

CIRCULAR

SEBI/HO/IMD/POD-II/CIR/P/2023/0069

May 12, 2023

To All

Mutual Funds (MFs)/

Asset Management Companies (AMCs)/

Trustee Companies/ Board of Trustees of Mutual Funds/

Association of Mutual Funds in India (AMFI)

Sir / Madam,

Subject: Investment in units of Mutual Funds in the name of minor through guardian

SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019 has prescribed the uniform process to be followed across Asset Management Companies (AMCs) in respect of investments made in the name of a minor through a guardian. Based on recommendation of Mutual Fund Advisory Committee, it has been decided as under:

1. In partial modification to the above SEBI circular, it has been decided as under:

i. Para 1(a) shall read as under:

“Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed”

ii. Irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor,

- i.e. the account the minor may hold with the parent/ legal guardian after completing all KYC formalities.
- iii. All other provisions mentioned in the aforesaid circular shall remain unchanged.
2. All AMCs are advised to make the necessary changes to facilitate the above changes in mutual fund transactions w.e.f. June 15, 2023.
3. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Lakshaya Chawla
Deputy General Manager
Tel no.: 022-26449369
Email: lakshayac@sebi.gov.in