



**Guidelines for Change in Distributor
(APRN Code) &
Transfer of AUM from one PMS Distributor to another**

1. Distributor (APRN Code) change initiated by the Client:

Change of distributor code/APRN initiated by a client leads to the client's portfolio holdings being delinked from the earlier distributor/APRN and tagged/linked to the new distributor/APRN. Clients will not be compelled to obtain any NOC from the existing distributor and such change of distributor code may be processed within 7 days from receipt of request from client.

Upon change of distributor (APRN Code) and on transfer of AUM from one distributor (APRN Code) to another distributor (APRN Code) on such requests, the Portfolio Manager may consider making payment of trail commission to the transferee distributor after a cooling off period of 30 days from the date of change of distributor code in the client database. If the distributor code is changed back to the original APRN code within the cooling off period, then the cooling off period of further 30 days shall restart from such date of change of distributor code.

The payment of commission to the new (transferee) distributor shall be based on the lower of the commission rate (as applicable on the date of change of distributor code) of the transferor and transferee distributor. Other than the trail commission referred to above, no other payments of any nature whatsoever, including incentives or commissions shall be made on account of change of distributor code, on a prospective basis.

2. Distributor (APRN Code) change initiated by the existing distributor:

2.1 Change in Distributor (APRN code) upon request of an existing distributor may be affected only in the following circumstances:

- 2.1.1 Change in the name / legal status of the distributor (such as an individual PMS distributor converting his PMS distribution business to a partnership firm, a partnership firm converting itself into Limited Liability Partnership (LLP), a private limited company converting itself into a public limited company or vice versa);
- 2.1.2 Mergers / acquisitions / consolidation of business / transfer of business / demergers / dissolution of business / change in partnership firms or LLP / new code acquired by the distributors (APRN Holders);
- 2.1.3 Transfer of AUM of an APRN Holder acting as a sub-distributor under a principal APRN Holder, provided the entire AUM of the sub-distributor is being transferred out. Both the sub-distributor and principal APRN Holder need to certify to the Portfolio Manager that the entire AUM of the sub-distributor is being transferred.

2.2 Change in Distributor / APRN code may be effected only upon completion of the following formalities in cases at Serial Nos. 2.1.1 to 2.1.3 above:

- 2.2.1 Request for change in distributor/ APRN code may only be initiated by a distributor whose APRN is valid, who is 'KYD' Compliant and who has furnished all the requisite self-certifications due as on the date of request.
- 2.2.2 Transfer should be of full assets (other than cases that qualify under clause 2.A. 3) and after the transfer, the Transferor Distributor shall cease to operate / function and his APRN code shall be surrendered to APMI for cancellation. An undertaking to this effect shall be furnished by the Transferor Distributor to the concerned Portfolio Manager(s). The Transferor Distributor shall thereafter submit a letter to APMI for cancellation of APRN along with the original APRN card within 15 days of completion of transfer of AUM. A copy of the aforesaid letter submitted to APMI shall also be filed with the Portfolio Manager, where the distributor has submitted request for transfer of AUM.

Provided that the Transferor Distributor need not surrender his/her APRN, if he/she becomes a sub-distributor of the Transferee Distributor in order to service clients. However, after transferring the assets, the Transferor Distributor shall not do any business independently under his/her APRN. The Portfolio Manager shall conduct periodic checks in this regard and report to APMI if any



distributor is found to be non-compliant / doing business as a sub-distributor as well as the main APRN holder.

