

A consumer education programme by



# YOUR GUIDE ON APPROVED FINANCIAL ADVISER LICENSED FINANCIAL PLANNER & CORPORATE UTS ADVISER FIRM



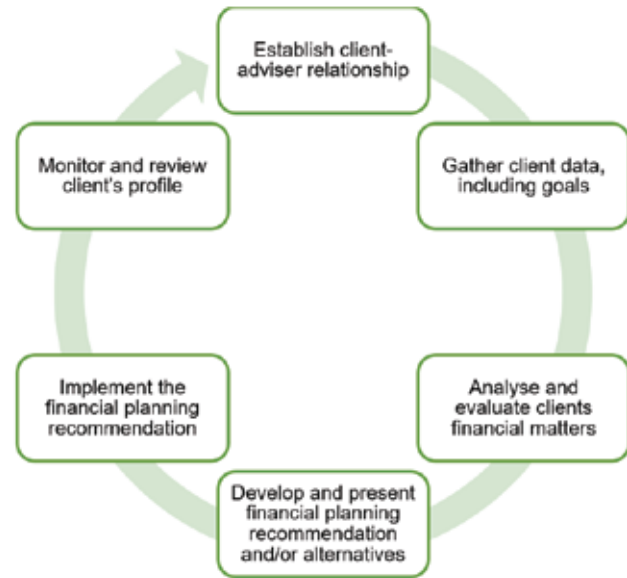
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In an increasingly complex and dynamic financial landscape, the need for professional guidance and expertise in managing one's finances has never been more critical. This is where Approved Financial Advisers and Licensed Financial Planners play an indispensable role, providing you with tailored solutions, helping you to make better financial decision for your financial success. They are someone that you can trust who are professionally certified and licensed.

This manual explains about Bank Negara Malaysia Approved Financial Adviser, Securities Commission Malaysia Licensed Financial Planner & Corporate UTS Adviser Firm.

## 1. The Financial Planning Process



### 2. a) Who is A Financial Adviser?

An Approved Financial Adviser (FA) is a company, approved by Bank Negara Malaysia (BNM), under the Financial Services Act 2013 (FSA), to carry out financial advisory business, analyzing financial planning needs relating to an insurance product, and recommend or arrange a contract in respect of banking products and services. Approved FA are expected to represent clients' interest, by providing independent advice and recommendations through multiple product providers.

## **b) Who is Financial Adviser Representative?**

A Financial Adviser's Representative (FAR) means an individual, who is in the direct employment of, acting for or by arrangement with an approved FA who performs for the FA any services relating to financial advisory business.

### **3. a) Who is An Islamic Financial Adviser?**

An Approved Islamic Financial Adviser (IFA) is a company, approved by Bank Negara Malaysia (BNM), under the Islamic Financial Services Act 2013 (IFSA), to carry out Islamic financial advisory business, analyzing financial planning needs relating to a Takaful product, and recommend or arrange a contract in respect of banking products and services. Approved IFA are expected to represent clients' interest, by providing independent advice and recommendations.

## **b) Who is Islamic Financial Adviser Representative?**

An Islamic Financial Adviser's Representative (IFAR) means an individual, who is in the direct employment of, acting for or by arrangement with an approved IFA who performs for the IFA any services relating to Islamic financial advisory business.

## Interpretation

“Approved Financial Adviser” or “FA” collectively refers to an approved financial adviser (FA) under the FSA and an approved Islamic Financial Adviser (IFA) under the IFSA, unless otherwise specified.

“Financial Adviser’s Representative” or “FAR” collectively refers to an approved financial adviser’s representative (FAR) and an approved Islamic financial adviser’s representative (IFAR), unless otherwise specified.

