

GUIDELINES FOR REGISTERED PERSON (REGISTERED REPRESENTATIVE)

SC-CGL/RR-2012 (R1-2015)

1st Issued: 8 October 2012

Revised : 8 July 2015



Suruhanjaya Sekuriti
Securities Commission
Malaysia

LIST OF REVISION (FROM 2015)

REVISION SERIES	REVISION DATE	SERIES NUMBER
1st Revision	8.7.2015	SC-CGL/RR-2012 (R1-2015)

Guidelines for Registered Person (Registered Representative)

1.0 Background

- 1.1 Under the *Capital Markets and Services Act 2007* (CMSA), any person carrying on a business in any regulated activity must be a licensed person under section 61 or a registered person under section 76 of the CMSA.
- 1.2 Registered persons, subject to terms and conditions, are allowed to carry out certain regulated activities without having to hold a licence.
- 1.3 The guidelines introduce three categories of registered persons who are collectively referred to as Registered Representative. The categories are set out in the table below:

Principal	Registered Representative
CMSL holder for regulated activity of dealing in securities	<ul style="list-style-type: none">• Trading Representative• Introducing Representative
CMSL holder for regulated activity of fund management	<ul style="list-style-type: none">• Marketing Representative

2.0 General

- 2.1 The *Guidelines for Registered Person (Registered Representative)* ("the guidelines") is issued by the SC under section 377 of the CMSA.
- 2.2 The guidelines set out:
- (a) the qualifying criteria for an individual to be registered as a Registered Representative;
 - (b) activities that may be carried out by a Registered Representative; and
 - (c) duties of the PO and fund management company for which the Registered Representative acts for.
- 2.3 The guidelines must be read together with all other relevant regulations, guidelines and notices issued by the SC.
- 2.4 The board of directors of a PO and fund management company shall be responsible and held accountable for the acts of the PO and fund management company and its Registered Representative.

3.0 Definitions

3.1 Unless otherwise defined, all words used in these guidelines shall have the same meaning as defined in the CMSA. In these guidelines, unless the context otherwise requires:

CMSA	means the <i>Capital Markets and Services Act 2007</i> ;
Portfolio management company	means a Capital Markets Services Licence holder licensed for fund management in relation to the management of a portfolio of securities or derivatives or a combination of both;
Introducing Representative (IR)	means a person acting as an introducer for a participating organisation and is registered with the SC under these guidelines;
Marketing Representative (MR)	means an employee of a fund management company who undertakes marketing of fund management services and provides client support services and is registered with the SC under these guidelines;
Principal	means a participating organisation in the case of TR/IR and a fund management company in the case of MR;
Participating Organisation (PO)	has the same meaning as provided for in the CMSA;
Registered Representative	means an Introducing Representative, a Trading Representative and a Marketing Representative;
SC	means the Securities Commission Malaysia;
Trading Representative (TR)	means a person who executes securities trades for a participating organisation and is registered with the SC under these guidelines.

4.0 Application for Registration

- 4.1 An individual, through a PO, may apply to be registered either as a TR or an IR, but not for both.
- 4.2 An individual, through a fund management company, may apply to be registered as a MR.

5.0 Registration

- 5.1 The SC may register an applicant provided the following requirements are satisfied:
- (a) be at least 21 years old;
 - (b) satisfy the criteria (including fit and proper criteria) set out under Schedule 1 of these guidelines; and
 - (c) have completed a two-day familiarisation programme and passed the required assessment that is held at the end of the familiarisation programme.
- 5.2 Entry Requirements

The applicant must satisfy the minimum qualification and experience requirement as set out in Table 1 below.

Table 1

Minimum Qualification	TR	IR	MR
Qualification (a) Degree or professional qualification from an institution recognised by the Government of Malaysia; or	✓	✓	✓
(b) Diploma from an institution recognised by the Government of Malaysia; or	✓	✓	✓
(c) Sijil Pelajaran Malaysia (SPM) or an equivalent qualification recognised by the Government of Malaysia, provided that the applicant has at least three years prior experience as a trading clerk registered with Bursa Malaysia Securities Bhd.	✓	-	-

6.0 Procedures for Registration

- 6.1 An applicant must have his application made through a Principal which he is acting for.
- 6.2 The Principal must submit to the SC the relevant [form](#), the documents specified in Schedule 2 below and pay the fees as may be prescribed by the SC.
- 6.3 The Principal may be required to furnish any other information or documents as may be required by the SC for the purposes of the application.

7.0 Duties of the Principal

Pre-Registration

- 7.1 The Principal, through whom the application is made, must conduct proper screening of the applicant to ensure that the applicant has satisfied the entry requirements as stated in these guidelines before the application is submitted to the SC.

Post-Registration

- 7.2 A Principal must conduct ongoing supervision over its Registered Representative and ensure that they satisfy the training requirement as specified under these guidelines.
- 7.3 In relation to Registered Representative of a PO, the Principal must ensure that one licensed dealer representative can only be responsible for up to three Registered Representatives. However, the SC may allow a variation of ratio **from** one licensed Dealer Representative: three Registered Representatives **to** one licensed DR: maximum of 10 Registered Representatives subject to the following conditions:
 - (a) the Registered Representatives are recruited directly by the PO;
 - (b) the Registered Representatives are placed under the direct supervision of the PO and there is clear supervision arrangement in place; and
 - (c) clear accountability has been assigned within the PO for oversight of these Registered Representatives.
- 7.4 A fund management company must have proper compliance and oversight framework in place to ensure the MR does not undertake core fund management activities or hold himself out as a licensed fund manager.

