

Frequently Asked Questions (FAQs) on Prevention of Money Laundering Act, 2002 (PMLA) and Know Your Customer (KYC) requirements for investors and distributors of HDFC Mutual Fund.

CAREFUL READING RECOMMENDED

GENERAL SECTION

(For questions specific to Non Resident Indians (NRI), please refer to the NRI Section below)

1. What is PMLA?

PMLA refers to Prevention of Money Laundering Act, 2002 (referred to in this document as “PMLA”)

2. What is the meaning of KYC?

KYC means Know Your Customer. In terms of PMLA, every intermediary (including Mutual Funds) is required to have a Client Identification Program and frame a KYC policy, which means knowing your customer by seeking information and supporting documentation about the customer’s identity and address, besides other information like nationality, income source, occupation etc.

3. To which category of investors / Unit holders are these KYC requirements applicable?

The requirement is applicable to all categories of investors eligible to invest with us viz., Resident Individual investors, Non Resident Indians, Persons of Indian Origin (PIO), HUF, Societies, Partnership Firms, Trusts, Companies, Body Corporate, Public Sector Undertakings, Banks, Financial Institutions, Mutual Funds, Foreign Institutional Investors and such other individuals / institutions, including any holders / issuers of Power of Attorney.

4. What are the requirements for Resident Indians?

The documents required for a Resident Indian are a KYC Application form, along with a valid PAN proof, address proof, and a color photograph on a light background. Original PAN card must be shown while submitting KYC application form for verification, thereafter, which, the same will be returned across the counter.

5. Are all investors / unit holders required to meet requirements under PMLA / KYC Policy?

Yes, PMLA and KYC requirements apply to all classes of investors. At present, KYC norms are applicable only with respect to investors intending to invest an amount of Rs. 50,000 or more. This threshold limit of Rs. 50,000 may be changed at our discretion at any future date, to a lower amount. If you are not KYC compliant, you will **not be able to transact** with us.

6. Are the KYC requirements only for new investments?

Yes. These requirements are only in respect of new investments (new subscriptions). Redemptions, switches and dividend reinvestments of any value are presently exempt from these requirements.

7. Are Know Your Customer Application Form (KAF) / documentation requirements separate for Individual / Non- Individual applicants?

Yes. Separate KAF is available for Individual and Non-Individual applicants. Documentation requirements are also unique to both categories of applicants.

8. I / We have already provided my PAN copy for my investment in Mutual Fund. Is that not sufficient for KYC compliance?

The requirement of providing a PAN is a requirement under the Income Tax Act and SEBI (Mutual Funds) Regulations, 1996. The current requirement is for KYC and under a different law - the PMLA.

9. Why should I / We comply with KYC norms when all the details are available in my/our Application Form?

The KYC norms require submission of information matched by a valid document for proof of identity and proof of address besides other mandatory information in line with PMLA. This is a regulatory requirement and also mandated by SEBI.

10. I am a joint holder in a Mutual Fund investment account (folio). Do I need to comply with KYC requirement?

Yes. Each investor, including all joint holders within a folio / all other folios need to get KYC compliant. If investment is in the name of a minor, the Guardian has to be KYC compliant. Holders and issuers of Power of Attorney, both have to be KYC compliant.

11. Is it necessary for a minor to be KYC compliant?

A minor investor does not require to get KYC compliant. In such cases, the Guardian has to be KYC compliant and provide his / her KYC Compliance letter along with the minor's investment application form.

12. What happens when the minor becomes a major?

On attaining majority, he / she has to apply for his / her independent KYC status, should they choose to invest with us thereafter. Guardians will not be able to use their KYC Compliance letter thereafter for the minor. However they can continue to use such KYC Compliance letter for their individual transactions.

13. As an existing Investor / Unit holder, I / We do not have investments of / intend to invest Rs. 50,000 or more. Do I / We still have to meet the KYC requirements?

It is not required as of now (the present limit of Rs. 50,000 may be reduced in future). However, we recommend that you get KYC compliant in order to be able to transact smoothly in future.

14. What is a POS?

A POS is an official Point of Service that acts as a front office to accept valid KAF, scrutinizes / verifies the supporting documents and issues a KYC Compliance Letter. Such POS locations are available on the website of Association of Mutual Funds in India (AMFI) at www.amfiindia.com and on our website www.hdfcfund.com. The KYC compliance letter must be kept with you at all times for future use.

15. How do I / We get KYC compliant and are there any charges to be paid?

HDFC Mutual Fund requires you to submit a completed KAF at a designated POS, seeking certain mandatory information about you, your address, income, nationality, occupation etc, supported by valid documents and also a recent photograph. Presently, there are no charges for getting KYC compliant.

