

MEMO# 9446

December 1, 1997

MALAYSIA ESTABLISHES GUIDELINES TO PERMIT FOREIGN FUND MANAGEMENT COMPANIES

[9446] IMMEDIATE ACTION REQUESTED December 1, 1997 TO: INTERNATIONAL COMMITTEE
No. 42-97 RE: MALAYSIA ESTABLISHES GUIDELINES TO PERMIT FOREIGN FUND
MANAGEMENT COMPANIES

Attached is a copy of the guidelines under which Malaysia currently will permit foreign-owned asset management companies to provide investment management services in Malaysia. These guidelines establish two options for foreign asset management firms to establish a commercial presence in Malaysia, depending upon whether the foreign firm will provide services solely to clients outside of Malaysia or also will seek to provide asset management services to Malaysians. Under the guidelines, a foreign firm may establish a 100% owned affiliate in Malaysia if the affiliate provides asset management services solely with respect to assets sourced from outside Malaysia. To provide services also to Malaysian clients, a foreign firm is limited to holding no more than a 70% ownership share in the affiliate and the affiliate, among other things, must have at least \$100 million in assets under management sourced from outside Malaysia. Because Malaysia may be willing to incorporate these market opening changes in its offer in the WTO Financial Services Negotiations to be completed by December 12, 1997, the US Treasury Department has asked our advice on whether the guidelines would appear to have commercial significance for US firms. Please provide any comments you have by December 4, 1997. You can reach me by phone at (202) 326-5826, by fax at (202) 326-5839, or by e-mail at podesta@ici.org. Mary S. Podesta Associate Counsel - International Attachment (in .pdf format)