

**DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT**

SEBI/IMD/CIR No./ 13/187052 /2009

December 11, 2009

All Mutual Funds/Asset Management Companies (AMCs)
Association of Mutual Funds (AMFI)

Dear Sir,

Sub: AMFI Guidelines for change of mutual fund distributor

It has come to the notice of SEBI that unwarranted hardship is being caused to investors in mutual fund schemes who wish to switch from an existing mutual fund distributor to either another mutual fund distributor or opt to deal direct.

Some Asset Management Companies (AMCs) are insisting on the investor procuring a 'No Objection Certificate' (NoC) from the existing distributor for this switch over, despite the guideline from Association of Mutual Funds in India (AMFI). Vide circular dated September 5, 2007, AMFI had mandated, inter-alia, that on receipt of letter from the investor advising AMCs about his desire to change his distributor, AMCs will act on that instruction. It appears that this mandate is not being followed by the mutual fund industry.

The inconsistent practices prevailing in the industry is causing hardship to investors and should stop forthwith. You are, therefore, advised to ensure compliance with the instruction of the investor informing his desire to change his distributor and / or go direct, without compelling that investor to obtain an NoC from the existing distributor.

All mutual funds shall comply with the above requirements in letter and spirit.

These guidelines are issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996.

Yours faithfully,

ASHA SHETTY

