

**BNM**  
**Application to carry on Financial**  
**And/Or Islamic Advisory Businesses**

**Application to Carry on Financial and/or Islamic Financial Advisory Business**  
**Frequently Asked Questions (FAQs)**

**Introduction**

The FAQs are intended to provide clarification to applicants on the requirements to carry on financial and/or Islamic financial advisory business under the Financial Services Act 2013/ Islamic Financial Services Act 2013 (the Act), including the standards and guidelines applicable for the conduct of such business. The FAQs will be updated from time to time.

No.	Questions	Answers
1.	How and when can an application be submitted to Bank Negara Malaysia (the Bank) to carry on financial and/or Islamic financial advisory business under the Act?	<p><b>(i) For new approval</b></p> <ul style="list-style-type: none"> <li>• A new applicant is required to complete and submit the application form available in the Bank's website and submit all supporting documents (listed in the checklist of the application form CMC/NEWFA/2020) either in the months of <b>February</b> or <b>August</b> annually.</li> <li>• Any application received in any other month will be processed in the next processing period (for e.g. an application received in the month of March 2020 will be processed in August 2020 while an application received in October 2020 will be processed in February 2021).</li> </ul> <p><b>(ii) For renewal of approval</b></p> <ul style="list-style-type: none"> <li>• Existing approved financial advisers and/or Islamic financial advisers are required to complete and submit the application form available in the Bank's website and submit all supporting documents (listed in the checklist of application form CMC/RENEWFA/2020), <b>two (2) months</b> prior to expiry of approval period.</li> </ul> <p><i>Note: Applications which are incomplete and without the required documentation/information will be rejected.</i></p>
2.	Are there any fee incurred to apply to carry on approved financial advisory business?	<ul style="list-style-type: none"> <li>• The Bank does not charge any fees for processing the application.</li> <li>• However, annual fees of RM500 and RM150 will be imposed to carry on financial and Islamic financial advisory businesses, respectively.</li> </ul>
3.	How long will it take for my application to be approved?	<ul style="list-style-type: none"> <li>• It would usually take 30 working days from the date the Bank receives the application form and complete documentation/information.</li> <li>• Applications which are incomplete and without the required documentation/information will be rejected.</li> </ul>
4.	Can the application form and supporting documents be submitted online/via email?	Currently, the Bank only accepts hardcopy submissions addressed to: Director Consumer and Market Conduct Department Central Bank of Malaysia Jalan Dato' Onn 50480 Kuala Lumpur
5.	How long is the approval period granted to carry on financial advisory business?	<ul style="list-style-type: none"> <li>• For new approval, the Bank will usually grant approval for a one year period.</li> <li>• Thereafter, the Bank may grant a longer or shorter approval period based on the company's profitability, financial strength, business growth, robustness of internal procedures, compliance with regulatory requirements, etc.</li> </ul>

No.	Questions	Answers
6.	What are the minimum requirements to carry on financial and/or Islamic financial advisory business under the Act?	<p>Applicants must meet the following requirements:</p> <p><b>(i) A Body Corporate</b> Applicant is a company incorporated under the Companies Act 1965 or Companies Act 2016</p> <p><b>(ii) Minimum Capital Funds</b> Must have minimum capital funds unimpaired by losses of RM50,000</p> <p><b>(iii) Professional Indemnity Insurance (PI)</b> Must have PI coverage of at least RM200,000 net of deductibles upon approval</p> <p><b>(iv) Financial Adviser's Representative (FAR)</b></p> <ul style="list-style-type: none"> <li>• At least one of its directors shall be an FAR/Islamic FAR</li> <li>• Applicant who wishes to carry on Islamic financial advisory business must engage at least one Islamic FAR</li> </ul>
7.	What are the other requirements for a director, chief executive officer (CEO) and FAR?	<p><b>(i) For director, CEO and FAR</b></p> <ul style="list-style-type: none"> <li>✓ Must satisfy the 'fit and proper' criteria as specified in the policy document on <i>Fit and Proper Criteria for Approved Persons</i></li> <li>✓ Must not be a tied agent or employed by any insurer or takaful operator</li> </ul> <p><b>(ii) For CEO</b></p> <ul style="list-style-type: none"> <li>✓ CEO should have the related qualification and experience in the financial industry</li> <li>✓ CEO must be employed on a full-time basis and reside in Malaysia. <i>(A CEO currently employed by another company must provide a 'Letter of Undertaking' that he/she will resign, upon approval of the application)</i></li> </ul> <p><b>(iii) For FAR</b></p> <ul style="list-style-type: none"> <li>✓ The FAR must possess the minimum qualification of either: <ul style="list-style-type: none"> <li>• Registered Financial Planner (RFP);</li> <li>• Certified Financial Planner (CFP);</li> <li>• Chartered Financial Consultant (CHFC);</li> <li>• Shariah RFP; and/or Islamic Financial Planner (IFP) [for Islamic FAR]</li> </ul> </li> <li>✓ The FAR without any of the above qualifications must pass at least three (3) modules that covers key knowledge areas as follows: <ul style="list-style-type: none"> <li>• foundation in financial planning;</li> <li>• risk management;</li> <li>• insurance planning; and</li> <li>• investment planning</li> </ul> </li> <li>✓ The FAR must be engaged on a full-time basis (an FAR currently engaged/employed by another company must provide a 'Letter of Undertaking' that he/she will resign upon approval of the application).</li> </ul>
8.	Can a Shariah qualified Islamic FAR also act as an FAR for insurance products?	No, a Shariah qualified Islamic FAR cannot advise on insurance products unless the Islamic FAR obtains the minimum requisite qualification to be a FAR. The same applies to a FAR who wants to advise on takaful products.

