



ASSOCIATION OF MUTUAL FUNDS IN INDIA

135/BP/ 75 /2018-19

October 19, 2018

To,

All AMFI Members

Dear Members,

AMFI Best Practices Guidelines Circular No. 75 / 2018-19

Capturing RIA Code of Direct Plan Transactions and Providing Transaction Data Feeds

Pursuant to SEBI Circular dated September 13, 2012, Mutual Funds (MFs) have introduced "Direct Plans" from January 2013. Since introduction of Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 in January 2013, there has been a steady increase in investments in direct plans of MFs made by the investors on the advice of SEBI-registered investment advisers (RIAs). In this context, AMCs have been receiving requests from RIAs for providing data feeds pertaining to the transactions made by the investors on the advice of the RIAs, so that the RIAs can keep track of the performance of the Direct Plan clients' portfolio.

SEBI vide letter no. IMD/DF/PB/VB/32460/2015 dated November 20, 2015 has clarified that the data feed (portfolio holdings, transactions, NAV, etc.) of investors who subscribe to Direct Plan on the advice of investment advisers (IAs) may be shared with such IAs, after obtaining explicit written consent of the investors. However, in the absence of a formal process to capture the RIA code in the RTA database, RIAs have been facing certain operational challenges in getting the data feeds and have approached AMFI/ AMCs for a suitable solution.

The matter was examined by AMFI's Operation Committee and based on the committee's recommendations, the Board of AMFI has approved the following guidelines for standardizing Direct Plan transactions sourced / advised by the RIAs –

I. Consent of New Investor & Capturing RIA Registration no. in Direct Applications:

- a) Since investor's explicit consent needs to be obtained to share Direct Plan transaction feed to RIAs, in respect of new investors, a provision to obtain the consent may be incorporated in the application form itself, with suitable instructions in this regard mentioned in the application form. In this regard, AMCs may provide a space/box in the application forms to provide / capture RIA Registration number. This will help RTAs in capturing the RIA code upfront just like capturing ARN code in respect of Regular Plan applications.
- b) The RIA Registration number shall be captured **at a transaction level** for Direct Plan transactions, basis the RIA code written on the application form / mentioned in the online Feed file. This will enable the customer to have / transact through multiple RIA's within the same folio.

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- c) For new purchases through Online transactions, the consent may be obtained through a check box / radio button in the on-line module along with the terms & conditions that are currently being mentioned in the internet link.

II. Consent Letter for tagging RIA code for existing investments in Direct Plan

- a) For tagging of RIA codes in existing investments in Direct Plan, an RIA must provide investors' explicit written consent to the AMC / RTA to provide the transaction feeds to the RIA.
- b) If an investor wishes to provide a single /common consent letter for convenience / to avoid duplication, the consent letter may be accepted at RTA Level. In such a case, the consent letter should explicitly mention the names of the Mutual Funds & Folios for which consent has been provided.

A suggested format of the consent letters is annexed hereto.

III. Change of RIA Code in the Folio

If a Direct Plan investor desires to change her/his RIA, the same process followed for change of ARN code shall be followed for change of RIA Code in RTA database.

IV. Half-yearly certification by AMCs

In the circular dated September 13, 2012, SEBI has mandated that no commission shall be paid under Direct plans. Further, as per SEBI (IA) Regulations, an RIA shall act in a fiduciary capacity towards his/her clients and shall receive fees / remuneration or compensation only from the client being advised, in respect of the underlying products or securities for which advice is provided. In the aforesaid letter dated November 20, 2015, SEBI has advised that AMCs should provide a declaration to AMFI on a half-yearly basis that they are not compensating the IAs directly or indirectly or through any associate / group companies for the advice rendered by the IAs to the investors to subscribe to Direct Plan.

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

With best regards,

A handwritten signature in blue ink, appearing to read 'N. S. Venkatesh', is written over a horizontal line.

N. S. Venkatesh
Chief Executive

Encl. as above

To :

_____ Mutual Fund

Consent to provide "Direct Plan" Transaction Data Feed to Investment Adviser

I/We hereby give my/our consent to share/provide the transactions data feed /unit holdings in respect of my/our investments under **DIRECT PLAN** in ALL schemes * / the following scheme*s of _____ Mutual Fund to the below-named SEBI-Registered Investment Adviser:

* Delete whichever is not applicable

FOLIO No.	SCHEME NAME

Name of the Investment Adviser:	
SEBI Registration No.	
Address.....	
City.....	PIN.....
E-Mail Id.	Mobile No.

	Sole / 1 st Holder / Guardian	Second Holder	Third Holder
SIGNATURE			
NAME			
PAN			

Date:

Place:

To:
Computer Age Management Services (CAMS) Ltd.
Karvy Computershare Private Limited (KCPL)
Sundaram BNP Paribas Fund Services Ltd i

Sirs,

Common Consent to RTA provide "Direct Plan" Transaction Data Feed to Investment Adviser

I/We hereby give you my/our consent to share/provide the transactions data feed /unit holdings in respect of my/our investments under **DIRECT PLAN in ALL schemes** */the following scheme/s* of

_____ Mutual Fund to the below-named SEBI-Registered Investment Adviser:

* Delete whichever is not applicable

NAME OF MUTUAL FUND	NAME OF SCHEME	FOLIO No.

Name of the Investment Adviser:	
SEBI Registration No.	
Address.....	
.....	
City	PIN
E-Mail Id.	Mobile No.

	Sole / 1 st Holder / Guardian	Second Holder	Third Holder
SIGNATURE			
NAME			
PAN			

Date:

Place: