

**Consultation Paper on Review of Role and Obligations of Mutual Fund Trustees**

**1. Objective**

To solicit public comments / views on the following:

- Issues relating to review of role and obligations of Trustees of Mutual Funds as provided currently in SEBI (Mutual Funds) Regulations (hereinafter referred to as “MF Regulations”) and Circulars issued by SEBI from time to time. This *inter-alia* includes identification of core functions of Trustees and means of fulfilling the responsibilities cast on Trustees etc.
- Clarity on the role and accountability of the Board of Asset Management Companies (AMC) to safeguard unitholders’ interest, across all products and services.

**2. Background**

- 2.1. Mutual funds in India are funds established in the form of a Trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities and such other assets and instruments as may be specified by SEBI from time to time. Mutual Funds in India have a three-tiered structure comprising of the Mutual Fund, the Trustees and the AMCs. The role of the Trustees and AMC is governed by the SEBI (Mutual Funds) Regulations, 1996.
- 2.2. As per the extant regulatory framework, the Trustees hold the property of the Mutual Fund in trust for the benefit of the unit holders. The Trustees appoint an AMC to float schemes for the Mutual Fund and manage the funds mobilised under various schemes, in accordance with the investment objectives and asset allocation pattern of each scheme.
- 2.3. “Trustees” is defined in the SEBI (Mutual Funds) Regulations 1996 as the Board of Trustees or Trustee Company who hold the property of the Mutual Fund in trust for the benefit of the unit holders. Thus, the Trustees are expected to exercise supervisory oversight over AMC and its activities so as to ensure that AMC acts in the interest of the unitholders.
- 2.4. Over the past decade there has been a fivefold increase in the size of the Mutual Fund industry i.e. from the industry’s asset under management (AUM) of ₹7.93 Lakh Crore in November 30, 2012, the AUM crossed the milestone of ₹10 Lakh Crore in May 2014 and in the span of about three years it had crossed ₹20 Lakh Crore in August 2017. The size of industry AUM crossed ₹30 Lakh Crore in November 2020 and as of December 31, 2022 the AUM stood at ₹39.89 Lakh Crore.

- 2.5. In view of the increasing scale and reach of the Mutual Fund industry, Trustees' role in respect of unitholders' protection assumes even greater significance. As per the extant regulatory framework, the primary role of the Trustees is to ensure that AMCs act in the best interests of the unitholders.
- 2.6. Accordingly, any conflicts between interest of unitholder and that of AMC's stakeholders needs to be addressed by the Trustees. While the MF Regulations provide for certain restrictions to address certain scenarios of conflict of interest, there may still remain some areas of conflict which may require Trustees to pay specific attention. Few such potential conflicts are as under –
- 2.6.1. Investment by MF Schemes in public issues of its Sponsor, its associates and/or group companies.
  - 2.6.2. Investment by MF schemes for fund raising activates by such companies where its Sponsor, associates or group companies are appointed as merchant banker.
  - 2.6.3. MF availing services of its Sponsor, associates and group companies at terms which are not at arm's length.
  - 2.6.4. Investment by MF schemes in an independent company's securities which in turn finances either such Mutual Fund's Sponsor, associates or group companies.
  - 2.6.5. Sponsor Group Companies indulging in Insider Trading/ Front running by taking advantage of access to MF scheme personnel/ systems/ processes/information.
  - 2.6.6. Sponsor influencing voting by MF schemes in companies in which sponsor has interest.
- 2.7. SEBI had constituted a Working Group with a view to streamline the responsibilities at the level of Trustees and Asset Management Companies so as to ensure that Trustees can devote attention to the fiduciary obligations and supervisory role cast upon them, rather than being burdened with operational responsibilities.  
([https://www.sebi.gov.in/media/press-releases/apr-2022/sebi-constitutes-working-groups-for-mutual-funds\\_57780.html](https://www.sebi.gov.in/media/press-releases/apr-2022/sebi-constitutes-working-groups-for-mutual-funds_57780.html))
- 2.8. The recommendations of the Working Group were placed before Mutual Fund Advisory Committee. Considering the views of the Working Group, deliberations in Mutual Fund Advisory Committee and further analysis, comments on proposals relating to role and responsibilities of Trustees and AMC Board are being sought.

### 3. Issues for Public Consultation

#### A. Core responsibilities of Trustees

3.1. While exercising oversight over the activities of AMC, the Trustees are expected to ensure that the AMCs act in a manner which is not skewed in favour of AMC's stakeholders. While the MF Regulations over a period of time have cast various responsibilities over the Trustees, there are certain key areas which should be the focus for the Trustees and can be considered as their "core responsibilities". These key areas include -

- 3.1.1. Fairness of fees and expenses charged by the AMC.
- 3.1.2. Performance of the AMCs in its schemes *vis-a-vis* performance of peers or the appropriate benchmarks.
- 3.1.3. Misconduct including market abuse / misuse of information by the AMC / AMC employees / distributors etc.
- 3.1.4. Undue influence by Sponsor/associates/other stakeholders of AMC.
- 3.1.5. Undue or unfair advantage to any of its associates/group entities by AMC.
- 3.1.6. Conflict of interest between shareholders/stakeholders/associates of the AMC and unitholders
- 3.1.7. Misselling to increase AUM and valuation of the AMC.

