



# ASSOCIATION OF MUTUAL FUNDS IN INDIA

AMFI/ CIR-18/ 2019-20

July 04, 2019

To,

**All Asset Management Companies  
All AMFI Registered Mutual Fund Distributors**

## **Re : Time limit for submission of annual DSC**

As you are aware, in terms of AMFI's circular no. CIR/ ARN-01/02-03 dated 15-Jan-2003, each mutual fund agent/distributor is required to submit a "Declaration of Self-Certification" (DSC) in a prescribed format annually in order to enable the AMCs to monitor compliance of their empanelled agents/ distributors with the Code of Conduct for Mutual Fund Intermediaries' as stipulated in SEBI circular dated June 26, 2002. The format of the DSC has been modified by AMFI from time-to-time in line with regulatory changes, the last such revision being in September 2014.

As per current AMFI guidelines, the annual DSC needs to be submitted within 3 months after the end of each Financial Year, (i.e., by June 30), failing which, payment of all accrued commission is withheld till the time the DSC is submitted by the distributor. However, currently no specific time limit has been stipulated for claiming the withheld commission for the above reason, as a result of which AMCs are compelled to withhold the commission for an indefinite period as a result of non-submission of DSC by the distributors.

SEBI, vide letter dated February 21, 2019 to AMFI, had advised that the AMCs should make all the withheld commission payments within a period of 3 months from the date of the said letter. Subsequently, in response to a representation made by AMFI to waive the 3 month time limit in respect of the trail commission with-held for pending KYC fulfilment and non-submission of DSC, SEBI has vide letter dated June 4, 2019, granted an extension of 3 more months to the AMCs to make the payments of withheld commission. From the above, it follows that the commission withheld on account of non-submission of DSC for the past years needs to be paid by 20-Aug-2019, (subject to receipt of the pending DSCs from the concerned distributors), or else the same may be forfeited.

In the above context, it was felt expedient to stipulate a time limit for submission of DSC going forward, failing which the commission would be forfeited, as is being done in respect of non-renewal of ARN, in order to ensure greater discipline in this regard.

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The matter was reviewed by AMFI's Standing Committee on Mutual Fund Distributors (ARN Committee) and the committee also endorsed the above view. Since a grace period of 6 months is allowed for renewal of ARN, the committee proposed that on the same logic, a maximum period of 6 months from June 30 (being the due date for submission of annual DSC) may be allowed for submission of the annual DSC, i.e., up to Dec. 31, failing which, the commission withheld due to non-submission of DSC shall be forfeited. The committee's recommendation was approved by the Board of AMFI, at the AMFI board meeting held on June 14, 2019.

Accordingly, effective from the year ended March 31, 2019 onwards, each mutual fund agent/distributor shall submit an annual "Declaration of Self-Certification" (DSC) in the prescribed format within 3 months after the end of each Financial Year, i.e., by June 30, failing which, payment of all accrued commission shall be withheld by the AMCs, till the time the DSC is submitted. Further, a grace period of 6 months from June 30 (being the due date for submission of annual DSC), i.e., up to Dec. 31 shall be allowed for submission of the DSC. If the annual DSC is not submitted by Dec. 31, the commission withheld for non-submission of DSC shall stand forfeited.

You are requested to take note of the contents of this circular for due compliance.

With regards,

Sincerely,



**N. S. Venkatesh**  
**Chief Executive**