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INTRODUCTION

The Malaysian Financial Planning Council (MFPC) is registered on 10th of March, 2004 under the Societies Act, 1996. The MFPC is an independent self-regulatory organization (SRO) formed by the 3 promoter organizations namely the Life Insurance Association of Malaysia (LIAM), the Malaysian Insurance Institute (MII) and the National Association of Malaysian Life Insurance and Financial Advisors (NAMLIFA) with the noble aim of promoting nationwide development and enhancement of the financial planning profession.

Vision

To be the premier umbrella body representing Financial Planning Professionals and Financial Services Providers.

Mission

To certify financial planners and uplift their professionalism; to enhance the image of the financial planning profession; to set practice standards; to provide self-regulation to the financial planning industry.

Role of MFPC

The objectives of the MFPC include the following:

- To serve as the national body responsible for unifying financial planning practices and strengthening the accountability, conformance to laws, regulations and ethics in the profession.
- To serve as the central channel for the development, advancement and representation of financial planning professionals, practitioners and financial services providers.
- To serve as the certification body for setting technical competency, practice and examination standards for those in the financial planning profession.
- To serve as the self-regulatory body that provides and enforces a code of ethics and compliance requirements to ensure the public is served professionally.

MFPC

CODE OF ETHICS

The Code of Ethics (COE)

1. Integrity

RFP Designees shall always act in the best interests of the client and with the public in general. They shall also act with the utmost degree of integrity in all professional engagements.

Interpretive Notes

RFP Designees are responsible for behaving in a way that is professionally appropriate when serving his or her clients, the public at large and the MFPC. As guardians of the public trust and confidence, RFP Designees are required to use the uppermost degree of impartiality, integrity, and transparency in all professional dealings.

2. Transparency

RFP Designees shall stay transparent and impartial in all dealings, and shall explain clearly to clients the rationales where impartiality is compromised due to practical reasons.

Interpretive Notes

A RFP Designee should uphold impartiality, honesty and shall disclose all conflicts of interest in the client-planner relationship. In instances where commitments to employers or principals make objectivity difficult, the RFP Designee is required to make it known to the client. In the course of performing his professional duties the RFP Designee shall make known to the client whether he or she is independent, representing a principal(s) or an employer.

3. Putting Client's Interests First

RFP Designees shall put the client's interests above their own interests at all times.

Interpretive Notes

The RFP Designee is required to place the client's interest above their own in all professional engagements with clients. The RFP Designee agrees to accept the responsibility that in situations where due to prejudicial influences or conflicts of interests, may affect objective judgments; he or she shall declare such influences or conflicts to clients and take actions that are appropriate in protecting the client's interests.

4. Making the Code of Ethics Available to Clients

RFP Designees shall, upon request, provide a copy of this Code of Ethics and shall explain to clients the meaning of its provisions.

Interpretive Notes

A RFP Designee should make available to the client a copy of the Code of Ethics (COE) and is capable of explaining how the COE functions in the professional relationship and what their obligations and role are within respect to the clients, his principal and the MFPC.

5. Continuing Professional Development

RFP Designees shall continue to develop themselves professionally and maintain relevancy and competence at a level required to serve his or her client professionally.

Interpretive Notes

A RFP Designee shall continuously acquire, maintain and use the standards of knowledge and due care relevance to his role as a financial planning professional and to meet guidelines and rules set by the Authorities and relevant self-regulatory organizations.

6. Confidentiality

RFP Designees shall keep all client information confidential according to guidelines, practice standards and laws set by the relevant authorities (e.g. SC, BNM) and Self-Regulatory Organizations (e.g. LIAM, MFPC, NAMLIFA, etc.)

Interpretive Notes

A RFP Designee shall request all relevant records and documentation as and when is needed, to satisfy the requirements of the client. The RFP Designee shall respect confidentiality of all information obtained in the performance of his professional services unless otherwise required or permitted by law or in the course of a civil dispute.

7. Professionalism

RFP Designees shall act with professionalism and shall act in a manner that brings honour and dignity to the profession.

Interpretive Notes

A RFP Designee shall behave in an honest and courteous manner towards all persons in business relationships and shall enhance the standing of the profession in the community in which he or she serves.

8. Diligence

RFP Designees shall be diligent in discharging responsibilities to clients and the public and shall render such services promptly, carefully, and thoroughly.

Interpretive Notes

The RFP Designee is expected to diligently plan and supervise any professional activity for which he or she is responsible in an adequate and comprehensive manner.

9. Professional Undertakings

RFP Designees shall only undertake tasks for which they have the proper experience, knowledge, skills, competence and authorization.

