

KYC Remediation FAQs

AMC-wise list of folios which need KYC remediation for one or more Folio Holders have been sent to distributors by email. Please find below a set of FAQs to help distributors navigate better through this phase.

1. Why did I get this list of folios?

Based on a SEBI inspection report, AMCs may decide to withhold commission for all assets where KYC status is other than “KYC Verified” or “KYC Done” or “KYC Registered – New KYC”. Some of them have already withheld commission of July payable in August.

If you have an email from CAMS with a list of folios for a given AMC, the AMC may have already withheld commission related to these folios or is likely to do so in the near future.

The list is provided to you so that you may reach out to the investors for remediating their KYC status.

2. Why is there no common list across all AMCs?

KYC status has to be updated with each AMC separately. From 2012 onwards, this is typically being done at the time of first transaction of an investor with that AMC. Therefore, remediation list is also sent specific to each AMC.

3. When will commission be withheld by the AMCs?

All CAMS serviced AMCs have decided to withhold commission if the KYC status of any of the holders in a folio is other than the number status of “3” or “KYC Verified” or “KYC Done” “KYC Registered – New KYC”. In other words, commission will be paid only if the status is “KYC Verified” or “KYC Done” or “KYC Registered – New KYC”.

Example: There are two holders in the folio and the 1st holder’s KYC status on KRA website is showing as “KYC Registered – New KYC”. But the 2nd holder’s KYC status is showing as “KYC Registered – Old KYC”. Commission will be withheld for this folio till KYC status is remediated for the 2nd holder.

4. There are regular SIP/STP/SWP transactions in a folio. How can such a folio be included in this list for KYC remediation when transactions were being allowed by the AMC?

If an SIP/STP/SWP started before the introduction of KYC regime in 2012, the triggers were allowed to continue as per the decision taken by the AMCs, even if the KYC status is other than “KYC verified” or “KYC Registered – New KYC” or “KYC Done”. However, no new purchases/switches/SIP registrations

were allowed to be initiated. It is likely that the folio listed has SIP/STP/SWP started prior to the KYC regime.

5. I checked the KYC status in KRA website for of one of the investor's PAN in the list circulated by CAMS and found that it is showing as "KYC Registered – New KYC". Is this folio incorrectly included in the list from CAMS?

This is possible due to one of the 5 scenarios below. We have outlined next steps to deal with such scenarios

- **Scenario 1:** There is no customer-initiated transaction meaning customer has not submitted a purchase or switch in the folio after 2012 and so the AMC has not downloaded KYC status of the investor from the KRAs. The status in AMC folio in the file shared with you will show as "0" or "1"
- **Scenario 2:** The status on KRA website has to show as "KYC Registered – New KYC" for all Joint Holders of a Folio. If even one of them has a status that is different, that folio will be included in the list sent to you. Please check the same for all Holders
- **Scenario 3:** If a PAN of an investor is showing status as "KYC Registered – New KYC" in KRA site but the folio is in the list sent to you and shows "KYC Rejected – Name Mismatch" or "KYC Failed – Name Mismatch" or "KYC – Name Mismatch", this is because of significant variation between the name of the investor in the AMC application form and the name according to KRA records
- **Scenario 4:** If the folio has been created through MFU, KYC status has to be provided by MFU as per the agreement with the AMCs. If MFU has not provided the status, this folio will show up in the list. This will be taken care of by AMCs and CAMS. No action is required from the distributor

6. KYC status of the folio is "KYC in Process" and transactions are being allowed in the folio. Why is this folio in the list of folios for remediation?

AMCs have been allowing simultaneous submission of KYC documents and a Purchase Application form. In addition, KRAs need some processing time for KYC documents and during that time will provide an interim status of "KYC in Progress".

AMCs have been allowing transactions in such instances for up to 30 days. We expect that in most such cases, the status will either change to "KYC Registered – New KYC" or to any other rejection status within the 30 day period. If it doesn't the investor needs to contact the respective KRA for suitable action.

Since it is only an interim status and it is not certain that the final status will be "KYC Registered – New KYC", AMCs have decided that commission for all such folios will be withheld till the final status is obtained.

