

**DETAILED TERMS & CONDITIONS FOR THE TRANSFER OF MUTUAL FUND (MF) FOLIOS/ASSET
UNDER MANAGEMENT (AUM) OF KARVY STOCK BROKING LIMITED**

- A.** Interested bidders will be allowed to participate in bidding process for the acquisition of the Mutual fund folios/AUM of **M/s Karvy Stock Broking Limited (Karvy) (ARN-18)**.
- B.** The interested bidders, having inter alia satisfactory credentials as detailed herein below, shall be required to place bids to acquire the Mutual Fund folios/AUM of Karvy through a formal bidding process.

C. Eligibility Criteria

Following criteria should be met by the Interested bidder to participate in the bidding process:

1. The Bidder should be compliant with SEBI /AMFI regulations/securities laws and that there are no adverse Regulatory orders currently in force.
2. The bidder should be a Corporate and should have a Valid ARN / should obtain ARN before the transfer of the MF Folios/AUM.
3. Any other criteria which shall be specified from time to time.

D. Procedure for bidding

1. Bidders wishing to participate in the bidding process will be required to submit a Request for Quote (RFQ) providing all the details sought.
2. The interested bidders shall be required to deposit Earnest Money (EMD) of Rs. 10 crores, by means of Demand Draft only (valid for a period of 90 Days from the last date of submission of the bid) from any scheduled Bank drawn in favor of National Stock Exchange of India Limited. Such deposit shall be refunded to unsuccessful bidders.
3. A Joint Committee (JC) of all the respective Exchanges (NSE, BSE & MSEIL), constituted for this purpose, shall monitor and review the bidding process and evaluate the bids.
4. The bidder/applicant will submit a password protected RFQ form to **MFBidding@nse.co.in**. The RFQ will be either physically signed or digitally/e- signed.
5. On next working day of the bid-closure date, the bidder/applicant shall submit the password through an email to **MFBidding@nse.co.in** for enabling the evaluation of the bids.
6. The bid shall remain open for a period of ten (10) working days where the bidders can submit the RFQ to the JC. No bids shall be accepted after this period.
7. Successful bidder shall be intimated within 5 working days from closure of the bid.

8. Upon receipt of the intimation, the selected bidder will have to deposit the entire bid amount, along with the applicable taxes/GST, within **2 working days** to specified bank account that will be informed.
9. The earnest money deposit (EMD) shall be refunded to the unsuccessful applicants within 10 working days of the closure of the evaluation.
10. Incomplete/unsigned RFQs and/or RFQs without EMD remittance shall be rejected.

E. Procedure of submission of Bid

1. The bidder shall submit the RFQ form, as available at <https://www.nseindia.com/invest/asset-disposal-for-defaulter-members>, physically signed /digitally /e-signed and mail the same to **MF Bidding@nse.co.in**. The RFQ will be password protected. No physical bid forms shall be accepted.
2. The Bid period shall remain open **till September 24, 2021 (extended till October 11, 2021)**. No bids shall be accepted after this.
3. The applicants shall submit the password, on the next working day of the bid-closure date, through an email to **MF Bidding@nse.co.in** for enabling the evaluation of the bids.

F. Evaluation & selection procedure

1. The JC, mentioned above, comprising of senior officials of the concerned respective Exchanges will undertake the evaluation process.
2. On receipt of the bids from the applicants, the JC shall facilitate evaluating the RFQs in terms of the criteria prescribed.
3. Incomplete/unsigned RFQs and/or RFQs without EMD remittance shall be rejected.
4. After opening of the bids, the bids satisfying the eligibility criteria and with the highest value of bid will be shortlisted.
5. The evaluation report will be jointly prepared and finalized by the JC.
6. Upon receipt of the communication from the JC, the selected bidder will have to deposit the entire bid amount (after adjusting the EMD) within **2 working days** to the bank account designated for this purpose.
7. The selected applicant/s shall be required to submit the following documents:
 - a. An undertaking w.r.t fit & proper compliance in terms of Schedule II of SEBI (Intermediaries) Regulations, 2008 and adherence to AMFI/SEBI guidelines
 - b. Certified copy of Board Resolution regarding the transfer
8. The decision of the JC declaring the successful bidder shall be final and binding on all the bidders.

9. Once deposited, the bid amount shall not be refunded and shall be irrespective of the Folios/AUM actually transferred.
10. In case of the failure of the successful bidder to obtain the ARN license or deposit the requisite bid amount within the specified time or to provide the requisite information/document, the bid will be awarded to next highest bidder, after forfeiting the Earnest Money Deposited by such bidder.
11. In case there is a tie for the highest bid wherein 2 or more bidders have bid for the same exact amount, JC will inform the concerned bidders and seek fresh bids from them for re-evaluation.

The earnest money deposit shall be refunded to the unsuccessful applicants within **10 working days** of the closure of the evaluation.

G. Transfer process

1. Upon acceptance of bid and selection of the successful bidder, the shortlisted bidder/applicant shall be intimated within 2 working days of the selection by the JC and shall be asked to submit a letter of intent within 2 working days along with the documents specified in section F above.
2. Intimation / notice shall be sent to all the mutual fund clients of Karvy through physical or electronic mode, regarding the proposed transfer of their existing Mutual Fund folios / unitholding as well as all existing SIP/ STP/SWP mandates, if any, under ARN-18 of Karvy to ARN of the successful bidder.
3. The said notice/intimation shall seek the express negative confirmation of clients and in case they do not wish to shift their MF holdings under the ARN of the successful bidder for any reason, the same shall be communicated within 15 days.
4. Upon the expiry of the 15 days, the change in the distributor/ARN code to the successful bidder shall be affected.
5. If the client does not respond within the stipulated date or opts to shift another ARN/MFD or opts to switch to direct plan, the accounts of such clients shall be shifted to successful bidder.

H. Utilization of the Bid Amount

The funds raised from the bidding shall be utilized for settlement of claims of clients/investors of Karvy, after recovering the outstanding dues/expenses of MIIIs, if any.

I. Other Conditions

1. The bidders including the shortlisted bidder shall not at any point of time have any claim against the respective Exchanges and SEBI.
2. The Joint committee of the Exchanges shall have the right to accept or reject all or any bid or bids as well as to postpone or cancel the sale without assigning any reasons for the reasons to be recorded in the proceedings.
3. Bidders shall be deemed to have read and understood all the conditions of transfer and are bound by the same.
4. The Joint committee of the Exchanges shall be at liberty to amend/ modify/ delete any of the Terms & conditions as may be deemed necessary in the light of facts and circumstances of each case.
5. The successful bidder will not be required to assume any outstanding obligations / dues / claims of the MF investor or sub distributors of Karvy Stock Broking Limited if any, such claims shall be taken up directly with Karvy.

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