

OPERATIONAL GUIDELINES FOR MICRO SIP

In view of the SEBI's letter dated June 19, 2009 to AMFI, investment in Micro Systematic Investment Plans (Micro SIPs) up to Rs. 50,000/- per year per investor shall be exempted from the requirement of PAN and on the basis of AMFI Guidelines for uniform Implementation of SEBI letter dated June 19, 2009, investors are requested to note following guidelines:

- **Applicability:**

- (i) “**Micro SIP**” mean Systematic Investment Plans (SIPs) where aggregate of installments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs 50,000.
- (ii) This exemption will also not be available to normal purchase transactions upto Rs. 50,000 which will continue to be subject to PAN requirement.
- (iii) This exemption will be applicable **ONLY** to investments by individuals (including NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories will not be eligible for Micro SIPs. The exemption is also applicable to joint holders.

- **KYC procedure for Micro SIP:**

- (i) Micro SIP is not subject to common KYC process through CVL and for Micro SIP, the process would be handled at Registrars (RTA) level.
- (ii) Any one of the following **PHOTO IDENTIFICATION** documents can be submitted by the investors (including joint holders) along with Micro SIP applications as proof of identification in lieu of PAN:
 - (a) Voter Identity Card
 - (b) Driving License

- (c) Government / Defense identification card
 - (d) Passport
 - (e) Photo Ration Card
 - (f) Photo Debit Card (Credit card not included because it may not be backed up by a bank account).
 - (g) Employee ID cards issued by companies registered with Registrar of Companies)
 - (h) Photo Identification issued by Bank Managers of Scheduled Commercial Banks / Gazetted Officer / Elected Representatives to the Legislative Assembly / Parliament
 - (i) ID card issued to employees of Scheduled Commercial / State / District Co-operative Banks.
 - (j) Senior Citizen / Freedom Fighter ID card issued by Government.
 - (k) Cards issued by Universities / deemed Universities or institutes under statutes like ICAI, ICWA, ICSI.
 - (l) Permanent Retirement Account No (PRAN) card issued to New Pension System (NPS) subscribers by CRA (NSDL).
 - (m) Any other photo ID card issued by Central Government / State Governments /Municipal authorities / Government organizations like ESIC / EPFO.
- (iii) Document must be current and valid.
- (iv) Document copy shall be self attested by the investor / attested by the ARN holder mentioning the ARN number
- (v) Investors has to give a declaration stating that the he does not have any existing Micro SIPs which together with the current application will result in aggregate investments exceeding Rs. 50,000 in a year

- **Verification and registration process:**

- (i) RTA front office will on a best effort basis do a preliminary due diligence in terms of ensuring that the supporting document belongs to the investor by verifying the name and address (if available on the document) and the same is current and valid (by checking the expiry date where available and the application may be rejected where deficiencies are found in the supporting document.
- (ii) On the basis of Name, Address, Bank Details, Date of Birth and Document identification number (as submitted in the application form), RTA (at back office level) do the second level of check and verify from their database of Micro SIP registrations whether, by registering the Micro SIP application, the aggregate of Micro SIP installments of the investor will exceed Rs. 50,000 in a financial year (April to March).
- (iii) The application of Micro SIP would be rejected where it is found that the registration of the application will result in the aggregate of Micro SIP installments in a financial year exceeding Rs 50,000 or where there are deficiencies in supporting documents.
- (iv) Rejected application will be sent back to the investor with a deficiency memo.
- (v) In case the first Micro SIP installment is processed (as the cheque may be banked), and the application is found to be defective, the Micro SIP registration will be ceased for future installments. No refunds to be made for the units already allotted. Investor will be sent a communication to this effect. However, redemptions shall be allowed.