant, the operator must notify the SC of the appointment of the new representative and immediately cease the offering, marketing and distribution of the Foreign Exempt Scheme.

### **Distributor of the Foreign Exempt Scheme**

12. The operator must appoint –
  - (a) a registered distributor; or
  - (b) a distributor who is a holder of a CMSL for the regulated activity of fund management in relation to portfolio management and is a related corporation to the operator,for the purpose of offering, marketing or distribution of the Foreign Exempt Scheme.
13. The distributor must provide relevant information relating to the Foreign Exempt Scheme as requested by the appointed representative of the Foreign Exempt Scheme.
14. The distributor must ensure that investors are informed of the required information as specified in paragraph 5 of this Appendix.

### **Reporting of statistical returns and documents to the SC**

15. The representative of the Foreign Exempt Scheme must provide the statistical information and documents as specified by the SC within 14 business days after 31 December of each year or a longer period as may be allowed by the SC.
16. In the event where the offer, marketing or distribution of the Foreign Exempt Scheme ceases, the representative must continue to submit the statistical

information and documents as required in paragraph 15 of this Appendix for the said year.