

September 21, 2010

To all ARN Holders

Dear Sir/ Madam,

Re: Revised Standard Know-Your-Client (KYC) norms and non-acceptance of Third Party payments for mutual fund subscriptions.

We would like to bring to your attention the following two important changes being implemented in the mutual fund industry. We request your cooperation in advising your clients about these changes and assisting them to complete the required formalities without delay.

1. Revised Standard KYC norms effective October 1, 2010 for certain category of investors

As you would be aware, mutual funds are required to formulate and implement a client identification program as well as verify and maintain records of the identity and address(es) of investors in accordance with the Prevention of Money laundering Act, 2002 ('PMLA') and SEBI guidelines. Association of Mutual Funds in India (AMFI), along with all mutual funds, has made arrangements with CDSL Ventures Ltd (CVL) to undertake the centralized record keeping of KYC documents. On completing a one-time process of common standard KYC with CVL, investors can transact across multiple mutual funds without having to repeatedly submit documents with each mutual fund.

Common Standard KYC norms are undergoing change with effect from October 01, 2010. The applicability of common standard KYC will depend on the category of investor and the investment amount. Details are mentioned below:

Category of Investors	Common Standard KYC mandatory, based on Investment Amount as given below:	
	Till Sept 30, 2010	Effective October 01, 2010
Resident Individuals	Rs 50,000 and more	Rs 50,000 and more
Non Resident Investors/PIOs/OCIs	Rs 50,000 and more	Any Amount
Any Investor investing through a distributor under a special arrangement generally titled as "Channel Investor" / "Channel Distributor"	Rs 50,000 and more	Any Amount
All Non Individual Investors like Corporate, Partnership Firms, Trusts, HUF, etc	Rs 50,000 and more	Any Amount

2. Non-acceptance of Third Party Payments for mutual fund subscriptions effective November 15, 2010

As per guidelines issued by the Association of Mutual Funds in India (AMFI), mutual funds are required to put in place strong processes by November 15, 2010 to ensure that Third-Party payment instruments are not used for mutual fund subscriptions.

When payment is made from a bank account other than that of the beneficiary investor, the same is referred to as a "Third Party Payment". In case of mutual fund subscription with joint holders, the first holder is considered as the beneficiary investor. In case of payments from a bank account which is jointly held, the first holder of the mutual fund subscription has to be one of the joint holders of the bank account from which the payment is made.

Investors are required to mention the details of the bank account from where the payment for subscription is being made in the subscription form. The details required are - bank account number, bank name and the cheque / demand draft number.

Mutual Funds will be providing a facility for investors to do a one-time registration of all their bank accounts where they are one of the holders and from where they expect to make a payment for mutual fund subscription. The registration can be done at the respective mutual fund investor service centres, along with any one of the following supporting documents viz. Original cheque or Self attested copy of Cheque/Bank statement/Bank passbook or a letter from a bank stating the account number and the account holders' name and address.

In case the bank account from where the payment is made is not pre-registered with the mutual fund as explained above, investors should ensure to submit/provide additional documents along with the subscription form as given below:

a. Cheque Payments

- (1) If the name of the first holder is not printed on the cheque, the signature on the cheque should match with the signature in the subscription form.
- (2) If any of the above information is not available on the cheque, investors should submit any one of the following documents to establish that the payment is made from the bank account of the first holder viz. Self attested Copy of Bank Pass book/Bank Statement or a letter from the bank stating the name of the account holder and the account number.

b. RTGS / NEFT / Fund Transfers

- (1) Investors should submit a copy of the instruction to the bank containing the account number debited for the remittance.

c. Payments via Demand Drafts

- (1) Investors should submit a certificate from the Issuing banker, stating the account holder's name and the account number which has been debited for issue of the instrument.

Based on the scrutiny of the document(s) submitted and information provided by the investor, if it is construed that the payment for subscription is not from a bank account belonging to first unit holder, the subscription is liable to be rejected. In case funds are transferred to the mutual fund account prior to rejection of the subscription, additional documents / details with respect to the investor and the payment will be sought prior to making a refund.