



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.

..12



: 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



Transmission Documents Matrix – Ready Reckoner

Sr. No	Documents Required for Transmission	Transmission to Surviving Joint Holders	Demise of Sole/All unit holders & Nominee/s registered.	Demise of Sole/All unit holders & Nominee/s NOT registered.	Demise of Karta of an HUF.
Basic Documents:					
1	Letter from the Nominee/s or the Claimant/s or new Karta addressed to the AMC/Fund/Registrar.	✓	✓	✓	✓
2	Death Certificate of deceased Unit Holder/s / Karta in original or Photocopy duly notarized or attested by gazetted officer/bank manager.	✓	✓	✓	✓
3	KYC of Nominee/s or Claimant/s or Surviving Unit holders or HUF & New Karta, <u>Or</u> KYC of the Guardian (in case of nominee /claimant being a minor / of unsound mind).	✓	✓	✓	✓
4	New Bank Mandate details - duly attested by Bank Manager - (Annexure I) or Cheque copy with account number and holders' name printed on the cheque.	✓	✓	✓	✓
Additional Legal Documents:					
<i>(Indemnity Bonds/Individual Affidavit to be on minimum Rs 20/- stamp paper or more and duly notarized. KYC address should match with the address mentioned in the Indemnity Bond.)</i>					
1 A	Indemnity bond signed by all legal heir/s confirming the claimant/s (Annexure II)			✓	
1 B	Individual Affidavit by the Legal Heir/s (Annexure III)			✓	
2	Transmission value Upto Rs.2,00,000: <i>Document evidencing relationship of the claimant/s with the deceased unitholder/s.</i> Transmission value Above Rs. 2,00,000/-: Notarised copy of the Probated Will OR Legal Heir / Succession / Claimant certificate by a competent court OR Letter of Administration, in case of Inestate Succession.			✓	
3 A	Indemnity Bond signed by all the co-parceners appointing the new Karta (Annexure IV)				✓
3 B	Notarized copy of Settlement Deed OR Deed of Partition OR Decree of the relevant competent Court: (In case of no surviving co-parceners and the transmission value is more than Rs. 2,00,000/- , OR where there is an objection from any surviving members of the HUF)				✓



(To be signed jointly by all the Legal Heirs)

ANNEXURE - II: Indemnity Bond by All Legal Heir/s Confirming Claimant/s with respect to Transfer of the Mutual Fund Units held by the Deceased Unit Holder without production of Legal Representation

(In case of Transmission of Mutual Fund Units held by a Single Holder/ on death of all unit holders in case of Joint Holding and where there is no nomination has been registered).

I/We do hereby solemnly affirm and sincerely state on oath as follows,

I/We state that “Mr. / Ms. ^(*) _____” passed away on _____ and he/she was holding the following Mutual Fund Units:

S No.	Name of Mutual Fund	Scheme Name	Folio No	No. of Units HEld

The aforesaid unit holder died intestate /without registering any nominee/s in folio/s.

We further inform you that he / she left behind him/her only surviving heirs and next of kin, the following persons according to the Law of Intestate Succession application to him/her by which he/she governed at the time of his/her death.

We have, therefore, approached you with a request to transfer the aforesaid Mutual Fund units in the name of the undersigned “Mr. / Ms. ^(#) _____” on my/our behalf without insisting of production of a succession certificate or an order of the court of competent jurisdiction for which we or any one on our behalf execute an indemnity as is herein contained and on relying on the information herein given by us believing the same to be true.

In consideration therefore of my/our request to transfer above said Mutual Fund units to the name of the undersigned “Mr. / Ms. ^(#) _____”. I / we hereby jointly and severally agree and undertake to indemnify and keep indemnified, saved, defended, harmless you and your successors and assigns for all time hereafter against all losses, costs, claims, actions, demands, risks, charges, expenses, damages, etc., whatsoever which you may suffer and/or incur by reason of your, at my/our request, transferring the said Mutual Fund units as herein above mentioned, to the undersigned “Mr. / Ms. ^(#) _____” without insisting on production of a succession certificate or an order of the court of competent jurisdiction.

IN WITNESS WHEREOF THE said “Mr. / Ms. ^(#) _____” have here unto set their respective hands and seals this _____ day of _____.

Signed and delivered by the said legal heir/s.