16. How will I / We come to know my /our KYC Compliance status?

On receipt of KAF along with the required documents, the KYC Compliance letter will normally be issued across the counter at the designated Official Points of Service after preliminary verification of documents. However, based on final verification of the documents at the back office, the KYC Compliance letter may be invalidated in case of deficiency of documents / incomplete information.

17. Does the KYC Compliance letter have an expiry date?

No. KYC Compliance is perpetual unless invalidated by us / cancelled at our sole discretion. However, KYC Compliance letter, if not used by any Participating Mutual Fund (as defined in the KAF) for a continuous period of 3 years, may be liable for de-activation. HDFC Mutual Fund however reserves the right to seek a updated status of your information in future.

18. Can I / We submit the proof of address in a local language?

If a valid document (including attestations / certifications) towards proof of address is in a regional language or a foreign language, they have to be translated into English prior to submission.

19. Does a Nominee have to be KYC compliant?

Not while he / she is a nominee. In the event of such nominees stepping into the shoes of a unit holder by virtue of Operation of Law, the nominee has to complete KYC requirements in force at that time. If the nominee is still a minor in such an event, the Guardian of the minor has to be KYC compliant.

20. For a HUF investor, who has to comply with the KYC requirements?

The HUF as an entity is required to be KYC compliant.

21. For a partnership firm investing in a mutual fund scheme, do all partners have to comply with the KYC requirements or merely the Authorised Signatory (ies)?

The Partnership entity is required to be KYC compliant and not the individual partners. Hence all requirements as applicable to a non-individual applicant will apply.

22. Can the address proof and identity documentary proof, be of any date?

Only Permanent Account Number (PAN) card can be submitted as a Identity Proof. However, for proof of address a most recent document has to be submitted (not more than 3 months old). If proof of address is for example a passport, such a requirement will not apply as long as it is a valid passport.

23. Can a document serve two purposes i.e. both as proof of Identity and Address?

No, Only Permanent Account Number (PAN) card can be submitted as a valid identity document.

24. All applicants from a folio have the same address. Do we need to give separate documents evidencing address?

Yes. KYC compliance is for each applicant. Unique sets of documents are required from each applicant. Please note that this is a one time requirement unless there are changes in the address or if additional information is required by any governmental / regulatory body (ies) in terms of PMLA.

25. I am an existing unit-holder and have recently changed my address. For KYC application purpose, I am submitting proof for the new address. To which address of mine will all my correspondences be sent?

The address provided for KYC compliance will overwrite the existing address in the folio/s. Therefore, all correspondences will be sent to your new address as mentioned in the KAF. Existing investors are however cautioned to note that their latest address and other demographic information is made available to CVL. A 'KYC Details Change Form' is available for this purpose. This will ensure that all correspondences are sent to the correct address.

26. What attestations are required for KYC related documents?

All documents required by us in terms of PMLA must be certified i.e. attested / gazetted / notarized by appropriate authorities (see instructions on KAF). In case you wish to bring the original documents to our offices, the copies of such documents should be self-certified. In such cases, original documents will be seen for verification by POS and returned to the applicant.

27. Can I / We submit the "photocopy of an attested copy" of an original document?

No. Such documents will not be accepted. Every documentary proof has to be either certified i.e. attested / gazetted / notarized by appropriate authorities or the document has to be produced in original with self-attested photocopies for verification.

28. After obtaining KYC Compliance letter, I / We have changes to be effected in the mandatory KYC information. What is to be done?

Change in any information as required in the KAF has to be communicated to any POS immediately. A separate 'KYC Details Change Form' is available. You may contact any of the designated Official Points of Service / our Investor Service Centers for such forms or download the same from our website.

29. What happens if any document / information deficiency is observed?

Any deficiency in documentation / information will render the KAF and KYC Compliance letter, if any, allotted as invalid.

30. What will happen to my / our investment, if my / our KYC Compliance letter is invalidated?

This is an important question. In the event of any KYC Application Form being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction(s) will be cancelled and the amount will be mandatorily redeemed at applicable NAV, subject to payment of exit load, wherever applicable. (In case of an ELSS Scheme or a New Fund Offer, the original amount invested will be refunded). Such refunds will be dispatched within a maximum period of 21 days from date of allotment of units. In respect of New Fund Offer the refunds will be dispatched within a maximum period of 6 weeks from the closure of New Fund Offer. It is possible that your folio is locked for any further additional investment or new subscription.

31. Do I / We have to reapply for KYC Compliance if my allotted KYC Compliance letter is deactivated?

Yes. You will have to submit a new KAF with all requisite valid supporting documents.

32. I / We have changed my address recently after obtaining KYC Compliance letter. What should I / We do in terms of PMLA?

