



## Association of Mutual Funds in India

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135/ BP/92/ 2019-20

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**To,  
All AMFI Members**

Dear Members,

**AMFI Best Practices Guidelines Circular No.92 / 2021-22**  
**Tacking and Aggregation of multiple purchase transactions from B30 locations**  
**for charging of additional TER - Clarification**

As per SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019, inflows upto ₹2,00,000/- per transaction by individual investors shall be considered as inflows from “retail investor” for the purposes of charging additional TER inflows from retail investors from beyond the top 30 cities (B-30 cities). Further, vide letter no. SEBI/HO/IMD/DF2/OW/P/2019/26551/1 dated October 9, 2019, SEBI had made it clear that the threshold limit of ₹2,00,000/- as specified in the aforesaid circular shall be considered by clubbing all transactions received on the same day from an individual investor in a particular scheme.

SEBI had also advised AMFI to convey the above to all AMCs and RTAs. Accordingly, AMFI had communicated the above to all AMCs vide AMFI Best Practice Circular no. 135/ BP/ 82/ 2019-20 dated October 10, 2019, on the captioned subject.

It has been brought to AMFI’s attention that some of the AMCs do not club the switch-in transactions for the purpose of determining threshold limit of ₹.2,00,000/- for additional TER in respect of mobilization from B 30 cities, particularly in respect of switch-in transactions received during New Fund Offer (NFO). Consequently, such AMCs are charging additional B-30 TER and paying additional B-30 commission to the distributors, in respect of each such switch-in transactions, which were otherwise below ₹200,000/- individually.

In this context, AMFI had received requests from members to clarify whether switch-in transactions need to be clubbed for determining threshold limit of Rs.2,00,000/- as specified in SEBI circular dated March 25, 2019.

The matter was examined by AMFI’s Operations & Compliance Committee and based on the committee’s views, which have been endorsed by the AMFI Board, it is advised as follows:

It may be noted that SEBI letter dated October 9, 2019, clearly stipulates that all transactions received on the same day from an individual investor in a particular scheme shall be clubbed. **Therefore it, clearly follows that ALL inflows /purchase transactions in a scheme, including Switch-in transactions need to be clubbed for the purpose of determining threshold of ₹2,00,000.**



Further, members are also requested to take note of the following additional points to be adopted as best practice guidelines by all AMCs –

1. The clubbing of transactions shall be done at the investor PAN level for all Folios of such investor(s) with same holding pattern / basis irrespective of the Mode of Operation under the folio (s). Further, the clubbing shall be done even where the transactions are received through multiple channels/entities viz. Mutual Fund Distributors (MFDs), Registered Investment Advisors (RIAs), Direct.
2. Guidelines for transactions received during NFO.  
All purchase transactions, including switch-in transactions and the initial instalment towards SIPs/STPs received during the NFO period of a scheme shall be clubbed based on the date of allotment.
3. Guidelines for transactions received during Ongoing Offer period  
All purchase transactions, including switch-in transactions and the initial instalment of the systematic transactions received / accepted in a given scheme and bearing the time stamp before the cut off-time on the same date, shall be clubbed. In other words, all transactions for purchase of units, from all sources, regardless of whether lumpsum, switch-in, first instalment of SIP/STP received / accepted/ time-stamped before the cut-off time on a given business day should be clubbed for this purpose, irrespective of the date of applicable NAV.
4. For the sake of clarity and application of above guidelines, certain scenarios are explained hereinbelow -
  - a. Transactions in the folio(s) of a minor should not be clubbed with the transactions in the folio(s) of the Guardian(s) even though the PAN provided in the minor's folio would be the same.
  - b. Transactions in the folio(s) of two or more different minors, but with the same common Guardian (& hence PAN) should not be clubbed.
  - c. Transactions in respect of an individual and his/her Sole Proprietorship under same PAN should be clubbed.

It may however be noted that the above list of illustrations is not exhaustive and for any other scenarios, the guidelines mentioned under point 2 and 3 hereinabove should be referred / adhered to.

Members are requested to confirm having noted the contents of this circular for due compliance and also to place this circular before their Trustees for information at the next meeting of the Trustees.

With best regards,

  
**B. M. Kini**  
**Dy. Chief Executive**