

ICICI Prudential Asset Management Company Limited

Important Information for Distributors

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**SEBI Advertisement Code / Guidelines**

Any form of communication issued by or on behalf of the asset management company / Mutual Fund should adhere to the Advertisement code prescribed under the SEBI (Mutual Funds) Regulations, 1996 and other applicable Guidelines / Circulars.

All Distributors/agents should utilize the approved marketing materials which are provided to them from time to time.

If Distributors propose to issue any sales promotional material/literature about any mutual fund products of ICICI Prudential Mutual Fund, including digital content/banners in the digital media, they should be fully compliant with SEBI's Advertisement Code/Guidelines/Circulars, and they should submit the same to the following address for approval:

The Compliance Officer, ICICI Prudential Asset Management Company Limited 2nd Floor, Block B-2, Nirlon Knowledge Park, Western Express Highway, Goregaon, Mumbai - 400 063

Any material as referred above (including for digital media) should be circulated/disseminated in public domain only upon receiving prior written approval /compliance clearance from ICICI Prudential Asset Management Company Limited.

The advertisement code/guidelines/circulars mentioned herewith shall also be applicable to articles/advertisements/social media content etc. which are already available in the public domain and which the distributors may wish to use for promotional activities or for advertisement of mutual fund products.

Any Violation / breach of the SEBI Advertisement code / Guidelines / Circulars may result in suspension of payment of commission and right to terminate the empanelment. Any breach in this regard would be viewed very seriously.

As per Securities and Exchange Board of India (Mutual Funds) Regulations, 1996

Regulation 2(b)

Definition - "advertisement" shall include all forms of communication issued by or on behalf of the asset management company/Mutual Fund that may influence investment decision of any investor/prospective investors.

Regulation 30

Advertisement materials - Advertisements shall be in conformity with the Advertisement Code as specified in the Sixth Schedule and shall be submitted to the Board within 7 days from the date of issue.

Sixth Schedule of SEBI (Mutual Funds) Regulations, 1996, Advertisement Code

- (a) Advertisements shall be accurate, true, fair, clear, complete, unambiguous and concise.
- (b) Advertisements shall not contain statements which are false, misleading, biased or deceptive, based on assumption/projections and shall not contain any testimonials or any ranking based on any criteria.
- (c) Advertisements shall not be so designed as likely to be misunderstood or likely to disguise the significance of any statement. Advertisements shall not contain statements which directly or by implication or by omission may mislead the investor.
- (d) Advertisements shall not carry any slogan that is exaggerated or unwarranted or slogan that is inconsistent with or unrelated to the nature and risk and return profile of the product.
- (e) No celebrities shall form part of the advertisement.
- (f) Advertisements shall not be so framed as to exploit the lack of experience or knowledge of the investors. Extensive use of technical or legal terminology or complex language and the inclusion of excessive details which may detract the investors should be avoided.
- (g) Advertisements shall contain information which is timely and consistent with the disclosures made in the Scheme Information Document, Statement of Additional Information and the Key Information Memorandum.
- (h) No advertisement shall directly or indirectly discredit other advertisements or make unfair comparisons.
- (i) Advertisements shall be accompanied by a standard warning in legible fonts which states "Mutual Fund investments are subject to market risks, read all scheme related documents carefully". No addition or deletion of words shall be made to the standard warning.
- (j) In audio-visual media based advertisements, the standard warning in visual and accompanying voice over reiteration shall be audible in a clear and understandable manner. For example, in standard warning both the visual and the voice over reiteration containing 14 words running for at least 5 seconds may be considered as clear and understandable.

## I. Brief note on SEBI Circular CIR/IMD/DF/5/2013 dated March 18, 2013

In order to address the issue of mis-selling, a Committee was set up to examine the system of Product Labeling that would provide investors an easy understanding of the kind of product/scheme they are investing in and its suitability to them. Based on the recommendations of the Committee, it has been decided that all the mutual funds shall 'Label' their schemes on the parameters as mentioned under:

- a. Nature of scheme such as to create wealth or provide regular income in an indicative time horizon (short/ medium/ long term).
- b. A brief about the investment objective (in a single line sentence) followed by kind of product in which investor is investing (Equity/Debt).
- c. Level of risk, depicted by Riskometer as under:
  - Principal at low risk.
  - Principal at moderately low risk.
  - Principal at moderate risk
  - Principal at moderately high risk
  - Principal at high risk.
- d. A disclaimer that investors should consult their financial advisers if they are not clear about the suitability of the product.

