



## Association of Mutual Funds in India

135/BP/23/2011-12

April 29, 2011

To all members,

Dear Sir/ Madam,

### **AMFI Best Practice Guidelines Circular No.23/2011-12**

#### **Risk mitigation process against Third-Party Cheques in mutual fund subscriptions- Clarification on Clause No.3(A) (a)**

Kindly refer to the AMFI circular 16/2010-11 dated August 16, 2010 on Risk mitigation process against third-party cheque in Mutual Fund subscription. Based on the representation received from some members, the Committee has decided to amend clause 3 (A) in the said circular is amended as under:

#### **“(A) Not to accept Third-Party cheques:**

Asset management Companies (AMCs) should not accept subscriptions with Third-Party payments except in the following exceptional situations:

- a) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP instalment). However this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.
- b) Payment by Employer on behalf of employee under Systematic Investment Plans through Payroll deductions.
- c) Custodian on behalf of an FII or a client.”

AMCs are requested to take note of the above clarification .They are also advised to put up this circular in the immediate next meeting of their Trustees for information.

With regards,

**V. Ramesh**  
**Dy. Chief Executive**