



Association of Mutual Funds in India

135/BP/24/2011-12

June 17, 2011

To all members,

Dear Sir/ Madam,

AMFI Best Practice Guidelines Circular No.24/2011-12

Risk mitigation process against Third-Party Cheques in mutual fund subscriptions- Amendment in Clause No.4(f)

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.

With a view to introduce "Debit Cards" as a means of payment tool for the investments in Mutual Fund Schemes by investors, we have amended the Clause 4(f) of the above circular as follows, based on the recommendation of the Committee on Operations and Compliance.

4. Process to identify Third-Party payments:

*4 (f) For payments through net banking **and debit cards**, AMCs shall endeavour to obtain the details of the bank account debited from the payment gateway service provider and match the same with the registered pay-in accounts. In case it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the AMC/R&TA shall reject the transaction with due intimation to the investor. **Currently, where the investor account details are not made available by the payment gateway service provider, the AMCs shall obtain the name of the bank making the payment for the subscription.***

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.

AMCs will now be able to offer a facility to investors to invest through Debit Cards based on the guidelines given above.

With regards,

V. Ramesh
Dy. Chief Executive