



ASSOCIATION OF MUTUAL FUNDS IN INDIA

135/BP/ 77 /2018-19

March 20, 2019

To,
All Members of AMFI

AMFI Best Practice Guidelines Circular No. 77 /2018-19

Standard Process for Capturing / Updating Email Address and Mobile Number of investors

Background

1. SEBI in its letter no. SEBI/HO/IMD/DoF4/OW/P/2018/0000019378/1 dated July 9, 2018 regarding "SEBI Inspection of Mutual Funds for the period April 1, 2014 to March 31, 2016" addressed to AMFI, had highlighted under para. 7 as follows:

"Invalid email IDs or mail IDs of the RTAs in place of investors' ID, thus depriving investors of information that is required to be shared with them. This has also resulted into violation of confidentiality of information pertaining to such investors".

2. As per AMFI's Code of Conduct, mutual fund distributors must ensure that the investor's address and contact details filled in the mutual fund application form are investor's own details, and not of any third party and should refrain from filling information of their own or of their employees as the investor's contact details in the application form, even if requested by the investor to do so.

It has been brought to AMFI's attention by one of the RTAs that despite such clear guidelines, several distributors have provided their own email id. and mobile numbers instead of their clients' contact details. This is not only in violation of the aforesaid AMFI guidelines, but also deprives the clients from receiving important communication sent by the AMCs. Also, the AMCs/RTAs will not be able to contact the investors directly, in case of any urgent requirements.

The above matter was discussed by AMFI's Operations & Compliance Committee and the Committee has recommended a standard process as detailed below for Capturing / Updation of Email Address and Mobile Number of investors against their folios in the Unit Holder' Register (UHR) maintained by the AMCs/RTAs. Accordingly, all AMCs are requested to take note of the following guidelines and take necessary steps to implement the same.

1. Guidelines with respect to new customers

- i. In respect of new customers (i.e., investors who do not have any folio with the MF), the email address and the mobile no. as provided in the application form or the Transaction feed file received from Stock Exchanges/Channel Partners/Registered Investment Advisors shall be captured.



- ii. In cases where the email address / mobile no. is not provided in the application form / not available in the transaction feed file, the email address / mobile no. of the sole / first applicant as per the KYC data should be taken as the email address / mobile no.
- iii. If the email address / mobile no. is not provided in the application form / not available in the transaction feed file, nor available in the KYC data of the sole/first applicant, a letter should be sent to the customer alongwith a KYC Change Request Form with a request to provide the same to the AMC / KRA , duly completed. This will enable the RTAs to receive the updated contact details via unsolicited feeds from the KRAs, and ensure that the investor's data gets updated in RTA database across the MF industry promptly, without the customer having to notify individual AMCs/RTAs.
- iv. AMCs / RTAs should make continuous follow up efforts to collect the email ID and mobile numbers of the sole / first holder via KYC Change Request Form, by sending periodic reminders – at least annually.
- v. If an AMC/RTA finds that the email address/mobile number provided in the application form may not be of the actual investor, or the same appears incorrect / doubtful, the AMC/RTA may choose not to capture / update such email address/mobile number. In such a case, the AMC/RTA shall promptly send a letter to such investor, with a request to provide the correct email address/mobile number attaching a KYC Change Request Form.
- vi. As a general rule, the email address of one investor should not be allowed /updated against folios of other/multiple investors, unless a specific written request is received in this regard duly signed by the investors, or the investors in such folios belong to the same family (applicable in respect of individual customers only). AMCs / RTAs should conduct regular checks to ensure the same.

‘Family’ for this purpose shall mean self, spouse, dependent children, dependent parents as specified in SEBI Circular No. CIR/MIRSD/15/2011 dated Aug 02,2011, addressed to All Stock Exchanges.
- vii. Application forms may be suitably modified to enable individual investors to declare whether the primary email address being provided belongs to self or a family member.
- viii. To encourage and promote the “Go green” initiative of the government, it would be expedient to encourage the investors to provide e-mail / mobile number. In such cases where email address / mobile no. is not provided in the application form / not available in transaction feed file and also not available in the KYC data, a remark “NOT PROVIDED” should be printed in the Account Statement against the respective headers.
- ix. It should be clearly specified in the SID/KIM/Application forms that the primary holder's own email address and mobile number should be provided for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.



2. Guidelines with respect to existing customers

- i. In respect of existing customers, (i.e., who already have a folio with the MF), AMCs are advised to carry out a thorough exercise of identifying the folios wherein (i) the email ID is invalid or has not been provided at all (ii) email ID of the RTA has been populated (as observed by SEBI during inspection) or (iii) the same email id. and/or the mobile number has been provided /captured against folios of other/multiple investors who do not belong to the same family (as is apparent from name and address); or (iv) the email id. and/or the mobile number pertains to the distributor through whom the investment was made (basis the email IDs available in ARN master.)
- ii. If the email address / mobile no. is not provided in the application form / not available in the transaction feed file, nor available in the KYC data of the sole/first applicant, a letter should be sent to the customer alongwith a KYC Change Request Form, with a request to provide the same to the AMC /KRA, duly completed. This will enable the RTAs to receive the updated contact details via unsolicited feeds from the KRAs and ensure that the investor's data gets updated in RTA database across the MF industry promptly, without the customer having to notify individual AMCs/RTAs.
- iii. In all such cases where it is prima facie obvious that the email ID. / mobile number provided in the application form/ transaction feed file is not of the actual investor, or the same appears incorrect or doubtful, or the same email id. and/or the mobile number has been provided /captured against folios of multiple investors who prima facie do not belong to the same family (as is apparent from name and address); the AMCs should –
 - a. Arrange to delete the existing email id / mobile number.
 - b. check and populate the email ID / mobile number of the primary holder from the KRA / CKYC data;
 - c. send a suitable intimation to the concerned investor and distributor regarding the actions taken as above.
 - d. request the investor and the distributor to provide the investor's own mobile number and email ID. via a KYC Change Request Form, if the sole/ first holder's email id./mobile is not available in KRA / CKYC data. (This will enable the RTAs to receive the updated contact details via unsolicited feeds from the KRAs, and ensure that the investor's data gets updated in RTA database across the MF industry promptly, without the customer having to notify individual AMCs)
 - e. AMCs / RTAs should make continuous follow up efforts to collect the email ID and mobile numbers of the sole / first holder via KYC Change Request Form, by sending periodic reminders – at least annually.

3. Communication:

All communication via email / SMS should necessarily be sent to the email ID / mobile number belonging to the sole/primary holder.





4. Implementation Timelines

AMCs are advised to implement the above-mentioned guidelines and processes at the earliest, but latest by **June 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,

A handwritten signature in blue ink, reading "N. S. Venkatesh", is written over a horizontal line.

N. S. Venkatesh
Chief Executive