



Distributor Remuneration Structure – IFA – Diamond 5 Category

Period of Applicability: October 1 to December 31, 2014

This Distributor Remuneration Structure has **3 parts** – **Structure A – the Rack Rate** (applicable for investments from **all locations**) and the **Additional Rewards Structure**, if any (applicable for select funds, applicable for investments from **all locations**), **Structure B – the Additional Brokerage Structure** (applicable for select funds, applicable for investments **beyond the Top 15 Cities**, i.e. for **B-15 Cities**) and **Structure C – Family Solutions Brokerage Structure** (applicable for Family Solutions).

Fund Type, Fund Name and Plan	Exit Load – Rate and Period	Structure – A: Rack Rate and Additional Rewards Structure Applicable for investments from Top 15 (T-15) Cities and Beyond Top 15 (B-15) Cities @					Structure – B: Additional Upfront for B-15 Cities, payable Quarterly (L – 1)	Total Earnings for 3 Years for B-15 Cities
		Upfront Brokerage	Trail (% p.a.)			Total Earnings for 3 Years for T-15 Cities H = C + D + E + F		
			1 st Year D	2 nd Year E	3 rd Year Onwards F			
A	B	C	D	E	F	H = C + D + E + F	I	J = H+I
A. Equity Funds								
1) Franklin Build India Fund (FBIF) 2) Franklin Infotech Fund (FIF)	1.00% for 2 years	Nil	1.40%	1.40%	1.10%	3.90%	1.75%	5.65%
3) Franklin India High Growth Companies Fund (FIHGCF) 4) Franklin India Flexi Cap Fund (FIFCF) 5) Franklin India Opportunities Fund (FIOF) 6) Franklin India Prima Fund (FIPF) 7) Franklin India Prima Plus (FIPP) 8) Franklin India Smaller Companies Fund (FISCF) 9) Franklin India Bluechip Fund (FIBCF) 10) Templeton India Equity Income Fund (TIEIF) 11) Templeton India Growth Fund (TIGF) 12) Franklin India Index Fund (FIIF) – NSE Nifty Plan	1.00% for 2 years 							

Fund Type, Fund Name and Plan	Exit Load – Rate and Period	Structure – A: Rack Rate and Additional Rewards Structure Applicable for investments from Top 15 (T-15) Cities and Beyond Top 15 (B-15) Cities @					Structure – B: Additional Upfront for B-15 Cities, payable Quarterly (L – 1)	Total Earnings for 3 Years for B-15 Cities
		Upfront Brokerage	Trail (% p.a.)			Total Earnings for 3 Years for T-15 Cities		
			1 st Year	2 nd Year	3 rd Year Onwards			
A	B	C	D	E	F	H = C + D + E + F	I	J = H+I
F. Liquid / Liquid + Funds								
1) Franklin India Treasury Management Account (FITMA) – Super Inst. Plan	Nil	Nil	0.05%	0.05%	0.05%	0.15%	Nil	0.15%
2) Franklin India Ultra-short Bond Fund (FIUBF) – Super Institutional Plan								
G. Fund of Funds								
1) (a) Franklin India Life Stage Fund of Funds (FILF) – 20s Plan	1.00% for 1 year	Nil	1.05%	1.05%	1.05%	3.15%	Nil	3.15%
1) (b) Franklin India Life Stage Fund of Funds (FILF) – 30s Plan	0.75% for 1 year	Nil	1.05%	1.05%	1.05%	3.15%	Nil	3.15%
1) (c) Franklin India Life Stage Fund of Funds (FILF) – 40s Plan	0.75% for 1 year	Nil	1.05%	1.05%	1.05%	3.15%	Nil	3.15%
1) (d) Franklin India Life Stage Fund of Funds (FILF) – 50s Plan	1.00% for 1 year	Nil	1.05%	1.05%	1.05%	3.15%	Nil	3.15%
1) (e) Franklin India Life Stage Fund of Funds (FTLF) – 50s Plus Floating Rate Plan	1.00% for 1 year	Nil	0.30%	0.30%	0.30%	0.90%	Nil	0.90%
2) Franklin India Dynamic PE Ratio Fund of Funds (FIDPEF)	1.00% for 1 year	Nil	1.40%	1.40%	1.40% 1.10% (L-3)	4.20%	1.25%	5.45%
H. International Funds								
1) Franklin Asian Equity Fund (FAEF)	1.00% for 3 years	Nil	1.40%	1.40%	1.40% 1.10% (L-3)	4.20%	1.75%	5.95%
2) Franklin US Opportunities Fund (FUSOF)								
3) Franklin European Growth Fund (FEGF)								

Legends: The symbols L - # in the structure above (# denotes a number from 1 through 5) stand for the legends that are outlined in the table below. Please refer to the appropriate legend in the table for its description.