### 4. What are the requirements to be a **Financial Adviser**?

- Must be a body corporate with a minimum amount of paid-up capital
- Must obtain the regulatory approval from BNM
- Must have a minimum professional indemnity insurance coverage to protect consumers in the event of professional negligence or errors and omissions.
- Subject to compliance with specified licensing requirement for annual renewals

## 5. Who can claim to be a **Financial Adviser Representative**?

- Financial Adviser is a restricted word under section 139 of the FSA. No person shall in its name, description or title uses such word, unless such person is approved under this Act to carry on financial advisory business.
- Islamic Financial Adviser is restricted word under section 151 of the IFSA. No person shall in its name, description or title uses such word, unless such person is approved under this Act to carry on Islamic financial advisory business
- Any person who contravenes these sections commits an offence and shall, on conviction be liable to imprisonment for a term not exceeding eight (8) years or to a fine not exceeding twenty-five (25) million ringgit or to both

## 6. What are the requirements to be **Financial Adviser Representative**?

- At least 21 years of age
- A resident in Malaysia
- Appointed on a full-time basis
- A fit and proper person
- Has the qualifications specified in the table below, as the case may be;

Qualification	Mandatory Areas of Knowledge
<p>Registered Financial Planner offered by the Malaysian Financial Planning Council (MFPC); or</p> <p>Certified Financial Planner offered by the Financial Planning Association of Malaysia (FPAM)</p>	<ol style="list-style-type: none"><li>1. Foundation of Financial Planning</li><li>2. Risk Management</li><li>3. Insurance Planning</li><li>4. Investment Planning</li></ol>
<p>Shariah Registered Financial Planner offered by MFPC; or</p> <p>Islamic Financial Planner offered by the Islamic Banking &amp; Finance Institute of Malaysia and FPAM</p>	<ol style="list-style-type: none"><li>1. Foundation of Islamic Financial Planning</li><li>2. Risk Management</li><li>3. Takaful Planning</li><li>4. Shariah Investment Planning</li></ol>

- Secured employment with a licensed FA/IFA that is approved by BNM
- Possess minimum professional qualification specified by BNM, ensuring the display of the necessary level of competency to provide advice to consumers.
- Required to fulfill a minimum number of hours of continuous professional development program annually to consistently enhance abilities, skills, and knowledge.

## **7. Permissible Labuan Life Insurance business through Approved Financial Adviser**

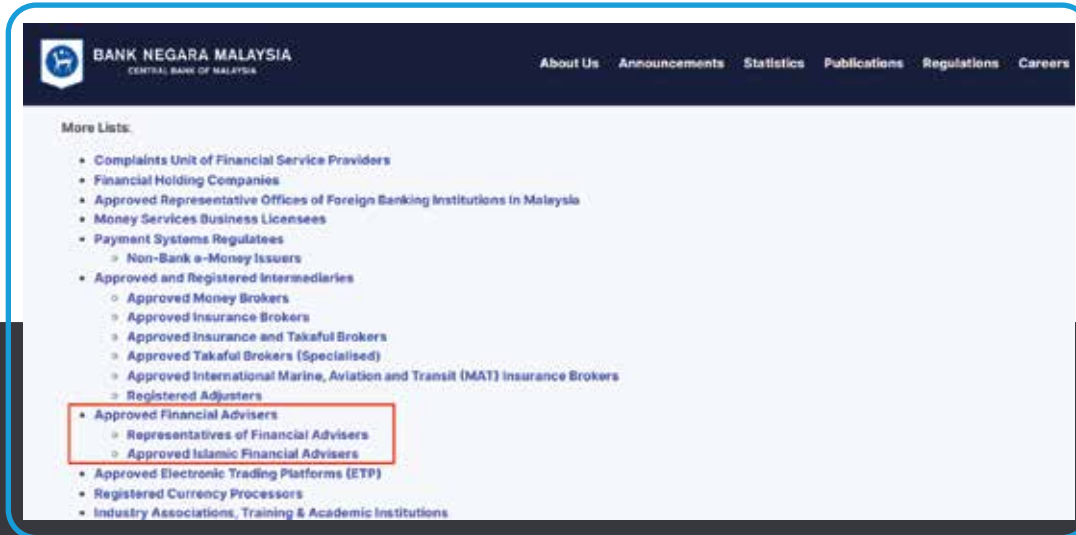
- Pursuant to Section 14(1) of the Financial Services Act 2013, approved financial advisers are permitted to source foreign currency denominated ordinary life ("OL") or investment-linked ("IL") insurance policies from Labuan insurers for high net worth individuals ("HNWIs").
- Pursuant to Labuan FSA Guidelines On Permissible Life Insurance Business With High Net-Worth Malaysian Individuals, Labuan life insurers licensed under the Labuan Financial Services and Securities Act 2010 (LFSSA) are allowed to sell life insurance policies including investment-linked insurance denominated in foreign currency (life insurance business) to high net-worth Malaysian individuals by .
- Engaging financial advisers licensed under the FSA 2013 subject to any requirements as may be specified by BNM.
- For more guideline, please refer to Guidelines on Permissible Life Insurance Business with High Net-Worth Malaysia Individuals via Labuan Financial Service Authority website.

