



KYC/CKYC Compliance

In order to reduce hardship and help investors dealing with SEBI registered intermediaries, SEBI issued three circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/Cir-23/2011 dated December 02, 2011 and MIRSD/Cir-26/2011 dated December 23, 2011 informing SEBI registered intermediaries as mentioned therein to follow, with effect from January 01, 2012, a uniform KYC compliance procedure for all the investors dealing with them on or after that date. SEBI also issued KYC Registration Agency (“KRA”) Regulations 2011 and the guidelines in pursuance of the said Regulations and for In-Person Verification (“IPV”).

SEBI has issued circular no. CIR/MIRSD/ 66 /2016 dated July 21, 2016 and no. CIR/MIRSD/120 /2016 dated November. 10, 2016, for uniform and smooth implementation of CKYC norms for onboarding of new investors in Mutual funds with effect from 1st Feb 2017. Furthermore SEBI issued circular no. SEBI/HO/MIRSD/DOP/CIR/P/2021/31 dated March 10, 2021 for the Rollout of Legal Entity Template wherein the CKYCR is extended to Legal Entities.

(i) Requirement for the investors in mutual funds:

- All investors other than KYC compliant investors as defined above are required to follow the new KYC compliance procedure as mentioned below while making any investment with the Fund:
- Provide the complete details in the KYC application form along with the required documents (for individual investors or nonindividual investors as appropriate). The said form is available on NJMF’s website i.e. www.njmutualfund.com or on the website of Association of Mutual Funds In India i.e. www.amfiindia.com or on the website of any authorized KRA’s.
- KYC application and necessary document should either come along with financial transaction or when the client chooses to trade / invest / deal through the Intermediary and an account is opened in the schemes of NJMF, the investor is required to submit, in person, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form in any of the offices of the distributors (details provided in the following note) or Registrar and Transfer Agent of the NJMF i.e. KFin Technologies Private Limited or to the NJMF;
- In line with SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011, it is mandatory for SEBI registered intermediaries to carry out “In-Person Verification” (“IPV”) of any investor dealing with a SEBI registered intermediary for investments in a mutual fund, the Asset Management Companies, Registrar & Transfer Agent and distributors who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds in India (AMFI) and have undergone the process of “Know Your Distributor (KYD)” are authorized to carry out the IPV. However, in case of applications received by the mutual funds directly from the clients (i.e. not through any distributor), they may also rely upon the IPV performed by the scheduled commercial banks. Unless the IPV process is completed, the intermediary will not be able to process the KYC and obtain a temporary acknowledgement for submission of all the documents. Hence 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 the Fund.

- Once all the documents are verified by a KRA, they will send the investor an intimation within 10 working days from the date of receipt of necessary documents by them from the Fund or its Registrar and Transfer Agent informing the investor either about compliance by the investor of the new KYC compliance procedure (“final acknowledgement”) or any deficiency in submission of details or documents.
- On the basis of the temporary acknowledgement or the final acknowledgement the investor would be eligible to deal with any of the SEBI registered intermediaries as mentioned in the above mentioned SEBI circulars.

(ii) Requirement for the new investors in mutual funds (From February 1, 2017) :

SEBI has issued circular no. CIR/MIRSD/ 66 /2016 dated July 21, 2016 and no. CIR/MIRSD/120 /2016 dated Nov. 10, 2016 for uniform and smooth implementation of CKYC norms for onboarding of new investors in Mutual funds with effect from 1st Feb 2017 Central KYC Registry (CERSAI) is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.

(iii) Requirement for the new investors in mutual funds (From April 1, 2021) :

- SEBI issued circular no. SEBI/HO/MIRSD/DOP/CIR/P/2021/31 dated March 10, 2021 for the Rollout of Legal Entity Template wherein the CKYCR is extended to Legal Entities. Accordingly, Mutual Fund shall upload the KYC records of LE accounts opened on or after April 01, 2021 on to CKYCR in terms of Rule 9 1A) of the Prevention of Money Laundering(Maintenance of Records) Rules, 2005.
- Provide the complete details in the CKYC application form along with the required documents. The said form is available on NJMF’s website i.e. www.njmutualfund.com or on the website of Association of Mutual Funds In India i.e. www.amfiindia.com.
- CKYC application and necessary document should either come along with financial transaction or when the client chooses to trade / invest / deal through the Intermediary and an account is opened in the schemes of NJMF, the investor is required to submit, in person, the completed CKYC application form along with all the necessary documents as mentioned in the application form in any of the offices of the distributors (details provided in the following note) or Registrar and Transfer Agent of the NJMF i.e. KFin Technologies Private Limited and the NJMF;
- In line with SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011, it is mandatory for SEBI registered intermediaries to carry out “In-Person Verification” (“IPV”) of any investor dealing with a SEBI registered intermediary for investments in a mutual fund, the Asset Management Companies, Registrar & Transfer Agent and distributors who comply with the certification process of National Institute of Securities Market (NISM) or



Association of Mutual Funds in India (AMFI) and have undergone the process of “Know Your Distributor (KYD)” are authorized to carry out the IPV. However, in case of applications received by the mutual funds directly from the clients (i.e. not through any distributor), they may also rely upon the IPV performed by the scheduled commercial banks. Unless the IPV process is completed, the intermediary will not be able to process the KYC and obtain a temporary acknowledgement for submission of all the documents. Hence 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 the Fund;

- Once all the documents are verified by a Central KYC Registry (CERSAI), they will send the investor an acknowledgment within 10 working days from the date of receipt of necessary documents by them from the Fund or its Registrar and Transfer Agent informing the investor either about compliance by the investor of the new KYC compliance procedure (“final acknowledgement”) or any deficiency in submission of details or documents.
- On the basis of the temporary acknowledgement or the final acknowledgement the investor would be eligible to deal with any of the SEBI intermediaries as mentioned in the above mentioned SEBI circulars.

Who are required to be KYC/CKYC Compliant?

- (a) All investors (both individual and non-individual) should be KYC compliant.
- (b) Any investment in the name of minors should be through a Guardian, who should be KYC compliant for the purpose of investing with a Mutual Fund. The Minor, upon attaining majority, should immediately apply for KYC compliance in order to be able to transact in his/her own capacity.
- (c) Also, applicants / unit holders intending to apply for units/ currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA (i.e. the investor) and the holder of the PoA (i.e. the Attorney) must be KYC compliant. PoA holders are not permitted to apply for KYC compliance on behalf of the issuer of the PoA.
- (d) An individual becoming an investor on account of an operation of law, e.g., transmission of units upon death of a unit holder, the claimant eligible for entering into the register of Unit holders of the Mutual Fund will be required to be KYC compliant before such transfer can take place
- (e) Existing KYC compliant investors of the Fund can continue to invest. However, existing investors are also urged to comply with the new CKYC requirements including IPV as mandated by SEBI.

Units held in Electronic (Demat) mode

For units held in demat form, the KYC performed by the Depository Participant of the applicants will be considered as KYC verification done by the Trustee / AMC.

REFERENCE LINKS



- KYC Form (Individual)
- KYC Form (Non-Individual)

For more information, please read Statement of Additional Information and Scheme Information Document available on www.njmutualfund.com

Transact ONLY with SEBI Registered Mutual Funds listed under Intermediaries / Market Infrastructure Institutions on the SEBI website <https://www.sebi.gov.in/intermediaries.html>.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.