



Association of Mutual Funds in India

C-701 Naman Corporate Link, Plot Nos. C-31 / C-32, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400 051

135/BP/ 99 /2021-22

March 29, 2022

To,

All AMFI Members

Dear Members,

AMFI Best Practice Guidelines Circular No.99 /2021-22
Data Sharing Principles to be followed by AMCs while sharing Unitholders' Data

In one of the meetings with the AMFI representatives, SEBI had expressed concerns with regard to potential data privacy issues resulting from unitholders' data being shared freely without appropriate checks / controls and had advised that AMFI to come up with appropriate guidelines / principles on sharing of the investors' data by AMCs with various stakeholders including MFDs, RIAs, PMS managers and depositories at the earliest to be uniformly followed and implemented by all AMCs, and share the same with SEBI for SEBI's perusal.

The matter was examined by AMFI's Operations & Compliance Committee. The Committee, after detailed deliberations, submitted the draft of the recommended principles / guidelines on sharing of the investors' data by AMCs with various stakeholders. The Committee's recommendations were, after being approved by the AMFI Board, were submitted to SEBI for SEBI's review. A Working Group led by Mr. Sanjay Sapre, Director and Chairman of the Operations Committee was formed to discuss and coordinate with SEBI to fine tune and finalise the proposed Data Sharing principles.

The final set of Data Sharing Principles finalised by the Working Group in consultation with SEBI after several rounds of discussions is provided in Annexure A hereto. The same have been duly endorsed by the AMFI Board for being issued as AMFI Best Practice Guidelines to be uniformly followed and implemented by all members from April 1, 2022.

Members are requested to take note of the attached Best Practice guidelines for uniform implementation. Members are also requested to place the same before their Trustee & AMC Boards for information at their next meeting.

With regards,

Sincerely,

B. M. Kini
Dy. Chief Executive



Annexure A

Data Sharing Principles to be followed by AMCs while sharing Unitholders' Data

Part A – Basic Principles

1. The Asset Management companies are the ultimate owners and custodians of mutual fund unitholders' financial, non-financial and customer data which are collectively referred to as "data" hereinafter. Provided that, any entity acting under a valid registration / certification from SEBI and having a valid contractual agreement with the investor under which it is acting as an agent of investor, would have a parallel and equal ownership of data originated from it.
2. Unit holder has the right to the protection of personal data concerning him or her, and has the right of access to data concerning him or her, and the right to share his or her data with entities of their choice.
3. Each Asset Management company should have a Privacy Policy in place which addresses key aspects of collection, use, storage and sharing of data.
4. The policy must clearly articulate the purpose for which the data is collected, how it is stored, with whom it may be shared and for what purpose, and how investors may review, rectify, access, and share their data.
5. AMC shall ensure that their Registrar and Transfer Agents (RTAs) are bound by appropriate contractual obligations to ensure privacy of data, and that the data can only be stored, processed, used, or shared in accordance with the Privacy Policy. Further,
 - i. Mobile applications or websites owned by RTA shall not be promoted to investors who are not acquired/managed by them directly.
 - ii. RTAs may communicate directly through their own channels/ modes, only as needed in terms of SEBI Regulations and Circulars and as authorized by AMCs.
6. AMC shall provide data to its service providers and agents only on a "need to have" basis viz. only what is required for providing uninterrupted service to AMC and its customers.

Part B – Guiding Principles while providing/ sharing data feeds externally

The following principles shall apply in providing data feeds to Market Participants (MP) or intermediaries and platforms:

- a) **Industry Platform (such as MF Central), set up by Qualified RTA (QRTA) or Depositories, providing services to investors and other stake holders for transacting in mutual funds:** AMCs, based on guidelines from SEBI, shall share data as may be requested by such platforms and shall enable inter-operability amongst and between RTAs and Depositories to enable such platforms to provide a fully integrated experience to investors and other stakeholders.