## 8. What are the benefits of engaging a **Financial Adviser / Financial Adviser Representative**?

- FAR and IFAR are obligated to make recommendations to consumers based on a reasonable basis when suggesting a financial solution. This includes considering the clients' financial situation, objectives, and personal needs.
- It is the responsibility of FAR/IFAR to take all necessary measures to ensure that the recommended solution is suitable, considering the information provided by the client.
- Consumers should provide comprehensive and accurate information to enable FAR/IFAR to recommend a suitable solution.

## 9. Where to find an **Approved Financial Adviser / Financial Adviser Representative**?

- Go to Bank Negara Malaysia – <https://www.bnm.gov.my/related-links-pg>  
Or Financial Sector Participants Directory  
(<https://www.bnm.gov.my/regulations/fsp-directory>)



## 10. Comparing between Financial Adviser with Takaful and Insurance Agent

- An FA is an independent party that provides financial advisory services to the customer based on the customer's financial needs. Therefore, the FA sources for insurance policies and/or Takaful plans from multiple insurance companies and/or Takaful operators that best suit your needs.
- An insurance or Takaful agent represents its principal insurance company or Takaful operators and primarily sells insurance policies or Takaful plans issued by the insurance company or Takaful operators he/she represents.

	Insurance Agent	Takaful Agent	FA
<b>Represents</b>	Insurance Company	Takaful Operator	Customer
<b>Approved / Registered by</b>	Persatuan Insurance Am Malaysia (PIAM) or Life Insurance Association Malaysia (LIAM)	Malaysian Takaful Association (MTA)	Bank Negara Malaysia (BNM)

## 11. What is Financial Planning?

Under Schedule 2, Part 2 of the Capital Markets & Services Act 2007 (CMSA), Financial Planning has been defined as ‘analyzing the financial circumstances of another person and providing a plan to meet that other person’s financial needs and objectives, including any investment plan in securities, whether or not a fee is charged in relation thereto.

## 12. a) What is Financial Planning Company?

Financial Planning Company is a company holding Capital Markets Services Licence from Securities Commission Malaysia (SC) to carry out regulated activities in Financial Planning.

## b) Who is Licensed Financial Planner?

Licensed Financial Planner (LFP) means an individual, who is in the direct employment of, acting for or by arrangement with a Capital Markets Services Licensed Financial Planning Firm who performs for the Financial Planning company any services relating to financial planning business.

LFP is allowed to provide advice to clients pursuant to the assessment and analysis undertaken on his client's needs including on matters related to the plan which has been drawn up. This may include analysing client needs over areas such as investments, savings, tax planning, estate and retirement planning.

In drawing up a financial plan, clients may require advice on various capital market products. When providing such advice, LFP could objectively consider all types of capital market products such as Unit Trust Funds (UTFs), Exchange-Traded Funds (ETFs), Private Retirement Schemes (PRS), Real Estate Investment Trusts (REITs), wholesale funds and fixed income which are capable of meeting the investment objectives of a client. Such financial plans can include specific recommendations on a particular capital market product, such as identifying or shortlisting specific REITs that are suitable for a client. However, only LFP with expanded scope can advise clients on stocks and unlisted bond/sukuk.