No.	Questions	Answers
9.	If the applicant is currently involved in other types of businesses, is it allowed to use the same company to apply to carry on financial advisory business?	<ul style="list-style-type: none"> <li>• For a new application to carry on financial advisory business, the Bank will also consider a company which is already carrying on activities related to financial activities.</li> <li>• In addition, once approval is granted, an approved financial adviser is required to seek the Bank's prior approval to carry on any other business or activity not connected with its approved business.</li> </ul>
10.	What are the other requirements to be fulfilled upon approval of my application?	<p>The approved financial advisers and/or Islamic financial advisers, among others, should observe the following requirements:</p> <ul style="list-style-type: none"> <li>• Must offer insurance/takaful products from more than one insurer or takaful operator</li> <li>• Must commence financial advisory business within six (6) months from the date of approval</li> <li>• Must be a member of the Ombudsman for Financial Services</li> <li>• Encouraged to be a member of the Association of Financial Advisers</li> <li>• Must have an established place of business/office</li> <li>• Must submit semi and annual returns, and annual audited financial statements to the Bank</li> </ul>
11.	Who can we contact should we have any further queries regarding our application?	<p>You may contact any of the following officers via our general line at +60326988044:</p> <ul style="list-style-type: none"> <li>(i) Roselina (ext. 8050/roselina@bnm.gov.my)</li> <li>(ii) Sumathi (ext. 8829/sssuma@bnm.gov.my)</li> </ul>

**INFORMATION/DOCUMENT CHECKLIST : APPLICATION FOR APPROVAL OF NEW FINANCIAL ADVISER AND/OR ISLAMIC FINANCIAL ADVISER**

**Submission during Application Window Period in:**

- February       August

**Part 1 - Type of Business : Financial Adviser and/or Islamic Financial Adviser**

*Please tick in the application form accordingly*

**Part 2 - Applicant's Particulars**

- SSM - Certificate of Registration/Incorporation of Company
- SSM - Memorandum and Articles of Association *(if applicable)*
- SSM - Section 14 : Application for Registration of a Company
- SSM - Section 51 : Register of Member
- SSM - Section 58 : Notification of Change in the Register of Directors, Managers and Secretaries
- SSM - Section 78 : Return of Allotment of Shares *(if any)*

*Note: All the above documents are to be certified true copy (CTC)*

- Last 3-years' audited financial statements *(if applicable)*
- Corporate shareholders' last 3-years audited financial statements *(if applicable)*
- Applicant's organisation structure
- Corporate structure (if applicant is part of group of companies)

**Part 3 : Criteria for Assessment of Application**

*Please refer to details and minimum information required in the application form*

- 3-Year Business Plan and execution strategies
- Nature and sufficiency of financial resources with documentary evidences to support sources of funding
- Company's internal policies and procedures
- Description of value proposition that the applicant can offer to the Malaysian financial advisory industry

*Note: In assessing the application, Bank Negara Malaysia will take into consideration the factors as stated in Schedule 6 of the Financial Services Act 2013 and Islamic Financial Services Act 2013*

**Part 4 : Information on Applicant's Directors, CEO, FAR and Individual Shareholders**

- Copy of NRIC (front and back) or passport (for foreign candidate) - *marked 'For BNM use'*
- Copy of professional qualification certificate *(Only for FAR)*
- Statutory Declaration and Consent for Disclosure of Information forms by all directors
- Statutory Declaration and Consent for Disclosure of Information forms by all individual shareholders *(if applicable)*
- Statutory Declaration and Consent for Disclosure of Information forms by the CEO
- Statutory Declaration and Consent for Disclosure of Information forms by all FARs/IFARs
- Letter of undertaking to resign as insurance/takaful agent *(if applicable)*

**Part 5 - Information on Corporate Shareholders *(if applicable)***

- Statutory Declaration and Consent for Disclosure of Information forms by corporate shareholders

**The above documents must be completed and submitted with a cover letter.**