- b) **Entities such as Stock Exchanges, MFU providing an execution platform to MFD, RIA, Stock Broker (SB) (together referred to as Market Participants (MP) or intermediaries) and investors:** AMCs shall provide data only relating to transactions which are routed through such platforms. Further, such platforms shall also share data with the MP/Intermediaries/investors only relating to transactions routed through them by such MP/intermediaries/investors. Transactions routed by MP/intermediaries should bear the ARN registration number for distribution transaction in Regular plan and RIA/SB Registration number for advisory transaction in direct plan. Client level segregation is mandatory for all MPs/intermediaries including MFDs, RIAs, Stock Brokers, PMS providers.
- c) **MP/Intermediaries serviced by AMC or RTA:** AMC shall provide data only relating to transactions which are routed through such MP/intermediaries. Transactions routed by MP/intermediaries should bear the ARN registration number for transaction in Regular plan and RIA/SB Registration number for transaction in direct plan.
- i. For the avoidance of doubt, if there are multiple MP/intermediaries servicing an investor, each intermediary shall only receive the data for transactions which bears their intermediary code (ARN / RIA registration number / SB Registration number).
 - ii. For abundant clarity, this rule shall also apply to Fintech platforms operating as MFD or RIA.
- d) **PMS, Custodians acting on behalf of investors/FPI:** AMC shall provide data only relating to transactions routed through such PMS providers or Custodians..
- e) **Entities regulated by SEBI or RBI such as NPCI, Banks, Payment Aggregators, Depositories, Clearing Corporations:** AMC shall share only the data which are required for them to fulfil their contracted activities such as third-party verification, reconciliation, credit identification, payment, collection, consolidated account statement, debit/credit alerts, etc.
- f) **Other entities / vendors not regulated by SEBI or RBI, acting as service providers to the AMC such as Printers, Email/SMS engines, Marketing Agencies:** AMC shall share only data as may be required by the vendors to render services as per contractual agreement or regulations.
- g) Unit holder's data shall not be shared by AMC with any entity other than as stated above without a specific unit holder consent as per **Paragraph (i) below**. Further, the above entities with whom data is shared by AMCs shall not further share the same with any third person without a specific unit holder consent as per **Paragraph (i) below**.
- h) AMC shall have appropriate contractual agreements with all its agents and service providers to ensure that the data is –
- i. Always protected
 - ii. Used only for the purpose for which it was shared



- iii. Purged as soon as the data is no longer required to be stored for rendering services for which the data was shared/collected or stored securely (if required to meet any legal or compliance obligation)
- iv. Not shared with any entity (including group or associate entities) without explicit approval of the AMC or specific consent of the unitholder as per Paragraph (i) below. Further, if any third-party vendor is employed by such entities, the vendor shall be contractually bound by such entities to ensure adherence with the privacy policy, including protection and non-sharing of data.
- v. Products & services of group companies shall not be cross marketed

i) Consent Artefact:

AMC, its service providers/agents shall share data with any entity based on explicit unitholder consent as follows:

- i. Through the Account Aggregator* ecosystem as and when notified by SEBI.
- ii. Through any similar consent artefact as and when notified by SEBI.

** Account Aggregator is a consent manager for Financial Data: a new class of NBFC approved by RBI to manage consent for financial data sharing. It was created through an inter-regulatory decision by Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA) through Financial Stability and Development Council (FSDC). RBI licenses the AAs.)*

j) Statutory requirement:

The principles/restrictions listed above shall not be applicable where any data is required to be submitted by any entity to any statutory authority or a regulatory body, court of competent jurisdiction, law enforcement authority or is required to be provided, furnished, or filed under any extant laws, regulations, ordinances, orders or for other statutory or reporting purposes.

k) Data reported in aggregate:

It is further clarified that the above principles/restrictions shall not apply where data is only reported in the aggregate without any specific information relating to an identified or identifiable unit holder/person/entity.