Interpretive Notes

A RFP Designee shall only undertake business related to his business within the limits of his competence and authorization. RFP Designees must recognize circumstances where knowledge and competence are not sufficient to the task and inform the client of such deficiencies, and where appropriate, recommend to the client the professional who is qualified to complete the task.

10. Charges, Fees and Costs

RFP Designees shall declare all charges, fees and costs arrangements with clients prior to entering into a contract of engagement.

Interpretive Notes

A RFP Designee shall make known to the client and explain to him the basis of charges, fees and or other remuneration related to services performed on behalf of the client.

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PRACTICE STANDARDS

Initiating and Building the Client-Practitioner (CP) Relationship
RPS Code RPS-CP Category

Code RPS-CP01:

Defining the Parameters of the Relationship

A financial practitioner and the client shall jointly agree on the level and types of services to be provided prior to any commencement of work.

Code RPS-CP02:

Exhibiting Transparency in Dealings with the client

A financial practitioner shall make clear to the client of his competency, authority, license to operate, compensation arrangement and the disclosure of potential areas that have a conflict to interest implication.

Code RPS-CP03:

Committing to Serve the Client Competently and Responsibly

In conjunction to Code RPS-CP02, a financial practitioner shall pledge to serve the client competently and responsibly at all times.

Setting Goals, Objectives & Priorities

RPS Code RPS-001 Category

Code RPS-001A:

Defining the Client's Goals based on the Objectives and Purposes

A financial practitioner and the client shall jointly agree on the goals to be achieved. To ensure that the financial practitioner is able to vary the goals through recommendations in response to changing circumstances, the objectives and purpose of the client's goals must be discussed and understood.

Code RPS-001B:

Setting Priorities Based on Degree of Importance, Urgency and the Availability of Resources for the Attainment of those Goals

A financial practitioner and the client shall jointly sort out the priority of goal achievement based on its importance, urgency and the resources available.

Gathering Relevant Data & Information

RPS Code RPS-002 Category

Code RPS-002A:

Determining the Relevancy and Adequacy of Data and Information Gathered for Analysis

The financial practitioner shall determine the amount and relevancy of the information and documents needed in congruence to the parameters set on the work scope earlier that is required to help determine the type of recommendations to the client for the attainment of his goals.

Code RPS-002B:

Keeping the Client's Information Confidential and the Documents Collected in Safe Custody

A financial practitioner shall at all times keep information provided by the client confidential and to store all documents provided by the client in safe custody, and shall undertake to not to diverge any of these documents or information to third party without the written permission of the client.

Analyzing Information & Assessing Financial Status

RPS Code RPS-003 Category

Code RPS-003A:

Understanding the Client's Financial Position

A financial practitioner shall attempt to understand the client's financial situation based on careful analysis of the information gathered.

Code RPS-003B:

Evaluating to Determine if the Goals and Needs can be met with Current Resources

A financial practitioner shall evaluate the resources based on the information received and determine if they are sufficient to meet the client's needs and goals.

Developing and Presenting a Financial Plan for Implementation

RPS Code RPS-004 Category

Code RPS-004A:

Consider all Solution Options and Make Selection for Final Recommendation

A financial practitioner shall identify all the investment and funding options and select those that are appropriate for final recommendations to the client.

Code RPS-004B:

Constructing an Appropriate Financial Plan for Implementation

A financial practitioner shall put in writing appropriately all the problems identified, the recommended solution options and the caveats in the form of a financial plan.

Code RPS-004C:

Presenting the Financial Plan for the Client's Feedback and Approval

A financial practitioner shall communicate and discuss the details of the financial plan with the client and obtain feedback and approval before implementation.

Executing the Financial Plan

RPS Code RPS-005 Category

Code RPS-005A:

Jointly Defining the Financial Plan Execution Duties

A financial practitioner shall jointly with the client agree on the execution method, timing and other responsibilities.

Code RPS-005B:

Obtaining Final Approval of the Financial Plan for Execution

A financial practitioner shall obtain writing endorsement from the client for implementation of the financial plan before he acts.

Monitoring Execution & Reviewing of Financial Plan

RPS Code RPS-006 Category

Code RPS-006A:

Agreeing on Monitoring Process, Duties and Review Time Period

A financial practitioner and the client must mutually agree on the monitoring process and duties and to set the time period for reviews.

