



CHANGES IN KYC NORMS

This communication intends to bring to your notice some recent changes in the SEBI guidelines on the Know Your Client (KYC) norms in order to simplify the KYC process, make it uniform across the intermediaries and make investing more investor friendly.

The primary objective of the revised norms is to implement uniform KYC norms and eliminate duplication of KYC across SEBI registered intermediaries in the securities market. For this purpose, KYC registration is being centralised through KYC Registration Agencies (KRA) registered with SEBI.

Thus each investor has to undergo KYC process only once in the securities market and the details would be shared with other intermediaries.

Key changes in the KYC norms for mutual funds:

1. In-Person Verification (IPV) – It is mandatory for all the intermediaries to carry out IPV of their clients. For mutual fund investors, the IPV can be done by the AMC or the Registrar and Transfer Agents (RTA) or mutual fund distributors who have successfully completed the Know Your Distributor (KYD) procedure. Unless the IPV process is completed, the investor will not be considered as KYC compliant under the new KYC compliance procedure and hence will not be permitted to make any investment in mutual funds.
2. KYC application form – Some changes have been made in the existing KYC application form in light of the revised KYC norms. The new forms can be downloaded from our website (www.franklintempletonindia.com), AMFI website (www.amfiindia.com) and also from the website of any SEBI registered KRA.

Impact on mutual fund investors:

1. Investors who have completed the existing KYC procedure (Existing MF investors) – These investors would be deemed to be KYC compliant for the purpose of MF investments. No further action is required and they can continue to use the KYC acknowledgment issued to them by CVL for MF investments.

However it will not be applicable for investments in securities market. These investors, if they wish to deal with any SEBI registered intermediary other than mutual funds, will have to follow the new KYC procedure.

2. New MF investors – Effective January 01, 2012, the above mentioned revised KYC procedure is applicable and the KYC acknowledgment issued by the KRA can be used for other investments in securities market.
3. New MF investors who have completed the existing KYC process with other intermediaries in the securities market (like depositories, stock brokers etc.), they would be required to complete the new KYC process through KRA for investing in mutual funds.

Investors may also note that CDSL Ventures Ltd. (CVL), which has been acting as the centralised agency for carrying out KYC for the entire mutual fund industry, has recently obtained SEBI registration as a KRA.

For any further queries, investors can call our Customer Services at from 8 a.m. to 9 p.m., Monday to Saturday, at 1-800-425-4255 or 60004255 (if calling from a mobile phone, please prefix the city STD code; local call rates apply for both numbers). Alternatively, you can also e-mail us at service@templeton.com