L – 1	The Additional Upfront Brokerage payable for mobilizations from B-15 Cities will be payable on a Quarterly Basis, 25% each in the 1st, 4th, 7^h and 10th month from the date of investment
L – 2	Trail Applicable from beginning of the 5th year from Date of Initial Investment
L – 3	Trail Applicable from beginning of the 4th year from Date of Initial Investment
L - 4	Total earnings for 4 years
L – 5	Trail Applicable from beginning of the 3rd year from Date of Initial Investment

Structure – C: Family Solutions Brokerage Structure: Applicable for investments from Top 15 Cities and Beyond Top 15 Cities @	
An additional Trail at the following rates will be paid on all New Family Solutions Accounts, either through the Lumpsum or the SIP / STP route at the following rates, subject to the specific terms and conditions outlined below:	
a. Equity / Section 80C / Balanced / Hybrid / Fund of Funds (refer Structure A above):	0.10% per annum (excludes TIPP – see point c below)
b. Index Funds / Income Funds / Gilt Funds / Short-term Funds (refer Structure A above):	0.05% per annum
c. Templeton India Pension Plan (TIPP)	0.20% per annum
Specific Terms and Conditions for the FS Brokerage Structure:	
1. The additional payout is applicable only to investments made by Individuals / HUF and not any other investor category by the Social Status as mentioned in the application form.	
2. The investment for which the additional trail is being paid should be for a tagged goal which is for 3 years or above, either for a lumpsum investment or an SIP / STP.	
3. If there are SIPs / STPs being registered in a FS Folio, it will be eligible for the additional trail provided there are a minimum of 2 (two) SIPs / STPs registered in the FS Folio.	
4. The additional Trail will be paid on all New Family Solutions Accounts through the Lumpsum route for a minimum investment of Rs. 10,000/- (Rs. Ten Thousand only) and a maximum investment of Rs. 5,00,000/- (Rs. Five Lakh only) or the SIP / STP route for a minimum instalment of Rs. 1,000/- (Rs. One thousand only) and a minimum Tenure of 36 months.	
5. The trail will not be payable on any existing Accounts that are retagged as a Family Solutions Account by submission of a Goal Sheet.	

@ Please refer to Note A – Applicability of T-15 and B-15 Cities for payment of Brokerages.

RECOVERY OF UPFRONT BROKERAGE PAID THROUGH STRUCTURE B: The upfront brokerage and trail paid through this structure will be recovered fully as outlined in Notes B (3) (d) and (4) on Page 3 of this document in case the investment is redeemed / switched out to another scheme / switched out to the Direct Plan before the end of ONE YEAR by the Investor from the date of investment.

RECOVERY OF TRAIL PAID THROUGH STRUCTURE C: The Additional Trail paid through this structure will be recovered fully as outlined in Notes B (3) (e) on Page 3 of this document in case the investments in the Family Solution Folio are stopped / redeemed before 5 years or the completion of the tenure of the goal, whichever is earlier.

Notes and Terms & Conditions:

A. Applicability of T-15 and B-15 Cities for payment of Brokerages:

The List of Top 15 cities is released by AMFI as per the criteria outlined in the SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012. In terms of the captioned circular, top 15 cities are based on Association of Mutual Funds in India (AMFI) data on AUM by “Geography – Consolidated Data for Mutual Fund Industry”. The Top 15 (T-15) cities as of June 2014 are Ahmedabad, Bangalore, Baroda, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai (including Thane & Navi Mumbai), New Delhi (including NCR), Panjim, Pune and Surat. Cities beyond T-15 are classified as “Beyond Top 15 (B-15) cities”. NRI & other eligible Foreign Investor Investments business shall also be considered as T-15 business. Brokerage Structure A outlined in the document will be applicable to mobilizations from T-15 as well as B-15 cities, whereas Brokerage Structure B will be applicable to mobilization from B-15 cities.