MFPC

DISCIPLINARY PROCEEDINGS

Introduction

The Ethics and Compliance Board (hereinafter referred to as “**the ECB**”) is responsible for the enforcement of the RFP Code of Ethics and Practice Standards (hereinafter referred to as the “**Code**”) which Code was developed by the Certification and CPD Board (hereinafter referred to as “**CCB**”) of the **MFPC** and approved by the National Council of the MFPC.

The ECB is also responsible for dealing with complaints made against Members including setting the guidelines within which disciplinary proceedings against Members are to be conducted.

The National Council is empowered to take such disciplinary action against any Member, pursuant to inter-alia any regulations made by the National Council from time to time.

Accordingly:-

- (1) guidelines have been set by the ECB, which guidelines have been approved by the National Council of the MFPC;
- (2) regulations have been established by the National Council incorporating the above guidelines;

which regulations will be known as the MFPC Disciplinary Proceedings.

1. Complaints

- (a) Any complaint concerning a RFP designee shall be made in writing and shall be referred to the ECB;
- (b) any member of the National Council of the MFPC shall be entitled to refer to the ECB on any alleged breach of the COE that comes to his notice or that is brought to his attention. The ECB shall then liaise with any or all relevant persons to ensure that the complaint received complies with the requirements of sub-regulation (c) below.
- (c) a complaint shall contain/be accompanied by the following:-
 - (i) the full name, Identity Card/Passport No. and address of the complainant;
 - (ii) the facts of the complaint;
 - (iii) copies of any document that the complainant proposes to rely on in support of his complaint; and
 - (iv) the signature of the complainant.

- (d) the ECB shall then call upon the RFP designee concerned to provide his brief explanation or response to the complaint received within a reasonable time which shall not exceed 30 days from the date of complaint.
- (e) only complaints which the ECB determines to have merit or which the RFP designee disputes to shall be referred to the Disciplinary Committee for further action.
- (f) where the RFP designee admits or pleads guilty to the complaint, the ECB shall hear the RFP designee's plea in mitigation, if any, and thereafter , proceed to impose any one of the following disciplinary actions:
 - (i) reprimand the RFP designee concerned;
 - (ii) impose such fine upon the RFP designee concerned as the DC deems appropriate to be paid to the MFPC within such time frame as determined by the DC provided that such fine does not exceed the sum of RM50,000.00. In the event such fine is not paid within such time frame, the RFP designee concerned shall be suspended from membership with the MFPC until such fine is paid;
 - (iii) suspend the RFP designee concerned from membership with the MFPC for such period as the DC deems appropriate in the circumstances; or
 - (iv) order the removal of the name of the RFP designee concerned from the Register of Members.

The ECB shall at all times after the imposition of any of the above referred disciplinary actions inform the Honorary Secretary of the National Council of the same within 3 working days of the decision to impose the said disciplinary action.

- (g) a copy of the findings and decision of the ECB shall be sent to the complainant and the RFP designee concerned by prepaid registered post or delivered to their respective last known addresses based on the records of MFPC.
- (h) a copy of the RFP designee's explanation and the findings and decision of the DC shall be retained in the complaint file accordingly.
- (i) the ECB may publish or cause the publication in any manner it shall deem appropriate, the name of the RFP designee concerned who has been subject to disciplinary action pursuant to these Regulation including the penalty imposed on him provided that such publication shall not be effected pending the disposal of an appeal made in accordance with Regulation 4 below;

- (i) the RFP designee concerned may apply for a stay of the disciplinary action as imposed by the ECB provided that an appeal has been made by the RFP designee concerned in accordance with the requirements of Regulation 4(a) below. The application for stay shall be made to the Chairman of the ECB who shall also determine such application.
- (j) the member of the National Council who has so referred any such alleged breach of the COE shall not participate in the disciplinary proceedings against the RFP designee concerned;

2. Disciplinary Committee

- (a) A Disciplinary Committee (hereinafter referred to as “DC”) shall be appointed as required by the National Council and shall comprise of three (3) members selected from the Members of the National Council or such other persons or representatives as the National Council may be authorized to appoint.
- (b) the function of the DC shall be to conduct an investigation into any complaints received and to impose disciplinary actions on RFP designees found to be in breach of the MFPC COE.
- (c) the DC shall elect its own Chairman
- (d) the term of each member of the DC shall be for a period of two (2) years subject to the power of the National Council to:-
 - (i) extend the term for further period(s) of two (2) years each;
 - (ii) remove or release any member of the DC,

in such circumstances as the National Council deems fit;

