



## Association of Mutual Funds in India

135/BP/18/10-11

December 22, 2010

To all members,

Dear Sir/ Madam,

### **AMFI Best Practice Guidelines Circular No.18/2010-11**

#### **AMFI Best Practice Guidelines Circular No.16/2010-11 on Risk mitigation process against Third-Party Cheques in mutual fund subscriptions – Modification in Clause 3.A.b**

Please refer to clause 3.A.b of the above circular where it was stated that asset management companies could accept, as an exception, cheques drawn by an employer on behalf of employees under Systematic Investment Plans (SIP) through Payroll deductions by taking prescribed documentation. We received a representation to extend the above exemption to lump sum or one-time subscriptions as well.

AMFI Working group deliberated on the above request and agreed to extend the exemption to include one-time or lump sum subscription. Accordingly, the clause 3.A.b has been revised as given below :

Please note the revised clause 3.A.b. as given below:

#### **Revised clause 3.A.b:**

**Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions. Asset management companies should exercise extra due diligence in terms of ensuring the authenticity of such arrangements from a fraud prevention and KYC perspectives.**

All asset management companies are requested to note the above revision for due compliance.

Regards,

V RAMESH

Dy Chief Executive | Association of Mutual Funds in India