B. General Terms and Conditions:

1. The Upfront Brokerage outlined in the table above is applicable for the period as outlined in the Header section of Page 1 of this document. However, Franklin Templeton Asset Management (I) Pvt. Ltd. reserves the right to change the Brokerage Rates applicable – Upfront / Trail in the intermittent period in case of Regulatory Changes / Change in Industry practices in respect to payment of Brokerage on Funds.
2. Frequency of Payment of Upfront Brokerage: The Upfront Brokerage payable as per Structure A, B and C will be paid on a monthly basis as per the existing process.
3. Recovery of Upfront Brokerage Paid: The recovery of Upfront Brokerage paid to the Distributor will be made in the following circumstances:
 - a. The Upfront Brokerage paid to a Distributor will be recovered from the Distributor, if the money for which such upfront brokerage was paid is redeemed / switched out to any other scheme or the Direct Plans before the completion of the Exit Load period / One Year from the date of Investment (as applicable). The basis for the same will be as outlined in points (b) and (c) below.
 - b. For Structure A, the Recovery will be made on a pro-rata basis, depending upon the number of days for which the investment has stayed invested in the fund before being redeemed / switched out to any other scheme or the Direct Plan before the completion of the Exit Load period OR One Year from the date of investment, whichever is later. The exception for this will be FISPF and FILDF, where the recovery will be made in case the redemption / switches are made before the completion of the Exit Load period only.
 - c. For Structure B (Additional Brokerage Structure applicable for investments Beyond Top 15 Cities), full Recovery of the additional brokerage paid will be done in case the Investor redeems / switches out to any other Scheme or the Direct Plan the amount before the completion of ONE YEAR from the date of investment, irrespective of the Exit Load period applicable to the Fund.
 - d. For Structure C (Family Solutions Brokerage Structure), full recovery of the additional trail paid will be done in case the Family Solutions investment is stopped / redeemed before the completion of the tenure of the goal or 5 years from the start of the account, whichever is earlier.
 - e. The Recovery will be made from the Brokerage payable to the Distributor for the month in which redemption has been made.
 - f. In case the Brokerage payable to the Distributor is insufficient to cover the Recovery amount, the Recovery will be tried for three consecutive months. In case the Recovery is still not possible, a demand notice will be sent to the Distributor asking him to refund the money to the AMC. In case the Distributor does not pay the money within 1 month from the date of the receipt of the notice, the AMC will approach AMFI for the resolution of the same.
4. Brokerage payable on Switches
 - a. Equity to Equity switches: The upfront brokerage on switches from an Equity to Equity scheme (covered in the section Equity Funds in the brokerage structure above) will be paid in the following manner:
 - i. Upfront brokerage will be paid on switches done from one Equity Fund to another Equity Fund only on completion of three years from the date of initial investment.
 - b. For all other Switches outside Clause 4 (a) above, there will be a Recovery Provision of the Upfront Brokerage as follows:
 - i. In accordance with the introduction of the Recovery of Upfront Brokerages as outlined in Para 2 above, we will treat a Switch-out as a Redemption and Switch-in as a Fresh Purchase.
 - ii. Thus, in case an Investor Switches out money from a Fund before the Exit Load Period, it will be considered as a Redemption and the Upfront Brokerage so paid will be recovered in lines of Para 2. The Switch-in will be considered as a Fresh Purchase, and the Upfront Brokerage payable on the Switch-in Fund will be paid in entirety to the Distributor.
 - iii. The recovery will be made in accordance of the Brokerage paid as per Structure A (pro-rata recovery) and Structure B (full recovery) as outlined in Para 2 (Recovery of Upfront Brokerage) above.
5. Please refer to the Fund's SID / Prospectus / Fund Factsheet for the minimum amounts for investments, exit loads and other statutory and fund related information.
6. The MIS computation by Franklin Templeton's Transfer Agency will be considered to be final for the purpose of the brokerage computation.
7. The above brokerage structure and the payout thereof are applicable only till the time the Distributor is empanelled with Franklin Templeton Asset Management (I) Pvt. Ltd.
8. The Trail Brokerage rates mentioned in the structure are indicative and subject to revision(s) at the absolute discretion of AMC during the lifetime of the scheme.
9. The distribution of the schemes by the Distributor will be treated as its/his/her deemed acceptance to the conditions mentioned in this document.

