New Cadre of Distributors

In terms of Master Circular for Mutual Funds no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, a new cadre of distributors have been allowed to sell units of simple and performing mutual fund schemes. List of new cadre of distributors is given below:

- Postal agents
- Retired government and semi-government officials (class III and above or equivalent) with a service of at least 10 years.
- Retired teachers with a service of at least 10 years
- Retired bank officers with a service of at least 10 years
- 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
- Business correspondents appointed by Banks
- Other similar persons as may be notified by AMFI/AMC from time to time

As stated in SEBI Master Circular for Mutual Funds dated June 27, 2024, the new cadre of distributors are allowed to sell units of simple and performing mutual fund schemes, which shall comprise of diversified equity schemes, fixed maturity plans (FMPs) and index schemes and should have returns equal to or better than their scheme benchmark returns during each of the last three years.

AMFI has prescribed best Practices Guidelines on identification of Simple and performing Diversified Equity Mutual Fund Schemes to be sold by New Cadre of Distributors in terms of SEBI Master Circular for Mutual Funds dated June 27, 2024 (AMFI communication No. 135/BP/36/2012-13, dated March 22, 2013):

Diversified equity scheme category shall be Large Cap oriented and well diversified schemes and shall not include the following type of equity schemes:

- **Thematic / Sector funds**
- **Small Cap, Mid Cap or Micro Cap funds**
- **Concentrated funds i.e. number of stocks < 30 as per offer document.**

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1.List of schemes shall be compiled annually based on the performance of the scheme during each of the last three financial years (April to March). The list shall be reviewed and modified every year in April. AMCs are requested to disclose the list of eligible schemes on their website.

2.The new cadre of distributors are eligible to sell only simple and performing mutual fund schemes as mentioned above, the AMCs are advised to put in place a proper validation process to ensure that new cadre of distributors sell only the schemes they are allowed to sell.

This validation shall be performed even at sub distributor level, if the transaction has been procured by a new cadre of distributor who is acting as a sub distributor of the ARN holder. The same shall be implemented along with the implementation of validation of EUIN-ARN mapping.

3.Transactions through a new cadre of distributors in schemes other than eligible schemes shall be rejected with intimation to the investor. AMCs shall review and monitor such rejections in respect of transactions done by new cadre of distributors (including sub brokers) and if they observe that there is frequent rejection of transactions with respect to any new cadre distributor/sub broker, the same should be reported to AMFI promptly.

4.AMCs shall educate new cadre of distributors on good selling practices with special emphasis on selling only eligible schemes as disclosed by respective AMCs and advise them that selling of schemes other than 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.

Further, As per SEBI Master Circular on Mutual Funds dated June 27, 2024, Simple and performing mutual fund schemes shall comprise of diversified equity schemes, fixed maturity plans (FMPs), index schemes, Retirement benefit schemes having tax benefits and Liquid schemes/ Money Market Mutual Fund schemes.

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As per criteria based on SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012, following schemes have returns equal to or better than their benchmark returns during each of the last 3 years as on March 31, 2026. Accordingly these schemes are eligible to be sold by New Cadre of distributors:

1. Nippon India ELSS Tax Saver Fund
2. Nippon India Vision Large & Mid Cap Fund
3. Nippon India Balanced Advantage Fund
4. Nippon India Multi Cap Fund

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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