



ASSOCIATION OF MUTUAL FUNDS IN INDIA

135/ BP/ 76/2018-19

March 20, 2019

To,

All Members of AMFI

AMFI Best Practices Guidelines Circular No. 76/ 2018-19
Standard Procedure for Tagging Transactions to T-30 / B-30 PIN Codes

Dear Members,

As you are aware, SEBI, vide circular no. SEBI/HO/IMD/DF2/CIR/P/2018/16 dated February 02, 2018, had specified that from April 1, 2018, the additional TER of upto 30 basis points would be allowed for inflows from beyond the top 30 (B-30) cities, instead of beyond the top 15 (B-15) cities in partial modification of para A(1) of SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012. In this regard, SEBI had advised AMFI that the MF industry should follow a uniform process for generating the report on AUM by Geography, as well as for identifying and tagging T-30 / B-30 transactions strictly based on investors' PIN code, to ensure accuracy and uniformity in identifying the B-30 transactions across all mutual funds. Accordingly, a standard process finalised in consultation with AMFI's Operations Committee is being followed by RTAs from April 2018.

During the SEBI inspection, it was observed by SEBI that the process followed by certain RTAs for identifying and tagging B-30 transactions, where the investor's PIN Code or city name was missing / invalid etc. had certain lacunae and needed to be reviewed / remediated.

The matter was discussed by AMFI with SEBI, and in consultation with SEBI and AMFI's Operations Committee, the existing process has been revised / fine-tuned as per **Annexure A**, to be followed uniformly by all AMCs /RTAs for generating the report on AUM by Geography, as well as for tagging T-30 / B-30 transactions to determine the additional [B-30] incentive from April 1, 2019.

Members are requested to take note of the same for uniform implementation by their RTAs from April 1, 2019. Members are also advised to inform their empanelled distributors—

- (i) to review the PIN codes captured against their clients' folio and take immediate steps to remediate the same, wherever city + PIN code is incorrect or missing through KYC change form.
- (ii) to ensure that their clients provide their PIN codes accurately in the KYC form as well as MF Folio opening form, to ensure that the B-30 transactions are identified and tagged accurately.
- (iii) that transactions with missing or invalid PIN codes shall be considered as T-30 transactions w.e.f. April 1, 2019.

Members are requested to confirm having noted the contents of this circular for compliance and to place the circular before their Trustees for information at their next meeting.

With best regards,


N. S. Venkatesh
Chief Executive

Encl. as above



Annexure

Standard Procedure for tagging Transactions to T30/B30 PIN Codes

1. The Report on AUM by Geography, as well as tagging T-30 / B-30 transactions shall be done strictly based on investors' PIN code in the folio.
2. RTAs shall use the city-wise PIN Code file for top 200 cities provided by AMFI to tag all purchase transactions (including Switches, SIP/STP transactions and Dividend Reinvestments) as also for generating the report on AUM by Geography.
3. All NRI transactions (i.e., where Tax Status Code is NRIs/OCI/PIO/FIIs/QFIs) shall be tagged as T-30 and shown in the report on AUM by Geography, separately.
4. In respect of transactions where country name is available in the application form or in KRA / CKYC database, and the country name stated is other than "INDIA", the same shall be tagged as T-30.
5. Where investor PIN Code is available and matches with T-30 PIN Code file provided by AMFI, the transaction shall be tagged as T-30.
6. If the investor PIN Code is available and valid as per All-India PIN Code master of Dept. of Posts, but does not match with the T-30 PIN Code file provided by AMFI, the transaction shall be tagged as follows:
 - i. If the city name is available in the KYC city field and matches with T-30 city list or is a foreign city, the same shall be tagged as T-30; else, the same shall be tagged as B-30.
 - ii. If the city name is not available in the KYC city field, the same shall be tagged as B-30.
7. Where PIN Code is invalid or not available, then
 - a. If the city name can be positively identified as B30, it shall be tagged as B30;
 - b. If the city name cannot be positively identified as B30, it shall be tagged as T-30.
8. Wherever fresh Purchase application is accompanied with KYC form, PIN Code / Investor City name as per KYC Application shall be considered.
9. Re-tagging shall be done within T+15 business days, if the original tagging was done based on the fresh Purchase Application form and KRA/CKYC download indicates a change requirement. The date of tagging / re-tagging of transactions will be stored in the database for audit trail purposes
10. PIN Code or Investor Address received through Stock Exchange (Non-Demat) /Channel Partners' Feed for transactions, other than Fresh Purchase may be ignored and RTAs should go by the address as per KYC.
11. The PIN code Master and T30/Foreign City Master will be reviewed by AMFI for any changes/corrections in coordination with the RTAs once every year.
12. If any AMC/RTA discovers that any PIN code should be included in the T30 / B-30 city list, they shall report the same to AMFI and AMFI after due review will provide a revised T30/B-30 list. All revisions will be applied prospectively.
13. Any PIN code to be inserted/deleted in the T30 / B-30 PIN codes list will be advised by AMFI. AMCs should instruct RTAs not to make any changes in the T30 PIN code list provided by AMFI and RTA's should strictly adhere to the process noted herein. Any changes requested to move PIN codes between B30 and T30 shall be centralized via AMFI and implemented in a standard manner across all RTAs only once a communication to this effect is received from AMFI.
