



NEW CADRE OF DISTRIBUTORS

DEFINITION

In order to increase penetration of mutual fund products and to energize the distribution network while protecting the interest of investors, Indian Mutual Fund industry regulator, Securities and Exchange Board of India (SEBI) vide circular CIR/IMD/DF/21/2012 dated September 13, 2012 has permitted a “new cadre of distributors” to sell units of simple and performing mutual fund schemes (explained below).

The new cadre of distributors include:

- (a) Postal agents
- (b) Retired government and semi-government officials (Class III and above or equivalent), with a service of at least 10 years
- (c) Retired teachers with a service of at least 10 years
- (d) Retired bank officers with a service of at least 10 years and,
- (e) Other similar persons (such as Bank correspondents) as may be notified by Association of Mutual Funds in India (AMFI) / AMCs from time to time

With a view to take this initiative forward, the AMFI has decided to include the following persons, in addition to the above in the list of new cadre of distributors:

- (a) Intermediaries/ Agents engaged in distribution of financial products e.g. insurance agent, FD agent, National Savings Scheme products, PPF, etc. registered with any other Financial Services Regulator
- (b) Business correspondents appointed by Banks
- (c) Persons of 50 years of age or more

Only Individuals satisfying one of the above mentioned criteria or Proprietary concerns, where the Sole Proprietor is satisfying one of the above mentioned criteria, can apply for obtaining ARN under this category.

SIMPLE & PERFORMING SCHEMES

The below mentioned schemes of IDBI Mutual Fund are identified as ‘ simple and performing scheme’ which are eligible to be sold by New Cadre of Distributors, in accordance with SEBI circular dated September 13, 2012:



- [IDBI Nifty Index Fund](#)
- [IDBI Nifty Junior Index Fund](#)
- [IDBI Fixed Maturity Plan](#)

This is as of April, 2015 and is subject to review on a regular basis within one month from the end of every Financial Year.

The new cadre of distributors is eligible to sell only simple and performing mutual fund schemes as mentioned above. Transactions through the new cadre of distributors in schemes other than eligible schemes shall be rejected with intimation to the investor. Selling of schemes other than the ones 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.

TRAINING/ CERTIFICATION FOR NEW CADRE OF DISTRIBUTORS

The new cadre of distributors would require a simplified form of National Institute of Securities Markets (NISM) certification and AMFI Registration. This is a prerequisite for empanelment and registration as a distributor.

For new cadre of distributors, NISM has commenced NISM-Series-V-B: Mutual Fund Foundation Certification Examination from January 14, 2013. NISM has also commenced NISM Mutual Fund Foundation Continuing Professional Education (CPE) Programme from January 14, 2013.

For obtaining the Certificate, the new cadre of distributors will have an option of either appearing for:-

- (a) NISM-Series-V-B: Mutual Fund Foundation Certification Examination; or
- (b) One day NISM Mutual Fund Foundation Continuing Professional Education Programme (CPE) as specified by NISM

It may be noted that a certificate issued by Compliance Officer of the AMC will be required for registering for NISM MF Foundation CPE Programme.



REQUIREMENT FOR REGISTRATION WITH AMFI

- Though new cadre of distributors is not required to comply with KYD/ bio-metrics requirements, it is required to submit self attested copies of identity proof (photo PAN card of individual applicants/ in case of Proprietary concern, PAN card of the Proprietary Concern (if available) or Photo PAN card of the Proprietor) and address proof, as mentioned in KYD application form.
- Self attested copy of certificate issued by NISM in respect of Series V-B : Mutual Fund Foundation Certification Examination or Mutual Fund Foundation CPE Program, specially designed by NISM for new cadre of distributors.
- If the applicant is Retired Government/ Semi-Government/ Bank officials/ Teachers: Experience certificate issued by the employer and the relieving letter issued by employer.
- If the applicant is Postal Agent/ Bank Correspondents/ Agents engaged in distribution of financial products e.g. insurance agent, FD agent, National Savings Scheme products, PPF, etc. registered with any other Financial Services Regulator: Appointment letter issued by the respective Authorities.
- If the applicant is a person of 50 years of age or more : Proof of age – any of the following documents :
 - Birth Certificate
 - School Leaving Certificate
 - Passport
 - Driving License
 - Identity card issued by Election Commission of India, which contains date of birth