3. Investigation

- (a) Subject to the provision of para 1 (e) above, any written complaint shall be forwarded by the ECB to the DC within fourteen (14) days of receipt of the written complaint for investigation;
- (b) before the DC considers the complaint, the DC shall cause to be posted by prepaid registered post or delivered to the RFP designee concerned at his last known address according to the records of the MFPC.
 - (i) a copy of the written complaint and all accompanying documents (if any);
and

- (ii) a notice inviting the RFP designee concerned within fourteen (14) days of the notice or such further period as allowed by the DC, to give to the DC any written explanation he may wish to offer to the IC on the complaint.
- (c) the DC shall allow the time specified in the notice referred to in sub-regulation (b) above to elapse and shall give due consideration to any written explanation made by the RFP designee concerned.
- (d) thereafter, the DC shall commence its investigation into the complaint and for the purposes of any investigation, the DC may:-
 - (i) require the RFP designee concerned to produce for the inspection by the DC, any document which may relate to or be connected with the subject matter of the investigation and may require the RFP designee involved to give information in relation to any such document;
 - (ii) require the RFP designee concerned to give all information which may relate to or be connected with the subject matter of the investigation.
- (e) where the DC finds that no proper cause for the complaint exists or no cause of sufficient gravity exists the DC shall proceed to close the complaint file and advise the ECB accordingly. In such case, the DC shall prepare a report stating its findings and the determination as reached by it. The report of the DC (together with copies of the complaint, letter of explanation (if any) by the RFP designee concerned and any and all correspondence between the DC and the complainant and/or the RFP designee concerned) shall be forwarded to the ECB;
- (f) where the DC finds that there may be a cause for complaint, the DC shall proceed to conduct a formal inquiry. In such case, the DC shall proceed with a formal inquiry by meeting at such place and on such date and at such time as the Chairman of the DC shall determine from time to time in order to consider the complaint;
- (g) notice of the hearing of the DC shall be sent to the complainant and to the RFP designee concerned by prepaid registered post or delivered to the last known address of the complainant and the RFP designee concerned based on the records of the MFPC. The notice shall specify the date, time and place of the hearing of the DC;
- (h) the DC may adjourn the hearing from time to time. No written notice of an adjournment is required to be given to any party when the adjournment is made in the presence of that party;
- (i) where on the date fixed for the hearing and investigation of the complaint, the complainant or the RFP designee concerned or both fail or fails to attend before the DC, the DC may, upon being satisfied that the notice of the hearing has

been posted or delivered to the person or persons concerned, proceed to hear and investigate the complaint in the absence of such person or persons without further notice to such person or persons and make its determinations;

- (j) at any hearing before the DC:-
 - (i) the RFP designee concerned may cross-examine the complainant and his witnesses, if any, in relation to the complaint;
 - (ii) the complainant may cross-examine the RFP designee concerned where he gives evidence, and his witnesses, if any.
 - (k) where the DC is not unanimous on any question or matter to be determined, the decision of the majority shall be deemed to be the decision of the DC;
 - (l) I DC shall refer to the National Council, any RFP designee who without lawful excuse refuses or fails to comply with either of the requirements in sub-regulation (d) above whereupon the National Council shall be entitled to:-
 - (i) suspend the membership of the RFP designee concerned with the MFPC for such period as the National Council deems fit;
 - (ii) notify all Members of the MFPC and all relevant regulatory authorities of such suspension.
- Any such reference to the National Council and/or suspension by the National Council shall not affect the investigation by the DC which shall continue.
- (m) a complainant may at any time, by letter addressed to the ECB, withdraw his complaint. Notwithstanding the withdrawal of a complaint, the DC may nevertheless proceed with its function to conduct an investigation into the complaint made against the complainant if the circumstances so warrant or may decide that the complaint be considered closed;
 - (n) after hearing and investigating any matter forwarded to it, the DC shall in its report record its findings in relation to the facts of the case and according to those facts shall determine if the RFP designee concerned is in breach of the Code;
 - (o) where the DC determines that the RFP designee concerned is not in breach of the Code, the matter shall then be considered closed;
 - (p) where the DC determines that the RFP designee concerned is in breach of the Code, the DC shall then hear the plea in mitigation (if any) that the RFP designee concerned chooses to make. Thereafter or so soon thereafter as is possible, the DC may impose any one of the following disciplinary actions:-