8.0 Procedures for Cessation

8.1 Where a Registered Representative ceases to act on behalf of a Principal, the Principal must submit the relevant [form](#) to the SC and such person shall cease to be a Registered Representative. In the event he wishes to act for a new Principal, the new Principal must submit a fresh application to the SC to register him as a Registered Representative.

9.0 Refusal of Registration

9.1 The SC may refuse an application for registration on any of the following grounds:

- (a) non-compliance of any of the requirements as specified in the guidelines;
- (b) the SC has reason to believe that the applicant may not be able to act in the best interest of the clients of the Principal having regard to his reputation, character, financial integrity and reliability;
- (c) the SC is not satisfied as to the record of past performance or expertise of the applicant having regard to the nature of the duties which he may perform as a Trading Representative or Introducing Representative or Marketing Representative;
- (d) the SC has reason to believe that the applicant will not carry out the regulated activity efficiently, honestly or fairly;
- (e) there are other circumstances which are likely to lead to the improper conduct of business by, or reflect discredit on the manner of conducting the business of, the applicant or any person associated with him for the purpose of his business; or
- (f) the SC is of the opinion that it would be contrary to the interests of the public to register such applicant.

10.0 Deregistration

10.1 The SC may deregister a Registered Representative where:

- (a) he or the Principal does not comply with any of the requirements as specified under these guidelines;
- (b) any of the grounds under paragraph 9.1 applies; or
- (c) the Registered Representative contravenes any conditions or restrictions imposed on the registration.

10.2 The SC will not exercise its power to deregister without first giving the affected person an opportunity to be heard.

11.0 Reporting Requirement

- 11.1 On the Principal's anniversary date of licence, it must submit an annual report to the SC containing–
- (a) a declaration to the SC that all its Registered Representatives are in compliance with the fit and proper requirements;
 - (b) an update on training undertaken by each of the Registered Representative, including any specific training and development activities carried out for the Registered Representative;
 - (c) details of complaints received against any of its Registered Representative, if any; and
 - (d) the outcome of its supervision and findings against any of its Registered Representative, if any.

12.0 Activities and Conduct of the Registered Representative

- 12.1 A TR is only permitted to accept clients' orders (order taking) and execute securities trades.
- 12.2 In carrying out the above activities, a TR must not induce, or attempt to induce, any client to enter into, or to make or offer to any client to enter into, any transaction/trade.
- 12.3 An IR is only permitted to introduce or refer prospective clients to or market the services of the PO.
- 12.4 An IR must not take clients' orders, execute trades, handle or accept clients' monies, make specific recommendations or give transactional advice to clients.
- 12.5 A MR is only permitted to carry out marketing function of fund management services and provide client support services.
- 12.6 A MR must not hold himself out as a licensed fund manager. A MR also cannot undertake portfolio management, provide investment or portfolio management advice, handle or accept clients' monies.

13.0 Training Requirements for Registered Representative

- 13.1 A Principal must ensure that its Registered Representative undergoes training from time to time to increase his knowledge and technical know-how and keep abreast with the current development in the industry.
- 13.2 The Principal must–
- (a) ensure that a Registered Representative attends five days of training every year;
 - (b) ensure that the training attended by its Registered Representative is relevant to his functions; and
 - (c) maintain a training register to log in training days completed by each Registered Representative.

14.0 Queries and Submissions

All queries and submissions of relevant forms and documents should be addressed to:

Authorisation and Licensing Department
Intermediary and Fund Supervision Division
Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

SCHEDULE 1

Sub-paragraph 5.1

The applicant must also satisfy the following grounds:

- (a) the application was made in accordance with the guidelines;
- (b) the applicant has not failed to comply with any other requirements of the securities laws or any guidelines made under the CMSA;
- (c) any information or document furnished by the applicant to the SC is not false or misleading or from which there is a material omission;
- (d) the applicant is not an undischarged bankrupt whether within or outside Malaysia;
- (e) no execution against the applicant in respect of a judgement debt has been returned unsatisfied in whole or in part;
- (f) the applicant has not, whether within or outside Malaysia, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation; and
- (g) the applicant has not:
 - (i) been convicted, whether within or outside Malaysia, of an offence involving fraud or other dishonesty or violence or the conviction of which involved a finding that he acted fraudulently or dishonestly;
 - (ii) been convicted of an offence under the securities laws or any law outside Malaysia relating to capital market;
 - (iii) contravened any provision made by or under any written law whether within or outside Malaysia appearing to the SC to be enacted for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts;
 - (iv) engaged in any business practice appearing to the SC to be deceitful or oppressive or otherwise improper (whether unlawful or not) or which otherwise reflects discredit on his method of conducting business; or
 - (v) engaged in or has been associated with any other business practices or otherwise conducted himself in such a way that cast doubt on his competence and soundness of judgement.

SCHEDULE 2

Paragraph 6.2

Checklist for Application for Registration of New Registered Representative

No.	Description	
1.	Application form for Registration for Registered Representative	
2.	Fee i. Processing fee for registration – RM50 ii. Upon approval of registration – RM200	
3.	Evidence that applicant has attended familiarisation programme (FP1) and passed the assessment	
4.	The Principal's supervision and training framework for the Registered Representative	
5.	Declaration that applicant is fit and proper in accordance with Schedule 1 *	
6.	Bankruptcy search result from Jabatan Insolvensi Malaysia (Malaysia Department of Insolvency) that applicant is not a bankrupt	
7.	Letter from the employer confirming that there is no conflict of interest arising from the appointment of the TR/IR with a PO	
8.	Any other information or document as may be required to be submitted to the SC	

* Signed by the applicant and co-signed by the licensed director. In the absence of a licensed director, the signature of a director or a CEO or an authorised signatory is accepted.