- 2.2.3 Any Transferor Distributor who has surrendered his valid APRN in order to obtain a fresh APRN/EUIN, shall be considered eligible to transfer his assets to the fresh APRN, even if on the date of application for transfer of AUM, the Transferor APRN is “surrendered / not valid”. Provided that the application for transfer of AUM should be made within a period of six months from the date of cancellation of APRN.
- 2.2.4 The Transferor Distributor must send a suitable letter / email to all his/her PMS clients informing about the impending change of the distributor/APRN code, the reason for the same, along with the details of the new distributor who will be servicing them after the transfer of assets. It must also be highlighted in the letter / email that if the clients have any objection for the change in the distributor/APRN code, they must write to the respective Portfolio Manager directly, and that the Portfolio Manager will affect the change of distributor/APRN unless they hear to the contrary from the clients within 30 days from the date of the distributor’s letter / email.
- 2.2.5 Request letter for transfer of assets submitted to the Portfolio Manager by the Transferor Distributor shall also contain:
 - 2.2.5.1 The reason for the transfer, duly supported by documentary evidence;
 - 2.2.5.2 Certification that letters / emails have been sent to all the existing clients intimating them of the change of distributor. A list of all these clients need to be provided along with sample letter/email for proof of dispatch of letters / email to these clients.
- 2.2.6 Commissions to the Transferee Distributor shall be paid only on the valid assets i.e., where commissions would have been rightfully and legitimately payable to the Transferor Distributor. Payment of commission to the Transferee Distributor on transferred assets should be released only on cancellation of transferor APRN, except for the cases where the transferor distributor becomes a sub-distributor of the transferee distributor in order to service the clients and hence, retains his/ her APRN, as explained under point no. 2 above. Transfer of assets should not be resorted to / used by the distributors as a measure to circumvent any legal/regulatory obligation and/or APMI guideline / requirements.
- 2.2.7 In case any clients communicate their objection to the transfer of assets/ change of distributor / APRN to either of the distributors (new or old), that distributor must immediately inform the concerned Portfolio Manager(s).
- 2.2.8 In case there are no objections from any clients, the Portfolio Manager(s) will effect the change in the distributor/APRN code, after a cooling off period of 30 days from the date of receipt of distributor’s request.
- 2.3 For all cases under Serial No. 2.1.1 and 2.1.2 above, the transferee distributor shall be entitled for trail commission on a prospective basis on the valid transferred assets at the same commission rate of the transferor distributor. For all cases under Serial Nos. 2.1.3 above, the transferee distributor shall be entitled for trail commission on a prospective basis on the valid transferred assets, basis the lower of the commission rate (as applicable on the date of transfer) of the transferor and the transferee distributor.

Further, in the event the client has an objection to shifting his/her/its investments under the APRN of the proposed transferee distributor on account of changes arising from Clause 2.1.1, 2.1.2 or 2.1.3 above and chooses to shift to / opt for a different distributor of his/her/its own choice, then in such cases the new distributor opted by the client shall be eligible to receive trail commission on the PMS investments of the clients transferred under his/her/its APRN, on a prospective basis on the valid transferred assets, basis the lower of the commission rate (as applicable on the date of transfer) of the transferor and the transferee distributor. For avoidance of doubt, it is hereby clarified that the above provision is applicable only in case of Transfer of AUM initiated by the transferor PMS Distributor.

Other than the trail commission referred to above, no other payments of any nature whatsoever, including incentives or commissions shall be made on account of the transferred assets on a prospective basis.



Commission payment to the Transferee Distributor shall continue to be subject to claw-back provisions as would have been applicable to the Transferor Distributor.

3. Change in Distributor / APRN code due to voluntary cessation of business by a PMS distributor

3.1 Where a distributor decides to voluntarily discontinue his / her distribution business, the following procedure may be adopted as a best practice and change in distributor code may only be affected upon completion of the requisite formalities:

3.1.1 The distributor shall write to his/her clients, about his/ her distribution business being discontinued and advising the clients that they may opt to change their PMS distributor to any another PMS distributor of their own choice, for their future service requirements / PMS investments. The distributor shall also advise the clients to write to the respective Portfolio Managers about their desire / decision to change in their PMS distributor and for inclusion of the new distributor's APRN code in place of the existing distributor's APRN code. The distributor shall submit a copy of the aforesaid communication sent to the clients, along with a list of the clients to the respective Portfolio Manager(s).

3.1.2 If a distributor's APRN has expired and he/she does not renew the APRN within 6 months, the Portfolio Manager may write to clients to choose another distributor for servicing and inform the Portfolio Manager to change the APRN code in the client's' folios or switch to Direct Plan. Further, if the distributor does not renew the APRN within 6 months after expiry of the validity, the said APRN may be deemed to be cancelled and no fresh business should be accepted / registered under such APRN.

3.1.3 Portfolio Manager shall keep in their records, a copy of the communication sent by the existing distributor to his/her clients, along with a list of such clients.