- (i) reprimand the RFP designee concerned;
 - (ii) impose such fine upon the RFP designee concerned as the DC deems appropriate to be paid to the MFPC within such time frame as determined by the DC provided that such fine does not exceed the sum of RM50,000.00. In the event such fine is not paid within such time frame, the RFP designee concerned shall be suspended from membership with the MFPC until such fine is paid;
 - (iii) suspend the RFP designee concerned from membership with the MFPC for such period as the DC deems appropriate in the circumstances; or
 - (iv) order the removal of the name of the RFP designee concerned from the Register of Members.
- (q) a copy of the report of the DC together with the record of the proceedings, findings and decision of the DC shall be retained in the complaint file accordingly.
 - (r) the complainant and the RFP designee concerned shall be notified of the findings of the DC and the disciplinary action imposed by the DC (if any) within fourteen (14) working days of the decision of the DC in relation to the same by a notice in writing issued by or on behalf of the DC and sent by prepaid registered post or delivered to their respective last known addresses based on the records of the MFPC;
 - (s) the DC may publish or cause the publication in any manner it shall deem appropriate, the name of the RFP designee concerned who has been subject to disciplinary action pursuant to these Regulation including the penalty imposed on him provided that such publication shall not be effected pending the disposal of an appeal made in accordance with Regulation 4 below.
 - (t) the RFP designee concerned may apply for a stay of the disciplinary action as imposed by the DC provided that an appeal has been made by the RFP designee concerned in accordance with the requirements of Regulation 4(a) below. The application for stay shall be made to the Chairman of the ECB who shall also determine such application

4. Appeal Committee

- (a) The RFP designee concerned may, within a period of fourteen (14) days after been notified of the disciplinary action imposed by the DC/ECB, as the case may be, appeal to the Appeal Committee set up hereunder. The appeal shall be in writing and addressed to the Chairman of the DC and shall:-

- (i) state the intention of the RFP designee concerned to appeal against the decision of the DC/ECB, as the case may be and indicate whether the appeal is against the determination of breach of the Code and/or the disciplinary action imposed by the DC/ECB, as the case may be; and
- (ii) be accompanied by payment in the sum of RM500.00 to offset the expenses incurred for the purposes of the appeal. This payment shall not be refundable.

The Chairman of the ECB shall thereafter notify the National Council of such appeal.

- (b) an appeal that does not comply with the above requirements shall be deemed incomplete and any determination that the appeal is so incomplete shall be made by the Chairman of the ECB who shall inform the RFP designee concerned of such determination. The RFP designee shall be given 7 working days to comply with the above requirements failing which the appeal shall not be considered;
- (c) the Appeal Committee (“the AC”) shall be appointed by the National Council from time to time so as to hear any particular appeal as lodged. The AC shall comprise of:-
 - (i) a practicing lawyer who is an Advocate & Solicitor of the High Court of Malaya; and
 - (ii) two (2) persons who are members of bodies (whether statutory, corporate or otherwise) which bodies are involved in or connected with financial planning and/or financial services;
- (d) the Chairman of the AC shall be as determined by the National Council;
- (e) the AC shall meet at such place and on such date and at such time as the Chairman of the AC shall determine from time to time;
- (f) the AC may confirm or reverse the determination made by and/or confirm, reverse or vary the disciplinary action imposed by the DC;
- (g) the AC shall, as soon as practicable after its constitution, give the RFP designee concerned an opportunity to make a written representation within such time as may be stipulated by the AC;
- (h) after receiving the written representations of the RFP designee concerned (if any), the AC may invite the Chairman of the DC to give their respective written comments on the written representations of the RFP designee concerned, with such comments to be given within such time as may be stipulated by the AC;

- (i) The AC shall upon receiving the written comments of the Chairman of DC, give the RFP designee concerned an opportunity to give his written comments on the same within such time as may be stipulated by the AC;
- (j) After receiving the written representations of the RFP designee concerned, the written comments of the Chairman of the DC and the written comments of the RFP designee concerned on the same, or in the event there is a failure to submit to the AC any or all of the written representations/comments referred to above, the AC may proceed to consider the appeal based on:-
 - (i) the report of the DC together with the record of the proceedings before the DC;
 - (ii) the determination of the DC; and
 - (iii) the written representations and written comments referred to hereinabove and received by the AC.

For the avoidance of doubt, there shall be no oral hearing before the AC.

5. General

- (a) The rulings, decisions and/or determination(s) of the ECB, the DC and the AC shall be final.

There shall be no right of legal representation at the hearing before the ECB and the DC save and except to the extent as permitted by the ECB and/or the DC (as the case may be);
- (b) subject to the Regulations herein, the ECB, DC and the AC may regulate their respective functions and the investigation, hearing and proceedings before them respectively in such manner as they respectively deem fit;
- (c) Clause 8-1 of the Constitution of the MFPC shall apply in relation to any purported notice of resignation given by the RFP designee concerned pending the disposal of the complaint.

