



CIRCULAR

SEBI/HO/IMD/DF3/CIR/P/2019/166

December 24, 2019

**All Mutual Funds (MFs)/
Asset Management Companies (AMCs)/
Trustee Companies/ Board of Trustees of Mutual Funds/
Association of Mutual Funds in India (AMFI)**

Sir / Madam,

Subject: Investment in units of Mutual Funds in the name of minor through guardian and ease of process for transmission of units

In order to bring about uniform processes across Asset Management Companies (AMCs) in respect of investments made in the name of a minor through a guardian and to enable efficient transmission of units the following has been decided:

- 1. Process for Investments made in the name of a Minor through a Guardian**
 - a. Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor or from a joint account of the minor with the guardian only. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed.
 - b. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.



- c. AMCs shall build a system control at the account set up stage of Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) on the basis of which, the standing instruction is suspended when the minor attains majority, till the status is changed to major.

2. **Process for transmission of Units**

- a. In order to improve the processing turnaround time for transmission requests, AMCs shall implement image based processing wherever the claimant is a nominee or a joint holder in the investor folio.
- b. AMCs shall have a dedicated, Central Help Desk and a webpage carrying relevant information and instructions in order to provide assistance on the transmission process.
- c. AMCs shall adopt a common Transmission Request Form (common fields) and NOC form. All such forms and formats shall be made available on the website of the AMCs, RTAs and AMFI.
- d. AMCs shall implement a common set of document requirements for transmission of units to claimant who are nominees or joint holders in the investor account.
- e. AMCs shall implement a uniform process for treatment of unclaimed funds to be transferred to the claimant including the unclaimed dividends.
- f. AMCs shall not accept requests for redemption from a claimant pending completion of the transmission of units in his / her favour.



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- g. The Stamp duty payable by the claimant with respect to the indemnity bond and affidavit, shall be in accordance with the stamp duty prescribed by law.

AMCs and AMFI shall promote the importance of nomination as a part of its investor education and awareness programmes.

3. To ensure uniformity across the industry, AMFI is advised to prescribe the forms and formats referred in point 2 (c), common set of documents referred in point 2 (d) and uniform process for treatment of unclaimed funds referred in point 2 (e), within 30 days from date of issuance of this circular and shall mandatorily be followed by all Mutual Funds/AMCs.
4. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Deena Venu Sarangadharan

Deputy General Manager

Tel no.: 022-26449266

Email: deenar@sebi.gov.in