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## BUSINESS

### All you need to know about transmission of mutual fund units

A majority of people are still unaware of the process and documentation. Also, it is necessary that the unit holder registers the nominee for all folios.

By HT Brand Studio

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An individual unit holder or joint unit holders can nominate a person, who can claim the units in case of unit holders' demise.

Whenever an investor fills up the details of a nominee either while opening a bank account or investing in a mutual fund scheme, there is always some kind of uneasiness.

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inexpensive way to make things easy for one's near and dear ones to claim the money in your mutual fund folio, demat account or bank account expeditiously, through minimal paper after one's death.

## Transmission of mutual fund units

Nishant Kohli, Co-Founder and Director, Mudra Portfolio Managers, says that in the event of an investor's death, the holdings are usually transferred to the nominee or the joint holder nominated by the investor. This process is called 'Transmission of Units'.

In such circumstances, the nominee must submit certain documents to the Mutual Fund house. If the successor is a nominee, the person can submit a Transmission Request Form (T3) in their favour along with the death certificate of the deceased unitholder duly attested by a notary public or a gazette officer, PAN card of the nominee (or guardian, in case nominee is a minor), KYC form of the nominee, Cancelled cheque with the nominee's name pre-printed or copy of the nominee's recent bank statement/passbook (which is not more than 3 months old), and a birth certificate (in case nominee is a minor), he explains.

Also, transmission of units depends on the type of the holding one has in mutual funds. "If one has invested under a joint or anyone or survivor option, then it is only deletion of the name of the deceased in the holding and a fresh nomination too can be filed in case if it is necessary. Investors

should note that while deletion of a holder is possible due to death of the holder, addition of a holder is not possible under any circumstances," says C Sathish Kumar, CEO, Tradewise India.

If the holder is a single holder and with or without nomination, then it is easier to claim and transfer the units to the nominee as compared to investors who have failed to nominate mutual fund investment. Hence, it is very important to nominate and revisit the nominations as time passes, he adds.

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## What if there are more than one unit holder?

If the deceased is the first holder, the surviving unitholder (joint holder) needs to submit a transmission request form (T2) along with the documents. There are instances when the second or third unitholder dies. Financial expert Kohli says in such a case, the surviving unitholder(s) need to submit form T1, requesting the deletion of name of Deceased 2nd and/or 3rd holder. The person would also need to produce the death certificate of the deceased, duly attested by a Gazetted Officer or a Notary Public, fresh bank mandate form, cancelled cheque of the new bank account (only if there is a change in existing bank mandate), fresh nomination form and KYC form



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are still unaware of the process and documentation that is required in the event of death. To avoid these hassles later on, investors should prepare a checklist for a smooth processing of transfer. They must ensure that the nominee has been registered for all folios, the name of the nominee is same as that on their PAN Card (or guardian in case nominee is a minor),” says Kohli.

In case a son/daughter wants to transmit MF investments from their parents, what are the procedures?

Kohli explains that the transmission can take place only post the death of the unit holder. In case the unit holder is alive, the name(s) of children can either be added or the unit holder can withdraw funds and transfer the same to his children.

What happens when the unit holder hasn't registered any nominee? In that case, there is a need for additional documents.

If the transmission amount is up to ₹2 lakh, any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s, Bond of Indemnity, to be furnished by Legal Heirs for Transmission of Units without production of Legal Representation, Individual Affidavits to be given by each legal heir, NOC from other Legal Heirs, where applicable.

If the transmission amount is more than ₹2 lakh, Individual Affidavits to be given by each legal heir, and any one of the documents- Notarised copy of Probated Will; or Succession Certificate issued by a competent court; or Letter of Administration or court decree, in case of Intestate Succession.

These processes may take anywhere between 10 days to a month, Kohli says.

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AMFI points out that if mutual fund units are held in electronic (demat) mode with a depository, the nomination details provided by the Unitholder to the depository will be applicable to the mutual fund Units held in demat mode.

Thus, apart from investing in mutual funds, an investor should also check whether he/she has filled up the nominee details. Though transmission of units in case of death of the unit holder is simple, the nominee or legal heir can approach the Asset Management Company for quick and hassle-free transmission.

## Key takeaways

1) An individual unit holder or joint unit holders can nominate a person, who can claim the units