C. Statutory / AMFI Driven Regulations:

- 1) The commission structure communicated by the AMC from time to time is all inclusive i.e. inclusive of any cess, charges, taxes, etc. that may be applicable to the Distributor and eligible for all the statutory deductions, including Income Tax, Service Tax, etc.
- 2) Investments in Franklin India Taxshield and Templeton India Pension Plan are currently eligible for deduction under Section 80C of the Income Tax Act, 1961. Investors should be requested to consult their tax advisor in this matter.
- 3) The rules and regulations of SEBI/AMFI pertaining to brokerage payment to distributors will also be applicable for payment of the above mentioned brokerage structure.
- 4) The above brokerage structure is based on the present expense ratio allowed by SEBI. Any change by SEBI in the expense ratio will entail a change in the above brokerage structure.
- 5) In case any Assets under your ARN Code are transferred to another Distributor at the request of the Investor, you shall not be entitled to receive any trail commission on such assets. Further, the payments of Trail Commission on Assets that are transferred from another Distributor to your ARN Code shall be subject to us receiving a “Clearance Certificate” from the previous Distributor. Please contact your Franklin Templeton Relationship Manager for further details.
- 6) The distributors shall adhere to all applicable SEBI Regulations and more particularly SEBI circulars dated June 26, 2002 and August 27, 2009 on the Code of Conduct and other guidelines issued by AMFI from time to time for mutual fund distributors and ensure that (i) no rebate is given to investors in any form and (ii) splitting of applications for any benefit.
- 7) As per the guidelines issued by SEBI (SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009) the upfront commission will be paid by the investor directly to his Distributor / Advisor based on his assessment of various factors including the service rendered by the Distributor / Advisor. Further, the Distributor / Advisor is required to disclose to customers all the commissions (in the form of trail commission or any other mode) received by him for different competing schemes of various mutual funds from amongst which the Scheme of Franklin Templeton Mutual Fund (FTMF) is being recommended to them.
- 8) In terms of SEBI / AMFI circulars / guidelines, the Channel Partners shall submit to FTMF all account opening and transaction documentation including Know Your Client, Power of Attorney (PoA), Account Opening Form, etc. in respect of investors / transactions through Channel Partners. Further, the payment of commission shall be made depending on the documentation completion status.
- 9) SEBI has communicated to all mutual funds / AMCs that any sales, marketing, promotional or other literature / material about the fund house products prepared by its distributors need to adhere and comply with the guidelines issued by SEBI with respect to the advertisement by Mutual Funds. It has further advised the AMCs to take suitable steps for put in place a mechanism for proactive oversight in this regard. As a distributor of the schemes of FTMF you may be issuing sales, marketing, promotional or any other literatures / material (such as leaflets, posters, banners, e-mailers etc.) to your clients, as a means of communicating the features or performance of our offerings / AMC. In view of the aforesaid communication from SEBI, you are advised to ensure that any such literature / material prepared or issued by you complies with the said SEBI guidelines. In this regard, as required by SEBI, Franklin Templeton may specify certain guidelines / process as means of proactive oversight on the literature / material issued by the distributors which may include pre-clearance of such literature / material or periodical / random review of all or any specific literature / material issued or proposed to be issued by you. In the interim, you are further advised to obtain a prior clearance from Franklin Templeton on any such sales, marketing, promotional or other literature / material proposed to be issued by you.
- 10) In terms of a SEBI directive, the Distributor / Advisor shall not take any Irrevocable Power of Attorney from its clients in connection with investments in the schemes of FTMF and that the liability of Distributor / Advisor shall not be limited and depend upon his failure to discharge his obligations.
- 11) AMFI has *vide* circular dated August 27, 2010 introduced Know Your Distributor (KYD) norms for Mutual Fund Distributors with effect from September 1, 2010, which is similar to Know Your Client (KYC) norms for investors, requiring the distributors to submit identity proof, address, PAN and bank account details with proof. KYD norms are applicable for fresh ARN registrations and ARN renewals effective September 1, 2010. The existing ARN holders are required to comply with these norms by March 31, 2011, failing which AMCs have been mandated to suspend payment of commission till the distributors comply with the requirements. All the Distributors / Advisors are encouraged to complete the KYD requirements at the earliest. The KYD Forms and Process Note are available on AMFI website www.amfiindia.com and our website www.franklintempletonindia.com.