Details in permitted activities of financial planners can be found in Securities Commission Licensing Handbook Chapter 7.04

### 13. Who is **Licensed Financial Planner with Expanded Scope?**

Licensed FP with expanded scope can provide specific advice on

- Equities, debentures, or warrants listed on Bursa Securities (with additional examination of Module 7 of the SC Licensing Examination (SCLE)); or
- Unlisted corporate bonds and sukuk (with additional examination of Investor Protection Professional Certification (IPPC) / Pasaran Kewangan Malaysia Certificate (PKMC))

### 14. Where to find a **Licensed Financial Planner?**

Go to SC Public Register of Licence Holders and Registered Persons

(<https://easy.seccom.com.my:8222/>)



### 15. What is **Corporate Unit Trust Adviser firm?**

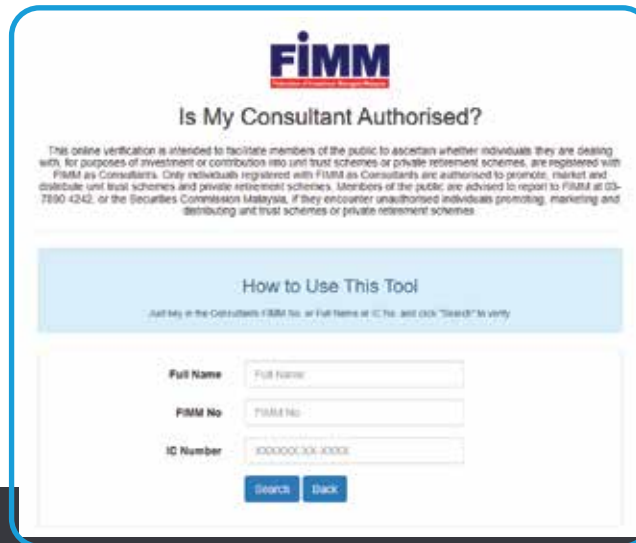
Corporate Unit Trust Adviser (CUTA) means a licensed financial planning firm, registered with Federation of Investment Managers Malaysia (FIMM), authorized to distribute unit trust.

## 16. Where to find **Corporate Unit Trust Adviser firm?**

Go to FIMM – Corporate UTS Advisers (CUTA) (<https://www.fimm.com.my/index.php/industry/members-distributors/corporate-uts-advisers-cuta/>)

## 17. How to verify **Corporate Unit Trust Adviser Representatives?**

Go to FIMM – Is My Consultant Authorised?  
(<https://www.fimm.com.my/search/>)



The screenshot shows the FIMM website's verification tool. At the top is the FIMM logo. Below it is the title 'Is My Consultant Authorised?'. A paragraph of text explains the tool's purpose: to help the public verify if individuals are registered with FIMM as Consultants. Below the text is a section titled 'How to Use This Tool' with instructions: 'Just key in the Consultants FIMM No. or Full Name or IC No. and click "Search" to verify'. The form contains three input fields: 'Full Name' with a placeholder 'Full Name', 'FIMM No' with a placeholder 'FIMM No', and 'IC Number' with a placeholder 'XXXXXXXX-XXXX'. At the bottom of the form are two buttons: 'Search' and 'Back'.

## 18. Comparison of the types of **Financial & Investment Professional**

Types of Financial & Investments Professionals	Role	Licensed or Approved by
Financial Adviser (FA) & Financial Adviser's Representative (FAR)	An Approved Financial Adviser (FA) is a company, approved by Bank Negara Malaysia, under the Financial Services Act 2013 (FSA), to carry out financial advisory business, analyzing financial planning needs relating to an insurance product, and recommend or arrange a contract in respect of banking products and services. Financial Adviser Representatives are expected to represent clients' interest, by providing independent advice and recommendations across multiple product providers.	BNM
Financial Planning Company and Licensed Financial Planner (LFP)	Financial planning companies and their representatives, known as Licensed Financial Planners (LFPs), are licensed by Securities Commission Malaysia (SC).	SC

## 18. Comparison of the types of Financial & Investment Professional

Types of Financial & Investments Professionals	Role	Licensed or Approved by
	<p>LFPs are professionals who offer personalized guidance and support in achieving your financial goals. They possess the expertise to create a comprehensive financial plan tailored to your specific needs.</p> <p>This detailed plan encompasses various aspects of your financial and investment strategy, providing valuable insights and recommending suitable solutions.</p> <p>Furthermore, LFPs periodically review your financial plan to ensure it remains aligned with your objectives, making any necessary adjustments to keep you on track towards achieving your financial goals.</p>	

