



ASSOCIATION OF MUTUAL FUNDS IN INDIA

CIR/ ARN-28/ 2024-25

March 26, 2025

To All AMFI Members

Dear Members,

Sub : Time limit for renewal of ARN & Payment of commission to MFDs on business procured prior to expiry of ARN validity


- 1) In terms of existing AMFI guidelines vide circular no. CIR/ ARN-20/ 2021-22 dated 28-Mar-2022 , if the ARN is renewed beyond 3 months after the date of expiry of ARN validity, the commission in respect of business procured prior to expiry of validity of ARN which was withheld due to non-renewal of ARN shall be forfeited, and the trail commission shall be payable only on the business canvassed from the date of renewal of ARN.
- 2) Based on feedback received by AMFI from various stakeholders, the aforesaid guidelines were reviewed by AMFI's Standing Committee on Certified Distributors ("ARN Committee").
- 3) Based on the recommendations of the ARN Committee, and approval of the Board of AMFI, it has been decided to revise the aforesaid guidelines, in partial modification of AMFI circular no. CIR/ ARN-20/ 2021-22 dated 28-Mar-2022, as follows :
 - a) If the ARN is renewed within a period of three (3) months post the date of expiry of ARN validity, the commission accrued but withheld due to non-renewal of ARN on the business canvassed prior to expiry of ARN validity till the date of ARN renewal, may be released once the ARN is renewed.
[Note: These are the existing guidelines and there is no change in these guidelines].
 - b) If the ARN is renewed beyond 3 months after the date of expiry of ARN validity, the commission amount which has been withheld due to non-renewal of ARN shall be forfeited.
[Note: These are the existing guidelines and there is no change in these guidelines].
 - c) If the ARN is not renewed within three (3) months of the date of expiry of ARN validity, it was felt expedient to keep the unitholders informed, and the AMC shall send a written communication to the unitholders who are the clients of the concerned MFD, that the validity of AMFI registration/ ARN of their MFD has expired and has not been renewed.
 - d) However, on renewal of the ARN, the trail commission on THE BUSINESS PROCURED PRIOR TO EXPIRY OF VALIDITY OF ARN, shall be payable, but prospectively from the date of renewal of the ARN.
 - Illustration: If ARN was valid up to 23-Aug-2024 and the same was renewed on 10-Jan-2025 (i.e., the ARN is renewed beyond 3 months after the date of expiry of ARN validity), the trail commission withheld from 24-Aug-2024 till 09-Jan-2025 due to non renewal of ARN shall be forfeited.
 - However, MFD may be paid trail commission on the past business procured (till 23-Aug-2024) from 10-Jan-2025 onwards i.e. prospectively from the date of renewal of ARN.

- 4) All other guidelines mentioned in AMFI circular no. CIR/ ARN-20/ 2021-22 dated 28-Mar-2022, remain unchanged.
- 5) Members are requested to take note of the change in guidelines as at point numbers 3 (c) and 3 (d) above, for implementation w.e.f. 01-Apr-2025. Please note that the aforesaid guidelines are applicable prospectively from 01-Apr-2025 onwards i.e. for ARNs renewed from 01-Apr-2025 onwards, which are renewed after expiry of 3 months from ARN validity.

Members are requested to place a copy of this circular for information before their AMC Board and the Trustees at their next board meetings.

With regards,

Yours sincerely,



Venkat N. Chalasani
Chief Executive