Investors / Unit holders must send their request for change in address supported by a valid document evidencing the new address to the designated PoS. As far as possible, please allow a minimum ten days ahead of a financial transaction for a change in address so that the records of our Registrar and Transfer Agent are updated. If this requirement is not met, it is possible that all the documents are dispatched (including redemption / dividend cheques / warrants (if any) / account statements to your old address.

33. I have recently been married and my name has changed. What should I do in terms of PMLA?

Investors / Unit holders must send their request for change in name at the earliest supported by a valid document (such as a attested / gazetted copy of the marriage certificate) evidencing the marriage and change in name to the designated Official Points of Service.

34. I / We already have a KYC Compliance letter provided by a POS / Registrar / other Mutual Fund. Can I / We use the same for investing in your Fund?

As long as it is a KYC Compliance letter issued by CDSL Ventures Limited (CVL) at any official Point of Service, it is valid. Such KYC compliance letter should have been obtained by submitting a valid PAN copy. No other number/letter issued by any other entity (unless designated by HDFC Mutual Fund in future) will be recognized as a valid KYC compliance, if such a number/letter is used for transacting with HDFC Mutual Fund.

35. Do I/We need to attach the KYC Compliance letter at the time of each transaction?

Each investor / unit holder has to attach the KYC Compliance letter issued to him / her / it for a new subscription. Our Registrars and Transfer Agents will update the KYC Compliance status of all unit holders with the same PAN on our record by drawing the KYC status from CVL and thereafter the KYC status will be mentioned in your account statement.

36. What do I / We need to do in case I / We have multiple folios with HDFC Mutual Fund?

Such Unit holders must send us a separate letter containing a complete list of their folios. The list must explicitly state the unit holders name, scheme, plan, unit-holding pattern (whether 1st / 2nd / 3rd unit holder). All unit holders must sign such letters. Invalid requests will not be processed. We also strongly recommend that for similar unit holding patterns across folios, you send us a request for consolidation of folios.

37. I / We do not want to invest now, can I / we apply for KYC Compliance?

It is in your own interest to do so at the earliest, so that a future investment is smoothly processed.

38. Can I quote my Mutual Fund Identification Number (MIN)?

The erstwhile Mutual Fund Identification Number is now withdrawn since PAN is the sole identification number for KYC compliance. However if the investor had applied for MIN with PAN as the proof of identity, he can submit the MIN intimation letter and quote his PAN at the time of application. **If PAN was not submitted as a proof of identity at the time of procuring MIN, then the unit-holder has to reapply for KYC compliance with PAN as the proof of identity.**

39. Will my purchase application be rejected if I am not KYC compliant?

From 01st January 2008 if an investor or the joint holders are not KYC compliant purchase applications for Rs 50,000 or more will be rejected.

40. I am interested in applying for a New Fund Offer (NFO), what should I do for KYC compliance?

Please fill in the KYC application form and submit it to any of the POS. Please attach the KYC acknowledgement letter with the NFO application form during the New Fund Offer period. All applicants must get KYC compliant during the currency of the New Fund Offer Period or earlier.

41. The joint holder of the folio held be me cannot sign. Can s/he affix her / his thumb impression on the KYC acknowledgement form?

Yes. However, the same has to be duly attested by a Gazetted officer.

NRI SECTION

1. Are there any special requirements for Non Resident Indians?

Yes. Such applicants must furnish a certified copy of proof of their identity (their PAN). PAN is the sole identification number for KYC compliance. Also a copy of their overseas / local address proof (as applicable) certified by a local authority / Indian embassy / consulate is required. If documents are not in the English language, they must be translated into English.

2. Are there any special requirements for Persons of Indian Origin (PIO)?

Yes. The requirements are same as those applicable to Non Residents Indians.

3. Currently I am out of India. Can I send scanned copy of the required documents or fax the same for verification?

You may send us a true copy of your documents attested by the Notary Public, Gazetted Officer, Manager of a Scheduled Commercial Bank (Name, Designation and Seal should be affixed on the copy) or by an official from the local office of the Indian Embassy / Consulate. However, the KYC application form has to be in original only.

4. I work for the Merchant Navy and hence, do not have any overseas address proof. I wish to get KYC compliant. How do I go about it?

You may provide your local address proof and a notarized copy of mariner's declaration or your Continuous Discharge Certificate (CDC).

GUIDANCE NOTE

This FAQ is only meant to clarify certain basic questions around PMLA. The information given is included only for general purpose and the investors / unit holders should be aware that the relevant rules, regulations, or their interpretation might change. We strongly advise you to contact your distributor / our Investor Service Center / official POS for any additional information / clarifications. Please read the notes, guidelines and checklist given on the reverse of the KAF before filling up / submission of the same to a POS. Please visit the website of the Financial Intelligence Unit of the Government of India at <http://fiuindia.gov.in> or the website of Securities and Exchange Board of India at <http://www.sebi.gov.in/> regularly for further information.

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