



Association of Mutual Funds in India

35P/MEM-COR/90/2023-
24

December 5, 2023

To,

All AMFI Members

Dear Members,

Advisory as directed by SEBI - Acceptance of applications with Bank Account details having Core Banking Solutions (CBS) account

This has reference to the AMFI Best Practice Guidelines Circular No.97/2021-22 on Standardization of Process for Validation of Email ID, Mobile Number, Bank Mandate & Two Factor Authentication for Redemptions for Non-Demat folios issued as per SEBI Circular no. SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/634 dated October 4, 2021, wherein it was advised that Redemption proceeds shall be credited only to a verified Bank Account.

In order to verify the bank account using credit of Re.1 or through PAN verification process, banks require CBS account number, IFS code and PAN in case of PAN verification process.

New investments: As per data of new investments received till October 2023, it is observed that new investments are still being accepted with non-CBS account details. SEBI has expressed dissatisfaction and concerns for the same.

SEBI has therefore directed AMFI to advise AMCs to put the necessary systems in place to ensure that all new investments/SIP applications received through any mode (Including Stock Exchanges, Channel Partners, MFU, EOPs, etc.) have CBS account details and no application is accepted with non-CBS account details. This will help validation of bank account and thereby prevention of fraud.

Existing Folios: While checking the data of existing Folios across AMCs, it is observed that large number of folios are still having non-CBS bank account details.

AMCs are requested to take all the possible efforts to obtain CBS account details where non-CBS account details are registered under the Folio.

Further, AMCs should also take all the possible steps to update the bank details of the investors under the legacy folios where bank account details are not registered.

Necessary controls should be in place for all online transactions and in case of offline transactions, applications should be accepted only after proper scrutiny to ensure all the above.

Please note SEBI is regularly monitoring AMC wise status of folios with no bank details and also new investments received with non-CBS account details and has advised to regularise the Folios on priority.