3.1.4 Portfolio Managers shall, on receipt of letter from the clients communicating a new distributor's code, at any time in future, effect the change of distributor (APRN) code in their records and send a suitable confirmation to the clients. Portfolio Managers may pay the commission to the new distributor for such assets which are transferred due to expiration of APRN /cessation of business by a distributor.

3.1.5 Once the distributor / APRN code has been changed in the Portfolio Manager's records, the trail commission thereafter for all business done by the earlier distributor shall be payable to the new distributor prospectively, basis the lower of the commission rate (as applicable on the date of transfer) to the earlier (transferor) distributor and the new (transferee) distributor. Other than the trail commission referred to above, no other payments of any nature whatsoever, including incentives or commissions shall be made on account of the transferred assets on a prospective basis. Commission payment to the new /transferee distributor shall continue to be subject to claw back provisions, as would have been applicable to the previous (transferor) distributor.

Commission to the new/ transferee distributor shall be paid only on the valid assets i.e., where commissions would have been rightfully and legitimately payable to the previous / transferor distributor.

3.1.6 The Transfer of assets should not be used by the Distributor as a measure to circumvent any legal/regulatory obligation and/or APMI guideline / requirements.

3.1.7 A PMS distributor who has stopped his PMS distribution business must surrender his APRN to APMI for cancellation, with a copy of the letter submitted to the Portfolio Manager(s) (with Portfolio Manager's acknowledgement thereon) as soon as his details are removed from the clients' folios in the Portfolio Managers' records.

In case of any exceptions to the above best practices, members are advised to refer the same to APMI for direction / guidance on a case-by-case basis.



4. Transfer of AUM of a deceased PMS distributor to the APRN of the nominee/ legal heir of the deceased

- 4.1 For being eligible for transfer of AUM of the of the deceased PMS distributor –
- 4.1.1 APRN of the deceased agent / distributor should have been valid on the date of demise of the distributor and his/her commission payment/ APRN should not have been suspended for any reason whatsoever, at the time of his/her demise.
 - 4.1.2 the Nominee/ legal heir should have a valid APRN as on the date of request for transfer of AUM and should be KYD compliant and should have submitted his/her annual declaration(s) of self-certification (where applicable) due as on the date of request for transfer of AUM. Also, his/ her APRN should not have been suspended by APMI for any reason whatsoever.
- 4.2 Only those assets which were procured by the deceased Agent / Distributor prior to his/her demise and during the validity of his/her APRN can be transferred to the APRN of the nominee/ legal heir.
- 4.3 The nominee/legal heir of the deceased distributor needs to submit an application for cancellation of APRN of the deceased distributor to APMI no later than six months from the date of demise of the deceased distributor, along with a copy of death certificate of the deceased distributor duly attested by a Notary or by a gazetted officer and the APRN card of the deceased distributor. On receipt of the above, APMI will cancel the APRN in the APRN database and intimate all Portfolio Managers and also send a confirmation to the nominee / legal heir.
- 4.4 After receiving the confirmation from APMI having noted the demise of the deceased distributor and having cancelled his/her APRN, the nominee/legal heir needs to approach the individual Portfolio Manager with whom the deceased distributor was empaneled and make an application for transfer of AUM of the deceased the distributor to the APRN of nominee/ legal heir.
- 4.5 The nominee/ legal heir of the deceased APRN holder should notify the clients of the deceased APRN holder by way of a letter or email informing them about the proposed change of the distributor/ APRN code, the reason for the same, along with the details of. the new distributor who will be servicing them after transfer of AUM. It must also be highlighted in the letter/email that if the clients have any objection for the change in the distributor/APRN code, they must promptly write to the respective Portfolio Manager directly; and that the Portfolio Manager will affect the change of distributor/APRN unless they hear from the client to the contrary within 30 days from the date of the distributor's letter. A specimen copy of the letter/ email of intimation sent to the clients regarding the change of distributor along with the list of the clients (containing their name, PAN & folio numbers) must be appended to application for transfer of AUM submitted to the concerned Portfolio Manager.
- 4.6 The Portfolio Manager shall process the request for the change in the distributor/APRN code/ transfer of assets to the APRN of the nominee/legal heir, after a cooling off period of 30 days from the date of receipt of distributor's request, except for those specific clients / cases where objections have been received from the clients of the deceased distributor.