Please refer [www.icicipruamc.com](http://www.icicipruamc.com) for details about product labeling.

## II. Brief note on SEBI Circular Cir/IMD/DF/6/2012 dated February 28, 2012

1. Advertisement shall be in terms of Sixth Schedule.
2. Advertisement about mutual fund schemes shall comply with the following:
  - While advertising pay out of dividends, all advertisements shall disclose the dividends declared or paid in rupees per unit along with the face value of each unit of that scheme and the prevailing NAV at the time of declaration of the dividend.
  - Impact of Distribution Taxes: While advertising returns by assuming reinvestment of dividends, if distribution taxes are excluded while calculating the returns, this fact shall also be disclosed.
  - Pay out of Dividend/ Bonus: While advertising pay outs, all advertisements shall disclose, immediately below the payout figure (in percentage or in absolute terms) that the NAV of the scheme, pursuant to pay out would fall to the extent of payout and statutory levy (if applicable).
  - In case of Money Market schemes or cash and liquid schemes, wherein investors have very short investment horizon, the performance can be advertised by simple annualisation of yields if a performance figure is available for at least 7 days, 15 days and 30 days provided it does not reflect an unrealistic or misleading picture of the performance or future performance of the scheme.

III. SEBI vide its circular SEBI/IMD/CIR No. 14/151044/09 dated January 19, 2009 notified that Mutual Funds or their distributors are prohibited from communicating indicative portfolio or indicative yield of its products in any manner whatsoever, as the same may mislead the investors.

IV. SEBI vide its circular no. SEBI/IMD/CIR No. 12/ 118340/08 dated February 26, 2008 has w.e.f. April 1, 2008, notified the following changes in the manner in which the Statutory Warning shall be broadcasted.

- i. the time for display and voice over of the standard warning be enhanced to five seconds in audio visual advertisements.
- ii. in case of audio advertisements the standard warning shall be read in an easily understandable manner over a period of five seconds.

V. SEBI vide its circular no. SEBI/IMD/CIR No. 9/74364/06 dated August 14, 2006 has notified that the SID, KIM and advertisements pertaining to Capital Protection Oriented Scheme, shall disclose that the Scheme is "oriented towards protection of capital and not "with guaranteed returns". It shall also be indicated that the orientation towards protection of capital originates from the portfolio structure of the scheme and not from any bank guarantee, insurance cover etc.

VI. SEBI vide its Circular SEBI/IMD/CIR No. 1/64057/06 dated April 4, 2006 notified that All Advertisements, in any media, containing proposed dividend shall, in the same font as dividend figure (in percentage or in absolute terms), disclose immediately below the dividend figure that the NAV of the scheme, pursuant to payment of dividend would fall to the extent of payout and statutory levy (if applicable).

VII. SEBI vide its Circular MFD/CIR.No 04/11488 /2003 dated June 12, 2003 clarified that in accordance with the provisions of Regulation 77 of the SEBI (Mutual Funds) Regulations, 1996 that in case of Fund of Funds scheme, the mutual funds shall disclose in the offer document as well as in the advertisements that the investors are bearing the recurring expenses of the scheme in addition to the expenses of other schemes in which Fund of Funds scheme makes investment.

VIII. SEBI vide its Circular CIR/IMD/DF/23/2017 dated March 15, 2017 had notified certain guidelines with respect to transparency of performance related information in advertisements of Mutual Fund schemes.

In order to promote effective and simple disclosures for scheme performances in advertisements of Mutual Fund schemes, the following norms are issued on performance related information:

1. Performance for the schemes shall be advertised in terms of Compound Annual Gross Rate (CAGR) for the past 1 year, 3 years, 5 years and since inception.
2. Point-to-point returns on a standard investment of ₹ 10,000/- shall be provided in addition to CAGR of the scheme.
3. Wherever performance is disclosed, for regular and direct plans; a foot note mentioning "Different plans have a different expense structure".
4. In case where a scheme has not been managed by the same fund manager for the full period of the information being published in the advertisement, the same should be disclosed in a footnote.