1. _____	_____
2. _____	_____
3. _____	_____
(Name & Address of the Legal Heirs)	Signature of the Legal Heirs

1. _____	_____
2. _____	_____
Sureties Name & Address [Mandatory]	Sureties Signature

^(*) = Name of the deceased unit holder

^(#) = Name of the claimant/s



Annexure - III: Individual Affidavits by the Legal Heirs

(In case of Transmission of Mutual Fund Units held by a Single Holder / on death of all unit holders in case of Joint Holding and where there is no nominee registration)

(#) _____” son / daughter / spouse of _____
_____ residing at _____

_____do hereby solemnly affirm and sincerely state on oath as follows.

That Mr. / Mrs. .^(*) _____” the deceased was holding the following mutual fund units in his /her name as single holder/joint holders:

Sl. No.	Name of Mutual Fund	Scheme Name	Folio No	No. of Units Hold

That the deceased had died intestate on _____ for which we are attaching a Death Certificate.

The following are the only legal heir(s) of late Mr. / Mrs. .^(*) _____” for which we are attaching a Legal Heirship Certificate/ Succession Certificate.

Sl. No.	Name of the Legal Heirs	Address	Age	Relationship with the deceased
1				
2				
3				

That out of aforesaid legal heirs Master / Kumari. _____ Aged _____ years is a minor and he / she is being represented by Mr. / Ms. ⁽⁵⁾ _____” who is none other than his / her father / mother as natural guardian.

We also confirm that there is no other legal heir as stated above to the deceased,^(*) _____”

We also indemnify the concerned mutual fund and its authorized Registrar and Transfer Agent in a separate indemnity letter with a third party sureties.

DEPONENT SIGNATURE: _____

VERIFICATION

We hereby solemnly affirm and state on oath that what is stated herein above is true and correct Original Death Certificate or original attested copy of the death certificate. and nothing has been concealed therein and that we are competent to contract and entitled to rights and benefits of the above mentioned mutual fund units of the deceased.

Solemnly affirmed at
Signed before me at _____ on _____

Signature of Notary with Official Seal of Notary

Note: 1. Each deponent shall sign separate affidavits.

^(#) = Name of the legal heir; ^(*) = Name of the deceased unit holder; § Name of the Guardian



**Annexure - IV: Indemnity Bond with Respect to Change of Karta /
Transfer of the Mutual Fund Units held by the Deceased Karta
(To be signed by all the coparceners including the new Karta)**

I/We do hereby solemnly affirm and sincerely state on oath as follows:

S No.	Name of Mutual Fund	Scheme Name	Folio No	No. of Units Held

I/We inform you that “Mr. / Ms. ^(*) _____” passed away on _____ and he was the Karta of the HUF and holding the following Mutual Fund Units:

I /We inform you that the following are the only living members of the _____
(Name of the HUF) and that there are no other members / coparceners for the said HUF:

Sl.No.	Name	Age	Date of Birth
--------	------	-----	---------------

- 1
- 2

I /We further inform you that Mr. “Mr. / Ms. ^(#) _____” is the senior most coparcener of the HUF/ is the new Karta duly appointed by all the members.

I/We have, therefore, approached you with a request to replace the name of the deceased Karta with the name of the new Karta Mr. “Mr. / Ms. ^(#) _____” for which I /We execute an indemnity as is herein contained and on relying on the information herein given by us believing the same to be true.

In consideration thereof my / our request to replace the name of the Karta in the above said Mutual Fund units in the place of deceased Karta I/We hereby agree and undertake to indemnify and keep indemnified, saved, defended, harmless you and your successors and assigns for all time hereafter against all losses, costs, claims, actions, demands, risks, charges, expenses, damages, etc., whatsoever which you may suffer and/or incur by reason of your, at my/ our request.

IN WITNESS WHEREOF THE said “Mr. / Ms. ^(S) _____”has here unto set their respective hands and seals this _____ day of _____.

Signed and delivered by the said applicant. (Name of new Karta)

1. _____

Name & Address of members of the HUF	Signature of the members of the HUF
--------------------------------------	-------------------------------------

1. _____

2. _____

Sureties Name and Address [Mandatory]	Sureties Signature
---------------------------------------	--------------------

Date: _____

Place: _____	Signature of notary [With name and seal]
--------------	--

Add additional lines wherever applicable

^(*) = Name of the deceased Karta [Unit Holder]; ^(#) =Name of the new Karta; ^(S) = Name of the members of HUF