

FREQUENTLY ASKED QUESTIONS

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- 26.For signature difference in investor request, Mutual Funds generally ask for a banker attestation. Since a signature is not available with identity proof, will you still insist on banker attestation for signature difference?.
- 27.What if I have already completed the earlier KYC (MIN) procedure with CVL?

1.What is KYC?

KYC is an acronym for “Know your Client”, a term commonly used for Client Identification Process. SEBI has prescribed certain requirements relating to KYC norms for Financial Institutions and Financial Intermediaries including Mutual Funds to ‘know’ their Clients. This would be in the form of verification of identity and address, providing information of financial status, occupation and such other demographic information. Applicant must be KYC compliant while investing with any SEBI registered Mutual Fund.

2.What are the KYC requirements for a Mutual Fund Investor?

Individual investors will have to produce his Proof of identity (Photo PAN card copy or PAN card copy and copy of the passport, driving license etc.) and Proof of Address (any valid documents listed in section B of the KYC Application Form for Individuals). Non –Individual Investors will have to produce certain documents pertaining to its constitution/registration to fulfill the KYC process. A list of Mandatory Certified Documents to be submitted can be found in section C of the KYC application form for Non-Individual Investors.

3.Where and how does one get to be KYC Compliant? Does the investor have to repeat the KYC process with every Mutual Fund?

The Mutual Fund Industry has appointed CDSL Ventures Limited (“CDSL”), a wholly owned subsidiary of Central Depository Services (India) Limited, to carry out the KYC compliance procedure. CVL through its Points of Service (POS) will accept KYC Application Forms, verify documents and provide the KYC acknowledgment (across the counter on a best effort basis). The list of PoS will be displayed on the websites of Mutual Funds, CDSL and AMFI. Once the KYC is duly completed in all respects, the investor needs to produce a copy of the acknowledgment to the fund where the investor desires to invest. There is no need to repeat the KYC individually for each mutual fund,

4.What is a KYC Application Form?

A KYC Application Form has been designed for Individual and Non-Individual Investors separately. The soft copy of these KYC forms will be made available on the website of all mutual funds, AMFI and Central Depository Services (India) Limited (CDSL). You may also approach your distributor for a form. It is important to read the instructions printed on the KYC Application Form while filling-up the form.

5.Should the investor visit PoS personally to obtain KYC Compliance?

No. If the investor is not in a position to visit PoS personally, the KYC Application Form along with the necessary documents (including originals if the copies are not attested) can be sent through the distributor or representative, who can arrange to fulfill the KYC obligation and obtain the KYC acknowledgment through any of the PoS.

6.From what date is it mandatory for an investor to be KYC Compliant?

With effect from 01 February 2008, any investor investing Rs. 50,000 and above would be required to be KYC compliant.

7.To whom is a KYC applicable? Is there any exemption?

Currently, all investors (Individuals or Non Individuals) who wish to make an investment of Rs. 50,000 or above will be required to be KYC Compliant. This would also apply to new Systematic Investment Plan (SIP) transactions on or after 01 February 2008, if each installment of value greater than or equal to Rs.50,000. Please find the list of personnel who are required to be KYC compliant:

Joint Holders: Joint holders (including first, second and third if any, are required) to be individually KYC compliant before they can invest with any Mutual Fund. . e.g. in case of three joint holders, all holders need to be KYC compliant and copies of each holder's KYC acknowledgment must be attached to the investment application form with any Mutual Fund.

Minors: In case of investments in respect of a Minor, the Guardian should be KYC compliant and attach their KYC acknowledgment while investing in the name of the minor. The Minor, upon attaining majority, should immediately apply for KYC compliance in his/her own capacity and intimate the concerned Mutual Fund(s), in order to be able to transact further in his/her own capacity.

Power of Attorney (PoA) Holder: Investors desirous of investing through a PoA must note that the KYC compliance requirements are mandatory for both the PoA issuer (i.e. Investor) and the Attorney (i.e. the holder of PoA), both of whom should be KYC compliant in their independent capacity and attach their respective KYC acknowledgments while investing. Financiers will have to be KYC compliant at the time of Lien Marking. For transmission (In case of death of the unit holder): If the deceased is the sole applicant, the claimant should submit his/her KYC acknowledgment along with the other relevant documents to effect the transmission in his/her favour

8.How does the investor transact in Mutual Fund after completing the KYC process?

Investors must attach their KYC acknowledgment along with the Investment Application Form(s) / Transaction Slip(s) while investing for the first time in every folio. Applications Forms / Transaction Slips not accompanied by KYC acknowledgment are liable to be rejected by the Mutual Funds. If you do not obtain a KYC acknowledgment, you will not be able to invest Rs. 50,000 or more in a Mutual Fund.

9.In case of existing investors when and how will the KYC norms be introduced?

KYC norms are applicable to all investors. It is in the interest of all Investors to obtain KYC Acknowledgment and submit it to the Mutual Fund to avoid any inconvenience in future. Once an account is opened with a Mutual Fund by 1 st, 2 nd & 3 rd holder by completing the necessary formalities and the investor's return to make a fresh investment, do they need to furnish the necessary documents again? Investors must attach their KYC acknowledgment along with the Investment Application Form(s)/ Transaction Slip(s) while investing for the first time in every folio.

