

CIRCULAR

SEBI/HO/IMD/IMD-SEC-3/P/CIR/2025/15

February 12, 2025

**All Mutual Funds (MFs)
Asset Management Companies (AMCs)
All Trustee Companies/Boards of Trustees of Mutual Funds
Registrar and Transfer Agent (RTAs)
Association of Mutual Funds in India (AMFI)
Registered Investment Advisors (RIAs)**

Sir/ Madam,

Subject: Service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant)

1. Over a number of years, Mutual Fund investors sometimes lose track of their investments considering investments might have been made in physical form with bare minimum KYC details. The investments in open- ended growth option mutual fund schemes may remain invested perpetually until and unless investor/his nominee/legal heir approaches the concerned AMC for redemption/transfer/transmission. Due to non- availability of PAN, email ID or valid address it is also possible that these MF folios may not appear in the unitholder's Consolidated Account Statement. Thus, inactivity in Mutual Fund folios could be on account of the investor losing track of his/her investment, demise etc. Such inactive folios may become susceptible to fraudulent redemptions.
2. In order to address the aforesaid concerns, MITRA platform is developed by the RTAs to provide investors with a searchable database of inactive and unclaimed Mutual Fund folios at an industry-level which will empower the investors in following manner:
 - 2.1. Enable investors to identify the overlooked investments or any investments made by any other person for which he/she may be rightful legal claimant;
 - 2.2. Encourage investors to do KYC as per the current norms thus reducing the number of non-KYC compliant folios;
 - 2.3. The MITRA platform will lead to reduction in the unclaimed Mutual Fund folios;

2.4. Contribute towards building a transparent financial ecosystem and will be reliable medium for investors to find their inactive and unclaimed Mutual Fund investments;

2.5. Build and incorporate mitigants against fraud risk.

Criterion for classifying a Mutual Fund folio as inactive

3. An inactive folio shall be defined as *“Mutual Fund Folio(s) where no investor initiated transaction/s (financial and non-financial) have taken place in the last 10 years but unit balance is available”*.

4. Thus, the inactive folios will include those folios where the investor might have remained invested in an open ended scheme and has either chosen not to redeem or simply might have lost track of the investment. There is no consequence for those folios appearing in the platform where the unitholder is aware of the investment and has chosen to remain invested. The objective of the platform is to encourage the investors to search for forgotten MF investments and update KYC as per the current norms.

Details of the MITRA Platform

5. The MITRA platform will be hosted jointly by the two Qualified RTAs (QRTAs) viz. Computer Age Management Services Limited (CAMS) and KFIN Technologies Limited as agents of AMCs and available through a link on the website of MF Central, AMCs, AMFI, the two QRTAs and SEBI.

6. The cyber security and cyber resilience framework as applicable to QRTAs in terms of SEBI Master Circular on Mutual Funds dated June 27, 2024 shall be applicable to the MITRA platform.

7. The QRTAs are jointly and severally responsible for compliance with all the applicable regulations including system audit and cyber security audit. Further, the QRTAs shall ensure that the platform complies with the guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) specified by SEBI from time to time to MIIs.

8. AMCs, QRTAs, RIAs, AMFI and Mutual Fund Distributors are advised to create awareness about this initiative amongst the investors.
9. The QRTAs shall make the MITRA platform operational within 15 working days of issuance of the circular. Beta version shall be launched for 2 months.
10. Any RTA providing its services to Mutual Fund(s), subsequent to issuance of this circular, shall follow the guidelines specified in this circular or amendments thereto as may be intimated by SEBI from time to time.
11. In terms of Regulation 25(24) of SEBI (Mutual Funds) Regulation, 1996, AMCs are responsible for constitution of Unit Holder Protection Committee (UHPC). As per clause 6.7C.2 (a) of Master circular on Mutual Funds dated June 27, 2024, UHPC is responsible for protection of interest of unit holders of Mutual Fund schemes vis-à-vis all products and services. Further, as per clause 4.3(c) in Annexure 15 of Master circular on Mutual Funds dated June 27, 2024 it is the function of the UHPC to review unclaimed amounts of dividend and redemptions and take measures to reduce the quantum of such unclaimed amounts.
12. The clause 4.3 (c) is revised as under to include review of inactive folios:

“ANNEXURE 15: UNIT HOLDER PROTECTION COMMITTEE (UHPC)
...
4.3 Regulatory and other functions
...
c) Review of inactive folios, unclaimed amounts of dividend and redemptions and measures taken by AMC to reduce the quantum of such unclaimed amounts.”
13. Towards achievement of objective of aforementioned clause 4.3 (c), AMCs through their RTAs shall provide the MITRA platform for investors to trace inactive and unclaimed Mutual Fund folios.
14. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation

77 of SEBI (Mutual Funds) Regulation, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

15. This circular is available on SEBI website at www.sebi.gov.in under the category “Legal”-> “Circulars”.

Yours faithfully,

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