## 18. Comparison of the types of Financial & Investment Professional

Types of Financial & Investments Professionals	Role	Licensed or Approved by
Insurance / Takaful Agent	<p>Life Insurance or Family Takaful agents are tied to a single life insurance company / Family Takaful operator primarily selling life insurance or family Takaful plan issued by the company they represent.</p> <p>General Insurance or General Takaful agents are tied to specific general insurance companies or general Takaful Operators primarily selling general insurance policies or general Takaful certificate issued by the respective general insurance companies or general Takaful Operators they represent.</p>	<ul style="list-style-type: none"> <li>• LIAM (Life agents)</li> <li>• PIAM (General agents)</li> <li>• MTA (Family / General Takaful Agents)</li> </ul>
Wealth Manager / Financial Consultant	<p>Wealth Managers or Financial Consultants are employed by banks, although their specific job titles may differ across different banks.</p> <p>These professionals provide recommendations on financial products and services, including credit cards, bank loans, deposits, and investment products, based on your individual needs and risk tolerance.</p>	Banks that are licensed and regulated by BNM

## 18. Comparison of the types of Financial & Investment Professional

Types of Financial & Investments Professionals	Role	Licensed or Approved by
Unit Trust Consultant / Private Retirement Scheme (PRS) Consultant	<p>Unit Trust Consultants and PRS Consultants are attached to one unit trust management company (UTMC) or PRS provider. These consultants are registered with the Federation of Investment Managers Malaysia (FIMM).</p> <p>Unit Trust Consultants are responsible for recommending unit trust products that align with your risk tolerance from the UTMC they are associated with. Similarly, PRS Consultants offer the most suitable PRS products from the PRS Provider they are affiliated with.</p>	FIMM

## 19. Who to contact in case of disputes?

- Reach out to the FAR/IFAR or Licensed FP you are in contact with.
- If the complaint remains unresolved after seven (7) working days, please get in touch with the FA/IFA/FP firm. They will make efforts to resolve your complaint promptly and fairly.
- For any further unresolved disputes, you can escalate the matter to the relevant authority as stated below.

	Ombudsman for Financial Services (OFS)	Securities Industry Dispute Resolution Center (SIDREC)	Federation of Investment Managers Malaysia (FIMM)
<b>Area of Dispute</b>	Banking, Insurance, Takaful	Capital Market Related	Unit Trust Related
<b>Address</b>	Level 14, Main Block Menara Takaful Malaysia Jalan Sultan Sulaiman 50000 Kuala Lumpur	Level 9 tower A Menara UOA Bangsar Unit A-9-1, No. 5 Jalan Bangsar Utama 1 59000 Kuala Lumpur	19-06-1, 6th <u>Floor</u> Wisma Tune No. 19, Lorong Dungun Damansara Heights 50490 Kuala Lumpur
<b>Contact Number</b>	+603-2272 2811	+603-2282 2280	+603-78904242 (press 3)
<b>Fax Number</b>	+603-2272 1577	+603-2282 3855	-
<b>Email</b>	<ul style="list-style-type: none"> <li>Via OFS website</li> <li>enquiry@ofs.org.my</li> </ul>	info@sidrec.com.my	complaints@fimm.com.my
<b>Website</b>	<a href="https://www.ofs.org.my">https://www.ofs.org.my</a>	<a href="https://www.sidrec.com.my/">https://www.sidrec.com.my/</a>	<a href="https://www.fimm.com.my/">https://www.fimm.com.my/</a>

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For additional information, please log on to

<https://afamalaysia.org>

<https://www.bnm.gov.my>

<https://www.sc.com.my>

<https://fimm.com.my>

<https://labuanfsa.gov.my>

#### DISCLAIMER

This document is intended for your general information only. It does not contain exhaustive advice or information relating to the subject matter nor should it be used as a substitute for financial advice and/or legal advice.

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