



Association of Mutual Funds in India

135/BP/32/2012-13

December 7, 2012

To all members,

Dear Sir / Madam,

AMFI Best Practice Guidelines Circular No.32/2012-13

GUIDE LINES ON IMPLEMENTATION OF EMPLOYEE UNIQUE IDENTIFICATION NUMBER (EUIN)

1. Background :

- a. SEBI circular dated September 13, 2012 has directed mutual funds to capture the unique identity number (EUIN) of the employee/relationship manager/sales person of the distributor (Sales Person) interacting with the investor for the sale of mutual fund products in addition to the AMFI Registration Number (ARN) of the distributor.
- b. As intimated through AMFI circular 35P/MEM-COR/14/12-13 dated October 30, 2012, AMFI-unit of CAMS will be sharing a comprehensive list of EUIN to all RTAs. They will also be sending a daily incremental list to all RTAs indicating new EUIN generated and deletions/modifications of existing EUIN. The data format shall contain the following details: Corporate ARN, Name of the Corporate, Employee name, EUIN, Validity date (from and to) of EUIN.
- c. AMFI constituted a sub-committee to frame implementation procedures and business rules for implementation of EUIN.
- d. All AMCs are requested to implement the following recommendations made by the sub-committee.

2. Implementation timeline :

- a. The recommendation of the committee is to implement EUIN in two phases depending on the mode of transacting. It is recommended that EUIN be implemented for transactions routed through the following modes in Phase II as the respective stakeholders need to make changes to their systems. The date of implementation of Phase II will be notified after discussions with the respective stake holders.

Modes of Transaction

- Mobile Transactions/ SMS based
- Stock Exchange Platform
- ATM based
- Call Center originated

3. EUIN Maintenance:

- a. EUIN will be maintained by the AMFI-unit of CAMS.
- b. This is largely applicable to sales persons of non individual ARN holders only. Individual/Sole Proprietorship ARN holders have been instructed to intimate AMFI-unit of CAMS in case they employ any Sales Person for selling mutual funds so that EUIN could be allotted to them.
- c. EUIN will not be applicable for overseas distributors who comply with the requirements as per AMFI circular CIR/ ARN-14/12-13 dated July 13, 2012.
- d. EUIN will be a unique number allotted to each Sales Person holding a valid NISM certificate and associated with a ARN holder.
- e. EUIN validity is not linked to the main ARN holder's expiry as the Sales Person may move from one ARN to another.
- f. AMFI-unit of CAMS will track the period for which a Sales Person / EUIN is tagged to a particular ARN holder i.e. both start date and end date of an EUIN's association with a ARN holder will be recorded and maintained for future reference.
- g. ARN holders shall notify AMFI-unit of CAMS about a Sales Person involved in distribution of MFs, joining or exiting the organization quoting his/her EUIN at the earliest.
- h. In case of any complaint is received from investors, AMCs, regulators, ARN holder, against a Sales Person AMFI ARN Committee shall carry out an investigation and advise AMFI-unit of CAMS about the continuation or suspension of the EUIN.

4. Applicability of EUIN :

- a. Transactions to be included - Purchases, Switches, SIP/ STP / STP Triggers registration, Dividend Transfer Plan registration.
- b. Transactions to be excluded – Auto SIP/ STP / SWP / STP Triggers Installments, Dividend Reinvestments, Bonus Units, Redemption, SWP Registration, Zero Balance Folio creation and Dividend Transfer Plan installments.

5. Implementation Process :

- a. AMCs shall create a space in the mutual fund transaction forms, alongside the ARN number and the sub broker code, for capturing the EUIN. The EUIN box shall show a reference to the confirmation referred to in clause 5 below.
- b. AMCs shall advise distributors to ensure that the sub broker puts his ARN code in the sub broker column instead of the current practice of putting an internal code issued by the main ARN holder.
- c. AMCs shall put in place a system to capture the EUIN and validate the same with the records provided and updated by AMFI-unit of CAMS.
- d. AMCs shall print the following confirmation in bold immediately below the box/space provided for the ARN number, the sub broker code and the EUIN:

"I/We hereby confirm that the EUIN box has been intentionally left blank by me/us as this is an "execution-only" transaction without any interaction or advice by the employee/relationship manager/sales person of the above distributor or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relationship manager/sales person of the distributor and the distributor has not charged any advisory fees on this transaction".

- e. AMCs shall highlight in the KIM the importance of providing EUIN, particularly in advisory transactions, and state that EUIN would assist in tackling the problem of misspelling even if the employee/relationship manager/sales person leave the employment of the distributor.
- f. AMCs shall periodically conduct a review of EUINs recorded against transactions to identify inconsistencies, if any, between the number of transacting EUINs vis-à-vis total number of EUIN registered by the ARN holder or the total sales staff of the ARN holder.

6. Proposed Business Rules:

- a. As regards availability, validity of ARN No. in transactions, AMCs shall follow the current AMFI guidelines in terms of processing/rejecting transactions, withholding/release of commissions, suspending/terminating distributors, etc.
- b. AMCs shall also validate the ARN code mentioned in the sub broker code column as per 5 (b) above.
- c. Channel distributors and on-line distributors shall be advised to provide the EUIN number or seek a specific confirmation as per 5 (c) above in case the EUIN code is left blank at the time of execution. Similarly, AMC/RTA transaction portals shall also seek the above declaration if the transaction is routed through a ARN code and EUIN is left blank.
- d. AMCs shall following rules while validating the EUIN, if the transaction is fit for processing considering AMFI guidelines around the ARN code as stated in (a) above:

Sr. no.	Scenario	Business Rule
1.	Valid EUIN and Valid Sub-broker code (i.e. valid ARN code of the sub broker)	Process the transaction
2.	Invalid EUIN or Invalid Sub-broker code	Process the transaction and intimate the ARN holder to furnish the correct EUIN/Sub-broker code. Commission on this transaction to be withheld till a valid EUIN / Sub-broker code is furnished.
3.	"Null" EUIN or "Null" Sub-broker code	Process the transaction provided the transaction form contains a declaration as per (c) above.
4.	"Null" EUIN or "Null" Sub-broker code with no ARN code or "Direct"	Process the transaction

7. AMCS are advised to put in place necessary systems and processes in order to implement the above by January 1, 2013.

All AMCs are requested to confirm having noted the contents of this Circular for due compliance. They are also advised to put up this Circular in the immediate next meeting of their Trustees for information.

Yours Sincerely,

C G Parekh
Sr. Vice President