10.What are the consequences of KYC cancellation/rejection?

In the event of any KYC Application Form being found deficient for lack of information / insufficiency of mandatory documentation, further investments will not be permitted.

11.Does the KYC Acknowledgment have an expiry date?

No. Once the KYC Acknowledgment is obtained and informed to a Mutual Fund, it will be registered against the folio and quoted in all future account statements. The same will exist in perpetuity, unless cancelled by CVL.

12.What happens if I have multiple folios/ accounts with a Mutual Fund?

You can inform the Mutual Fund to update the KYC acknowledgment against all the folios/accounts you have with it. However, each of the holders in these folios/accounts should be KYC Compliant.

13.Is there a charge I need to pay to get myself KYC Compliant?

Currently, KYC is being done free of cost.

14.I am an NRI residing outside India. How do I get myself KYC Compliant?

The soft copy of these KYC forms will be made available on the website of all Mutual Funds, AMFI and Central Depository Services (India) Limited (CDSL). You may also approach your distributor for a form. The same duly completed along with the necessary attested documents can be submitted at the PoS or mailed to your representative or Distributor who can complete the KYC formalities for you.

15.Are there any special requirements for an NRI?

Yes. In addition to the certified true copy of the passport, **certified true copy of the overseas address** and permanent address will also be required. If any of the documents (including attestations/ certifications) towards proof of identity or address is in a foreign language, they have to be translated to English for submission. The documents can be attested, by the Consulate office or overseas branches of scheduled commercial banks registered in India

16.Is there any special requirement for a PIO (Person of Indian Origin)?

The requirements applicable to an NRI will also apply to a PIO. However, additionally, he will need to submit a certified true copy of the PIO Card.

17.What about Minor becoming Major?.

Upon a Minor attaining the age of majority (i.e. on completing 18 years of age), he/she must be KYC Compliant and have KYC acknowledgment of their own. The same should be informed to the Mutual Fund where he/she holds an investment, along with other details such as the Bank Details, Signature, etc as per the present requirements of such Mutual Fund.

18.Whom do I inform about change of Name/Address/Status/Signature etc?

You should intimate your change of Name / Address / Status /Signature etc. to any convenient PoS. You need to quote / submit a copy of your KYC acknowledgment, and proof (in case of new address). You should provide for at least 7 days for the change of address to take effect with all the Mutual Funds with whom you are invested.

19.Please note that you should not write to the Mutual Fund or its Registrar for the change of address (unless as a designated PoS).

The specified form can be obtained from the AMFI/Mutual Fund website. All details of the holders in the Mutual Fund records will be replaced by the address details available in the CVL record.

20.If I am already providing my PAN/PAN Proof for my investment in Mutual Fund. Is that not sufficient for meeting the requirement of KYC?

The requirement of providing your PAN along with proof is sufficient for proof of identity. However, the current

requirement for KYC requires the Mutual Fund to verify identity, address as well as obtain further information about the investor.

21. Why do I need to give my Income details? How can I be sure that it will not be misused?

As per PMLA, it is mandatory for Mutual Funds to obtain financial status details from its investors. It is for this reason that the Income details are sought. Please note that no proof / income documents are required. The information given you in the KYC Application form will be treated in a confidential manner and used for regulatory purposes if called for.

22. Do I need to inform about my change of Income status?

Yes. If you find an increased/decrease in your income, which would effectively, change the income bracket that you have declared in the KYC Application form, you should apply to any convenient PoS in the specified form. No proof is needed.

23. Can an investor give a COA (Change of Address) along with redemption request?

The redemption transaction accompanied by a KYC acknowledgment form is likely to be processed without effecting the change of address request.

24. Is the KYC acknowledgment a separate form or is it a part of the Mutual Fund application. Which of the forms require being time-stamped?

KYC acknowledgment will be done on the photocopy of the form. Time stamping is not required on the KYC acknowledgment.

25. What do I do once I have received my KYC acknowledgment?

Once the investor is KYC compliant, it will be required to intimate his KYC details to all the Mutual Funds with whom it has investments. The same will be updated in the records of the Mutual Fund.

26. For signature difference in investor request, Mutual Funds generally ask for a banker attestation. Since a signature is not available with identity proof, will you still insist on banker attestation for signature difference?.

Signature verification is done by Mutual Funds to protect an investor from losses. As such, Mutual Funds may follow extra due-diligence if signatures are not matching, such as getting Bank attestation for such transactions. This could be independent of the KYC procedure.

27. What if I have already completed the earlier KYC (MIN) procedure with CVL?

Scenario 1

If the KYC (MIN) was completed by submitting the PAN, the acknowledgment obtained at that time can be enclosed along with the Investment Application Form(s) / Transaction Slip(s) while investing for the first time in every folio as the PAN number will be stated on the said acknowledgment. You need not repeat the process now.

Scenario 2

If the KYC (MIN) was completed without submitting the PAN but with other proof of identity documents, for such cases, CVL will send out a communication to the respective investors requesting them to submit self attested copy of PAN card for KYC compliance.