



## Association of Mutual Funds in India

135/BP/22/10-11

March 31, 2011

To all members,

Dear Sir/ Madam,

### **Modifications to AMFI Best Practice Guidelines Circular No.20/2010-11**

**Guidelines on Accounts of Minor and Account Status Change- Minor attaining Majority, Change of Guardian, Registration of Nominee and Transmission of Units- Effective from April 01, 2011**

We refer to the AMFI Best Practice Guidelines Circular dated February 09, 2011 enclosing process note dated January 28, 2011 on the above subject. Based on representations received from some of the members the AMFI Working group for formulating Guidelines for implementation of recommendations made by NISM has further deliberated and has recommended the clauses 3.1, 3.3 and 3.7 of the said process note to be modified as given below:

#### **A. Modified Clause 3.1:**

Prior to minor attaining majority, mutual fund shall send an advance notice to the registered correspondence address advising the guardian and the minor to submit an application form along with prescribed documents (as per clause 3.5) to change the status of the account to “major”. The notice shall clearly state that the guardian cannot undertake any financial and non-financial transactions including fresh registration of Systematic Transfer Plan (STP), Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP) after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the mutual fund. Mutual funds shall continue to process the existing standing instructions like SIP, STP, SWP registered prior to the minor attaining majority and send a intimation to that effect as laid out in clause 3.7 below. Mutual funds shall send these intimations by email and mobile alerts where email ids and mobile numbers are available.

#### **B. Deletion of Clause 3.3 relating to suspension of standing instructions like SIPs, SWPs, STPs**

Clause 3.3 relating to suspension of standing instructions like SIPs, SWPs, STPs shall stand deleted.

**C. Modified Clause 3.7 relating to standing instructions exiting prior to the minor attaining majority:**

In case of existing standing instructions including STP, SIP and SWP registered prior to the minor attaining majority, mutual funds shall send an advance notice to the registered correspondence address advising the guardian and the minor that the existing standing instructions will continue to be processed beyond the date of the minor attaining majority till the time a instruction from the major to terminate the standing instruction is received by the mutual fund along with the prescribed documents as per clause 3.1 and 3.5. It may also be clarified in the notice that the standing instruction shall be terminated within 30 days from the date of receiving the instruction.

AMCs are requested to take note of the above modifications and take necessary steps to implement the recommendations effective April 1, 2011. They are also advised to put up this circular along with Guidelines in the immediate next meeting of their Trustees for information.

With regards,

**V. Ramesh**

**Dy. Chief Executive**