5. Schemes which are in existence for more than 1 year but less than 3 years or 5 years, the same shall be mentioned as a footnote forming part of the performance advertisement.
6. When the performance of a particular Mutual Fund scheme is advertised, the advertisement shall also include the performance data of all the other schemes managed by the fund manager/s of that particular scheme. Such performance data of the other schemes managed by the fund manager shall be provided as prescribed.

## CODE OF CONDUCT FOR INTERMEDIARIES OF MUTUAL FUNDS

1. Consider investor's interest as paramount and take necessary steps to ensure that the investor's interest is protected in all circumstances.
2. Adhere to SEBI Mutual Fund Regulations and guidelines issued from time to time related to distributors, selling, distribution and advertising practices. Be fully conversant with the key provisions of the Scheme Information Document (SID), Statement of Additional Information (SAI) and Key Information Memorandum (KIM) as well as the operational requirements of various schemes.
3. Comply with SEBI guidelines / requirements issued from time to time in preparation of sales, promotional or any other literature about any schemes. Performance disclosures should also comply with the requirements specified by SEBI. Provide full and latest information of schemes to investors in the form of SAI, SID, addenda, performance reports, fact sheets, portfolio disclosures and brochures; and recommend schemes appropriate for the investor's risk profile and needs.
4. Highlight risk factors of each scheme, desist from misrepresentation and exaggeration and urge investors to go through SAI / SID/ KIM before deciding to make investments.
5. Disclose to the investors all material information including all the commissions (in the form of trail or any other mode) received for the different competing schemes of various Mutual Funds from amongst which the scheme is being recommended to the investors.
6. Abstain from indicating or assuring returns in any type of scheme, unless the SID is explicit in this regard.
7. Maintain necessary infrastructure to support the AMCs in maintaining high service standards to investors, and ensure that critical operations such as forwarding forms and cheques to AMCs/registrars and despatch of statement of account and redemption cheques to investors are done within the time frame prescribed in the SID/SAI and SEBI Mutual Fund Regulations.
8. Do not collude with investors in faulty business practices such as bouncing of cheques, wrong claiming of dividend/redemption cheques, splitting of applications in the schemes to circumvent regulations for any benefit, etc.
9. Do not undertake commission driven malpractices such as:
  - a) Recommending inappropriate products solely because the intermediary is getting higher commissions therefrom.
  - b) encouraging over transacting and churning of Mutual Fund investments to earn higher commissions.
  - c) Splitting of applications to earn higher transaction charges/commissions.
10. Abstain from making negative statements about any AMC or scheme and ensure that comparisons, if any, are made with similar and comparable products along with complete facts.

11. Intermediaries shall keep themselves abreast with the developments relating to the Mutual Fund Industry as also changes in the scheme information and information on mutual fund/AMC like changes in fundamental attributes, changes in controlling interest, loads, liquidity provisions, and other material aspects and deal with the investors appropriately having regard to the up to date information.
12. Maintain confidentiality of all investor details, deals and transactions.
13. Intermediaries shall keep investor's interest and suitability to their financial needs as paramount and that extra commission or incentive should never form the basis for recommending a scheme to the investor.
14. Intermediaries shall not rebate commission back to investors and abstain from attracting investors through temptation of rebate/gifts etc.
15. To protect the investors from potential fraudulent activities, intermediary should take reasonable steps to ensure that the investor's address and contact details filled in the mutual fund application form are investor's own details, and not of any third party. Where the required information is not available in the application form, intermediary should make reasonable efforts to obtain accurate and updated information from the investor. Intermediaries should abstain from filling wrong/incorrect information or information of their own or of their employees, officials or agents as the investor's address and contact details in the application form, even if requested by the investor to do so. Intermediary should abstain from tampering in any way with the application form submitted by the investor, including inserting, deleting or modifying any information in the application form provided by the investor.
16. Intermediaries including the sales personnel of intermediaries engaged in sales/marketing shall obtain NISM certification and register themselves with AMFI and obtain a Employee Unique Identification Number (EUIN) from AMFI apart from AMFI Registration Number (ARN). The Intermediaries shall ensure that the employees quote the EUIN in the Application Form for investments. The NISM certification and AMFI registration shall be renewed on timely basis. Employees in other functional areas should also be encouraged to obtain the same certification.
17. Intermediaries shall comply with the Know Your Distributor (KYD) norms issued by AMFI.
18. Co-operate with and provide support to AMCs, AMFI, competent regulatory authorities, Due Diligence Agencies (as applicable) in relation to the activities of the intermediary or any regulatory requirement and matters connected thereto.
19. Provide all documents of its investors in terms of the Anti-Money Laundering / Combating Financing of Terrorism requirements, including KYC documents/Power of Attorney/investor's agreement(s), etc. with Intermediaries as may be required by AMCs from time to time.
20. Be diligent in attesting/certifying investor documents and performing In Person Verification (IPV) of investor's for the KYC process in accordance with the guidelines prescribed by AMFI/KYC Registration Agency (KRA) from time to time.
21. Adhere to AMFI guidelines and Code of Conduct issued from time to time related to distributors, selling, distribution and advertising practices.

