

Distribution of Simple and performing mutual fund schemes by New cadre of distributors

In terms of SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, a new cadre of distributors, such as postal agents, retired government and semi-government officials (class III and above or equivalent) with a service of at least 10 years, retired teachers with a service of at least 10 years, retired bank officers with a service of at least 10 years, and other similar persons (such as Bank correspondents) as may be notified by AMFI/AMC from time to time, shall be allowed to sell units of simple and performing mutual fund schemes. This has been done with a view to expand Distributor base for distribution of Mutual Fund products.

Simple and performing mutual fund schemes shall comprise of diversified equity schemes, fixed maturity plans (FMPs), index schemes, Retirement benefit schemes having tax benefits and Liquid schemes/ Money Market Mutual Fund schemes and should have returns equal to or better than their scheme benchmark returns during each of the last three years.

Further, AMFI vide its communication No. 135/BP/36/2012-13, dated March 22, 2013, has prescribed best Practices Guidelines on identification of Simple and performing Diversified Equity Mutual Fund Schemes to be sold by New Cadre of Distributors:

1. Diversified equity scheme category shall be Large Cap oriented and well diversified schemes and shall not include the following type of equity schemes:
 - a. Thematic / Sector funds
 - b. Small Cap, Mid Cap or Micro Cap funds
 - c. Concentrated funds i.e. number of stocks < 30 as per offer document
2. List of schemes shall be compiled annually based on the performance of the scheme during each of the last three financial years (April to March). The list shall be reviewed and modified every year in April and shall be disclosed on the website.
3. The new cadre of distributors who are eligible to sell only simple and performing mutual fund schemes, the TRUST AMC shall put in place a proper validation process to ensure that new cadre of distributors sell only the schemes they are allowed to sell. This validation shall be performed even at sub broker level, if the transaction has been procured by a new cadre of distributor who is acting as a sub broker of the ARN holder. The same shall be implemented along with the implementation of validation of EUIN-ARN mapping.
4. Transactions through such new cadre of distributors in schemes other than eligible schemes shall be rejected with due intimation to the investor, if there are any valid reasons. TRUST AMC shall review and monitor such rejections in respect of transactions done by new cadre of distributors (including sub brokers) and if they observe that there is frequent rejection of transactions with respect to any new cadre distributor/sub broker, the same should be reported to AMFI promptly.
5. TRUST AMC shall educate new cadre of distributors on good selling practices with special emphasis on selling only eligible schemes as disclosed by respective AMCs and advise them that selling of schemes other than eligible shall be viewed very seriously and appropriate penal action including termination of distribution arrangement by the AMC and cancellation of the ARN by AMFI, would be initiated.



As per the aforesaid SEBI /AMFI guidelines, presently, none of the schemes of Trust Mutual Fund are eligible for distribution by the new cadre distributors. Further, distributors are advised to refer to the Fund's website (www.trustmf.com) for updates on the same at www.trustmf.com

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.