7. If I help the investor remediate his/her KYC status, when will brokerage be released?

If the remediation is completed on or before 30th of a particular month and KYC status has been updated in the folio, withheld brokerage will be released along with next month's brokerage cycle. For example, if the remediation is completed and the status reflects as "KYC Registered – New KYC" in the KRA site before September 30th, withheld brokerage will be released along with September brokerage paid in October.

8. What should I do next?

- Take the list of folios for all AMCs as sent by CAMS
- Extract list of PANs where KYC status has to be remediated
- The following table will help you to identify actions needed from you/investor for each scenario

S. No	Status code of the PAN/PEKRN in file shared by CAMS	Status description in file shared by CAMS	Status in KRA website	Actions to be taken by the distributors and investors
1	Status code is "3"	Status is "KYC Verified", "KYC Done", "KYC Registered - New KYC"	Status is "KYC Registered - New KYC"	No action needed
2	Status code is "4"	Status is "KYC - Name Mismatch"	Status is "KYC Registered - New KYC"	Name change process to be followed - Submit AMC name, Folio No, Proof of Name that shows KRA name is correct. This should be submitted to AMC/CAMS FO
3		Any status other than "KYC - Name Mismatch"	Check the Status to identify actions needed	Remedial action to be taken as suggested on the KRA website against the PAN
4	Status Code is "0" or "1" or "Null"	PAN/PEKRN is available in the folio and Any Status description	Status is "KYC Registered - New KYC"	No action needed. AMCs/CAMS will download information from KRAs***
5			Status is other than "KYC Registered - New KYC" or there is no Status	KYC to be initiated or Remedial action to be taken as suggested on the KRA website against the PAN
6		PAN/PEKRN is not available in the folio and Any Status description	Status is "KYC Registered - New KYC"	PAN should be updated in the folio by the investor/distributor
7	Status is other than "KYC Registered - New KYC" or there is no Status		PAN should be updated in the folio, KYC to be initiated or Remedial action to be taken as suggested on the KRA website against the PAN	
8	Status Code is "2"	Status is "KYC - Pending/In-Progress"	Status is "KYC Under Process - New KYC" and KYC Application submitted less than 30 days back	No action needed. KRAs should complete processing within 30 days
9		Status is "KYC - Pending/In-Progress"	Status is "KYC Under Process - New KYC" and KYC Application submitted more than 30 days back	Investor/Distributor to raise a query with the KRA

*** AMC / CAMS will download the information from KRAs – while doing this an email / SMS may get triggered to the investor from the KRA, intimating that his/her PAN has been downloaded. You may keep the investors suitably notified of this ahead, so as to avoid unnecessary panic and queries being raised.

9. Please find below a summary understanding of the KYC status codes furnished in the email triggered to your mail ID with the list of folios / Investor details for pursuing KYC Remediation. If the status is anything other than “3”, action needed is available in the table above

- 0 & 1 – KYC Not done by the Investor / No request (No transaction) received by that AMC from the investor for updating the KYC status in the folio.
- 2 – KYC is pending in the folio as No further KYC status updates / No transaction received by that AMC from the investor for updating the KYC status in the folio.
- 3 – KYC is registered and valid.
- 4 – KYC is failed in the folio – reasons could be
 - Investor has done only CVLMFKYC / Existing old KYC
 - KYC is ON Hold / rejected by the respective KRA for reasons such as discrepant/insufficient documents. Communication on the reasons for KYC On hold would have already been received by the Investor from the KRA (or) the same can be viewed now on the KRA website by querying the KYC status of the PAN
 - Mismatch in Name as per KRA and Name as per MF application.

10. Please find below an understanding of the various KYC Status that will be shown against the PAN in the KRA website and the corresponding action required to be taken:

KYC Status as per KRA Website	Action Required
KYC UNDER PROCESS – NEW KYC	If the KYC application has been submitted before 30 days or more, then investor may take it up with the concerned KRA for clarification
KYC On Hold (Reason for hold will also be shown beside)	Investor to submit the correct documents to the concerned KRA to get the discrepancy / Hold cleared
KYC REJECTED – NEW KYC	Investor to re-submit the KYC documents with full & correct details
KYC REGISTERED – NEW KYC	No action required - KYC is valid
KYC Registered – Old/Existing/CVLMFKYC	Investor to submit the KYC documents / requisite KYC details along with IPV details to get the CVLMFKYC converted to KYC Registered - New KYC