22. Intimate the AMC and AMFI any changes in the intermediary's status, constitution, address, contact details or any other information provided at the time of obtaining AMFI Registration.
23. Observe high standards of ethics, integrity and fairness in all its dealings with all parties - investors, Mutual Funds/AMCs, Registrars & Transfer Agents and other intermediaries. Render at all times high standards of service, exercise due diligence, and ensure proper care.
24. Intermediaries satisfying the criteria specified by SEBI for due diligence exercise, shall maintain the requisite documentation in respect of the "Advisory" or "Execution Only" services provided by them to the investors.
25. Intermediaries shall refund to AMCs, either by set off against future commissions or payment, all incentives of any nature, including commissions received, that are subject to claw-back as per SEBI regulations or the terms and conditions issued by respective AMC.
26. In respect of purchases (including switch-in's) into any fund w.e.f. January 1, 2013, in the event of any switches from Regular Plan (Broker Plan) to Direct Plan, all upfront commissions paid to distributors shall be liable to complete and/or proportionate claw-back.
27. Do not indulge in fraudulent or unfair trade practices of any kind while selling units of Schemes of any mutual fund. Selling of units of schemes of any mutual fund by any intermediary directly or indirectly by making false or misleading statement, concealing or omitting material facts of the scheme, concealing the associated risk factors of the schemes or not taking reasonable care to ensure suitability of the scheme to the investor will be construed as fraudulent/unfair trade practice.



**AMFI Communication No. 35P/MEM-COR/60/ 13-14 dated March 27, 2014**

Dear Sir/ Madam,

Re: Fee waiver period ending on March 31, 2014

This has reference to our e-mails no. 35P/MEM-COR/36/12-13 dated January 14, 2013, 35P/MEM-COR/16/13-14 dated June 13, 2013 and 35P/MEM-COR/39/13-14 dated October 11, 2013, (communications appended below), wherein we had informed the AMCs about the waiver of registration fees for all first time registrations in the categories of Individuals (including Sr. Citizen) and new cadre of Distributors during the period from February 1, 2013 to March 31, 2014 subject to fulfilling certain conditions as mentioned therein.

It has now been decided to reinstate the ARN fees for these categories of distributors with effect from April 01, 2014. Accordingly, the applications from April 01, 2014 onwards will be accepted only with the payment of applicable Registration Fees.

This is for your information.

Regards,

C G Parekh

Sr. Vice President

Association of Mutual Funds In India

**AMFI Communication No. 35P/MEM-COR/36/12-13 dated January 14, 2013**

Dear Sir/Madam,

Sub: Distributor's Drive

As you are aware, fees are prescribed for registration of Distributors under various categories. In case of Individual (including Sr. Citizen) Distributor, the fees presently payable are Rs.3,000/- for three years.

In terms of SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, a new cadre of distributors, such as postal agents, retired government and semi- government officials (class III and above or equivalent), retired teachers and retired bank officers with a service of at least 10 years, and other similar persons (such as Bank correspondents) as may be notified by AMFI/AMC from time to time, has been allowed to sell units of simple and performing mutual fund schemes. This has been done with a view to expand Distributor base for distribution of Mutual Fund products. AMFI Board has prescribed Registration fee of ₹1,500/- for three years for this new cadre of Distributors.

