



Association of Mutual Funds in India

C-701 Naman Corporate Link, Plot Nos. C-31 / C-32, G Block,
Bandra Kurla Complex, Bandra – East, Mumbai – 400 051

CIR/ ARN-20/ 2021-22

March 28, 2022

To All AMFI Members

Dear Members,

Sub : Time limit for renewal of ARN

As you are aware, Mutual fund distributors (MFDs) are required to have a valid ARN at all times to canvass MF business. As per SEBI and AMFI guidelines, transactions received under an ARN which is invalid for any reason, are processed under Direct Plan and the trail commission on business canvassed prior to expiry of ARN validity is suspended.

As per existing AMFI Guidelines, if the ARN is renewed within a period of 6 months, post the expiry of ARN validity, the withheld commission accrued on business canvassed prior to expiry of ARN validity till the date of ARN renewal can be released once the ARN is renewed. But if the ARN is renewed beyond 6 months after the date of expiry of ARN validity, the commission in respect of business procured prior to date of expiry of ARN validity withheld due to non-renewal of ARN, is forfeited.

AMFI has provided an online facility for the MFDs to apply for and renew the ARN and EUIN online through AMFI Website. The Online ARN / EUIN renewal process is very quick, convenient, seamless and efficient process, whereby the MFDs can pay their ARN/ EUIN renewal fees online via net banking, debit card or credit card and renew their ARN/ EUIN with just a few clicks without having to visit CAMS POS. Due to the built-in validations, the online process also eliminates the scope for any '*not in good order*' (NIGO) cases or excess/ short payments and consequent refunds/ rejections or reconciliation issues.

Therefore, on a review, it has been decided to reduce the aforesaid grace period to 3 months w.e.f. 01-Jul-2022, in partial modification of AMFI circular no. CIR/ ARN-13/ 11-12 dated October 14, 2011, based on the recommendation of AMFI ARN Committee, and approval of the Board of AMFI, considering that MFDs can easily and conveniently renew their ARN online using the online ARN renewal facility.

Accordingly, if the ARN is renewed within a period of three (3) months post the date of expiry of ARN validity, the commission accrued but withheld (due to non-renewal of ARN) on the business canvassed prior to expiry of ARN validity till the date of ARN renewal, can be released once the ARN is renewed.



However, if the ARN is renewed beyond 3 months after the date of expiry of ARN validity, the commission in respect of business procured prior to expiry of validity of ARN which was withheld due to non-renewal of ARN shall be forfeited. For avoidance of doubt, it is clarified that in such cases, where the ARN is renewed beyond 3 months from the date of expiry of ARN validity, the trail commission shall be payable only on the business canvassed from the date of renewal of ARN.

The implications of failure to renew the ARN (a) before the date of expiry of ARN validity and (b) within three months from the date of expiry are explained below –

- 1) The ARN shall be rendered INVALID from the day following the date of expiry of ARN validity till the same is renewed.
- 2) The payment of trail commission in respect of business procured prior to the date of expiry of validity of ARN shall be suspended / withheld, until the ARN is renewed (provided the ARN is renewed within 3 months from the date of expiry).
- 3) Any business done / transactions received under the ARN after the date of expiry of validity of ARN till the same is duly renewed, shall be processed under Direct Plan and no commission is payable in respect thereof.
- 4) If the ARN is renewed before / within three months from the date of expiry of validity of ARN, then the commission suspended / withheld on account to non-renewal of ARN shall be released in the next commission payment cycle.
- 5) If the ARN is renewed after three months from the date of expiry of validity of ARN, then the commission in respect of business procured prior to expiry of validity of ARN, which is withheld due to non-renewal of ARN, shall be forfeited. In such cases, where the ARN is renewed beyond 3 months from the date of expiry of ARN validity, the trail commission shall be payable only on the business canvassed from the date of renewal of ARN.

Members are requested to take note of the above for implementation w.e.f. 01-Jul-2022.

With regards,

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'B. M. Kini', is written over a light blue rectangular background.

B. M. Kini
Dy Chief Executive