FEES FOR REGISTRATION WITH AMFI

For applications received under Individual category:

- Rs. 1500/- for ARN Registration
- Rs. 750/- for ARN Renewal

For applications received for Proprietary Concern:

- Rs. 1500/- for registration of Proprietary concern
- Rs. 1500/- for registration of the Sole Proprietor under Proprietary concern and allotment of EUIN to the Sole Proprietor
- Rs. 750/- for renewal of Proprietary concern



- Rs. 750/- for renewal of EUIN of the Sole Proprietor

WAIVER OF REGISTRATION FEES FOR FIRST TIME DISTRIBUTORS

Taking forward the view of expansion of distributor base for distribution of mutual funds, the AMFI has decided to waive the registration fees for all the distributors registering first time in the categories of Individuals (including Sr. Citizens) and new cadre of Distributors during the period from February 1, 2013 to September 30, 2013 subject to fulfilling the following conditions:-

(a) Senior Citizens are Individuals who qualify under the criteria stipulated by SEBI vide its Circular no. Cir/ MFD/DF/5/2010 dated June 24, 2010 i.e. a person who has attained age of 50 years as on May 31, 2010 **OR** a person who has at least 10 years experience in distribution in Mutual Fund products as on May 31, 2010.

(b) New cadre of Distributors should be compliant with the criteria mentioned in the SEBI Circular dated September 13, 2012.

(c) Individuals, Sr. Citizens and new cadre of Distributors should have valid Certificate as per details below

Category of applicant	Certification required
Individual	Valid passing certificate of AMFI Mutual Fund (Advisors) Module or 'NISM Series V-A : Mutual Fund Distributors Certification Examination'
Senior Citizen	Valid Certificate of having attended "NISM Continuing Professional Education for Mutual Fund Distributors"
New cadre of Distributors	Passing certificate of "NISM-Series-V-B: Mutual Fund Foundation Certification Examination" or Certificate of having attended "one day NISM Mutual Fund Foundation CPE Program, as specified by NISM"

(d) ARN Card issued shall be valid up to 3 years from the date of passing the date of NISM Examination / attending CPE Programme. However, renewal of ARN after 3 years shall be subject to payment of prescribed fees, as applicable at the time of renewal.

(e) The application made for registration under this scheme (waiver of fees) should be accompanied with all other stipulated documents specified in the Registration Form.

ALLOTTMENT OF ARN

- Post certification, one has to register with the Association of Mutual Funds in India (AMFI), mutual fund industry body to become a recognized mutual fund distributor. AMFI, on receiving the due application and required documents along with prescribed



fees, assigns an AMFI Registration Number (ARN) to the applicant. A photo identity card containing unique ARN starting with “SD”, Employee Unique Identity Number (EUIN) and indicating validity period, which will correspond to the validity period mentioned on passing certificate/ CPE certificate, would be issued to the applicants.

- After obtaining ARN, they should approach the AMCs for empanelment. After empanelling with the AMC, they can sell units of simple and performing mutual fund schemes as defined in SEBI Circular dated September 13, 2012, of the AMC with which they are empanelled.
- ARN Card issued shall be valid up to 3 years from the date of passing the date of NISM Examination / attending CPE Programme. However, renewal of ARN after 3 years shall be subject to payment of prescribed fees, as applicable at the time of renewal.

RENEWAL OF ARN

The ARN holders are required to renew ARN on or six months prior to expiry of validity period of ARN. The renewal of ARN is subject to passing V-B: Mutual Fund Foundation Certification Examination or attending Mutual Fund Foundation CPE Program, specially designed by NISM for new cadre of distributors.

MINIMUM EMPANELMENT CRITERIA

Clause no. 3.2 of AMFI Circular no. CIR/ARN-09/08-09 dated July 18, 2008 on “Common Minimum Criteria for Empanelment – minimum number of investors required to be serviced” will not be applicable for new cadre of distributors.