

ASSOCIATION OF MUTUAL FUNDS IN INDIA

135/BP/53/2014-15

February 11, 2015

To All AMFI Members

AMFI Best Practices Guidelines Circular No. 53 /2014-15

Revision to Guidelines on Transmission of Units

A. Background:

1. AMFI, vide Circular No.20/2010-11 dated February 09, 2011, had issued Best Practice Guidelines with respect to 'Transmission of Units' based on recommendations of AMFI Working Group for Implementation of NISM Recommendations on "Operational Risk Issues in Mutual Fund Investor Service Processes".
2. The detailed guidelines were issued after detailed review of NISM recommendations as well as guidelines applicable to depository participants.
3. The guidelines were issued to ensure standardisation of documents needed for transmission of units, and to avoid any confusion amongst the claimants of mutual fund units dealing with the varying practices and leading to delays in processing of transmission and consequent redemption, if requested.

B. SEBI Circular No. CIR/MIRSD/10/2013 dated October 28, 2013

1. SEBI has issued above mentioned circular to recognized stock exchanges, Registrars and Share Transfer Agents and all Depositories with a view to make the transmission process more efficient and investor friendly in consultation with Registrars Association of India (RAIN) and the depositories.
2. The circular specifies various documents required in case of transmission of securities held in dematerialized form as well as held in physical mode.
3. AMFI Committee on Operations and Compliance has also reviewed its prevailing guidelines based on the aforesaid SEBI circular and has recommended few changes as detailed herein, with a view to make the transmission process more efficient and investor friendly.

C. Changes to AMFI vide Circular No.20/2010-11 dated February 09, 2011:

1. In case of transmission of units to registered nominee/s **in case of death of Sole or All unit holders**, the requirement of Indemnity bond duly signed and executed by the nominee for transmission amounts of ₹One Lakh or more **has been dispensed with**. Accordingly, clause 6.2.5 stands deleted.

 ./2



: 2 :

2. In case of transmission of units to claimant/s, in case of death of sole or all unit holders, where no nomination has been made, the existing threshold limit of ₹1,00,000 (Rupees One lakh only) for the purpose of following simplified documentation has now been revised to ₹2,00,000 (Rupees Two lakh only).

Accordingly, the amount of '₹One Lakh' mentioned in clause numbers 6.3.7, 6.3.8, 6.4.6 and 6.6 is replaced with '₹Two Lakhs'.

A ready reckoner matrix of various documents required under different situations is provided herewith for easy reference.

D. Additional risk mitigation measures:

To avoid the risks of frauds and enhance operational efficiency, AMCs should not accept any 'Transmission-cum-Redemption' request. Instead, AMCs should first accept and process the request for transmission of units with proper documentation and thereafter accept and process redemption request.

E. Investor Awareness:


AMCs are also advised to actively create and improve awareness of nomination facility amongst investors as an additional facility available free of cost, while sending communications to the investors.

F. Implementation timeline:

AMCs would need to modify their SID, SAI, KIM and update their website to incorporate the revised guidelines and are advised to put in place systems and processes with RTAs to implement the above mentioned guidelines and processes at the earliest, but not later than **April 01, 2015**.

You are requested to confirm having noted the contents of this circular for due compliance and also place the same for information in the next meeting of their Trustees.

With regards,


Balkrishna Kini
Executive Vice President