

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.idfcmf.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.

Risk Factors: Mutual Funds and securities investments are subject to market risks, reinvestment risk, changes in political, economic environment and government policy and there is no assurance or guarantee that the objectives of the Scheme will be achieved. The NAV of the Scheme can go up or down depending on factors and forces affecting the Securities Market including fluctuation in interest rates, trading volumes and reinvestment risk. Past performance of the Sponsor/AMC/Mutual Fund is not necessarily indicative of the future performance of the Scheme and may not necessarily provide a basis for comparison with other investments. The Sponsor or any of its associates is not responsible or liable for any loss resulting from the operation of the Scheme beyond the corpus of the Trust of Rs. 30,000/-.**Statutory Details:** IDFC Mutual Fund has been set up as a trust by Infrastructure Development Finance Company Limited (IDFC) (liability restricted to corpus of Trust of Rs. 30,000) with IDFC AMC Trustee Company Ltd as the trustee and IDFC Asset Management Company Ltd as the investment manager. Copy of Scheme Information Document and Key Information Memorandum along with application form may be obtained from the office of

IDFC Mutual Fund, One IndiaBulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, (West), Mumbai 400 013. Contact Call Free: 1-800-226622

For other scheme specific risk factors and other details please read the Scheme Information Document / Statement of Additional Information carefully before investing.