With a view taking this initiative forward, AMFI Board, at its meeting held on January 11, 2013, has decided as under:

A. Include the following persons in this special cadre of distributors:

- i. 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, with at least 5 years of experience.
- ii. Business correspondents appointed by banks having at least 5 years of experience.

(This has been advised vide our letter No. 35P/MEM-COR/34/12-13 dated January 14, 2013)

B. To waive registration fees for all the distributors registering first time in the categories of Individuals (including Sr. Citizen) and new cadre of Distributors during the period from 1st February, 2013 to 30th June, 2013 subject to fulfilling the following conditions:

- i. Senior Citizens are Individuals who qualify under the criteria stipulated by SEBI i.e. a person who has attained age of 50 years as on May 31, 2010 OR has at least 10 years experience in the securities market OR/ AND in distribution in Mutual Fund products as on May 31, 2010.
- ii. New cadre of Distributors should be compliant with the criteria mentioned in the SEBI Circular dated September 13, 2012.
- iii. Individuals, Sr. Citizens and new cadre of Distributors should have valid Certificate for passing NISM Examination/ attending CPE Programme.
- iv. ARN Card issued shall be valid upto 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.
- v. The application made for registration under this scheme should be accompanied with all other stipulated documents specified in the Registration Form.

We trust this window of free ARN registration will help Mutual Fund Industry to enlarge the distributors base.

With Regards,

C G Parekh

Sr. Vice President

Association of Mutual Funds in India

**AMFI Communication No. 35P/MEM-COR/16/13-14 dated June 13, 2013**

Dear Sir/ Madam,

Re: Extension of Fee waiver period up to September 30, 2013

This has reference to our e-mail no. 35P/MEM-COR/36/12-13 dated January 14, 2013 wherein we had communicated the decision taken AMFI Board in its meeting held on January 11, 2013 to waive registration fees for all the distributors registering for the first time in the categories of Individuals (including Sr. Citizen) and new cadre of Distributors during the period from 1st February, 2013 to 30th June, 2013 subject to fulfilling certain conditions as mentioned therein.

AMFI Board in its meeting held on June 12, 2013 reviewed the status as regards the applications received under the above categories of distributors and decided to extend fee waiver period up to September 30, 2013.

Other terms and conditions would remain same, which are reproduced here below for ready reference:

- i. Senior Citizens are Individuals who qualified as per the criteria stipulated by SEBI in its circular dated June 24, 2010 viz. a person who has attained the age of 50 years as on May 31, 2010 OR who has at least 10 years experience in the securities market in the sale AND/ OR distribution of Mutual Fund products as on May 31, 2010.
- ii. New cadre of Distributors should be compliant with the criteria mentioned in the SEBI Circular dated September 13, 2012 or as notified by AMFI.
- iii. Individuals, Sr. Citizens and new cadre of Distributors should have valid passing Certificate/ CPE certificate in respect of NISM Examination/ CPE, designed for Mutual Fund Distributors/ New cadre of distributors. Validity of ARN Card will be up to validity date mentioned on passing certificate/ CPE certificate.
- iv. Renewal of ARN shall be subject to payment of prescribed fees, as applicable at the time of renewal, which may please be noted.
- v. The application made for registration under this scheme should be accompanied with all other stipulated documents specified in the Registration Form.

We trust this extension of window period for free ARN registration will help Mutual Fund Industry to increase the feet on street in the area of Mutual Fund distribution.

With Regards,

C G Parekh

Sr. Vice President

Association of Mutual Funds In India

**Extension of Fee waiver period up to March 31, 2014 pursuant to AMFI Communication No. 35P/MEM-COR/39/13-14 dated October 11, 2013**

As per the AMFI communications no. 35P/MEM-COR/36/12-13 dated January 14, 2013 and 35P/MEM-COR/16/13-14 dated June 13, 2013 (extract of the communications appended below), wherein AMFI had informed the AMCs about the waiver of registration fees for all first time registrations in the categories of Individuals (including Sr. Citizen) and new cadre of Distributors during the period from February 1, 2013 to September 30, 2013 subject to fulfilling certain conditions as mentioned therein.

AMFI has decided to extend the waiver of fee registration till March 31, 2014 on the same terms and conditions.

V Ramesh

Dy Chief Executive AMFI