3.2. Presently, the Trustees primarily rely on the AMCs for ensuring compliance with the applicable Regulations and to confirm compliances under periodic reporting to SEBI. However, it is crucial that the Trustees and their resource persons independently evaluate the extent of compliance by AMC *vis-à-vis* the identified key areas and not merely rely on AMC's submissions /external assurances. For an objective due diligence, it is imperative that relevant information and data should be examined / analysed by Trustees to satisfy themselves in this regard.

3.3. Towards this, AMCs should submit to Trustees exception reports / analytical information that add value to the process of meaningfully exercising their oversight role. Further there is a need for implementation of suitable mechanisms/ systems at AMC's end. Accordingly, the information/ data/ reports generated through such systems, may form inputs for evaluation and effective due diligence by the Trustees. For instance, the Trustees may insist on alert based automated reports based on pre-decided parameters including but not limited to evaluation of each of the areas referred to in para 3.1. The Trustees may also evaluate the nature and adequacy of the alerts and the manner of dealing with such alerts by AMCs.

3.4. From the data available, it is observed that in a significant number of folios either the bank account details are not available or the bank account number

provided is less than 15 or 16-digit account numbers (i.e. Non CBS account number). Such folios are exposed to vulnerabilities/risk related to fraudulent transactions. Therefore, in addition to the above, the Trustees should also be responsible for periodically reviewing the steps taken by AMC's for the folios which do not contain all KYC attributes/ Updated KYC attributes and take remedial steps necessary for updating the KYC attributes especially pertaining to bank details. Further, the Trustees shall also be responsible for taking steps to ensure that there are system level checks in place to prevent fraudulent transactions and such checks are reviewed periodically.

#### Consultation no 1

- I. Comments on paras 3.1 to 3.4 may be provided*
- II. Whether the Trustees need to focus on any other specific area apart from the core responsibilities mentioned above?*
- III. What should be the means / mode of exercising independent due diligence by Trustees over their core responsibilities?*

#### **B. Responsibilities of Trustees for which Trustees can rely on Third Party Assurances**

3.5. To ensure that Trustees devote time and attention to their core responsibilities, it is felt that for fulfilling other responsibilities, Trustees may rely on professional firms such as Audit Firms, Legal Firms, Merchant Bankers. etc (may also be referred to as "third party fiduciaries"). for carrying out due diligence on behalf of the Trustees.

3.6. The indicative list of responsibilities for which the Trustees may require services of third party fiduciaries is as under –

- 3.6.1. Policy of empanelment of stock broker by AMC.
- 3.6.2. AMC managing the operations of mutual fund schemes independently from other activities
- 3.6.3. To discharge their role as a custodian of assets on behalf of unitholders in accordance with the regulations and the trust deed.
- 3.6.4. Review of networth of the AMC on a periodic basis to ensure compliance with threshold prescribed.
- 3.6.5. To ensure transactions of the mutual fund are in accordance with the provisions of the trust deed.

#### Consultation No. 2

- I. Comments on paras 3.5 & 3.6 may be provided*

### **C. Enhancing the accountability of Board of AMC**

#### **3.7. Amendments required to Mutual Fund Regulations to make board of AMC responsible for compliance with Mutual Fund Regulations.**

- 3.7.1. A need has been felt to clearly bring out the role, responsibility and accountability of the board of AMC in the regulations/circular/guidelines specified for the mutual fund industry. In this regard, it is proposed that the existing Regulation 25 of MF Regulations on AMC and its obligations may be amended to include additional clauses with respect to the obligations of the Board of AMC.
- 3.7.2. The proposed amendment may include a clause which casts an obligation on the Board of AMC to ensure that all the activities of the asset management company are in accordance with the provisions of these regulations.
- 3.7.3. Further, in line with existing Regulation 18 on Rights and obligations of the Trustees, suitable clauses may be added to cast a similar obligation on the Board of AMC which are currently cast on the Trustees.
- 3.7.4. There should be an obligation on AMCs to furnish, in a true and fair manner, reports/alerts as required by Trustees including but not limited to those outlined in para 3.3, for taking appropriate action.
- 3.7.5. There should be a generic clause which provides powers to SEBI to specify additional matters on which the Board of AMC should exercise due diligence.
- 3.7.6. The proposed amendments are provided in **Annexure 1**.

#### **Consultation No. 3**

- I. Comments of the proposed amendments may be provided.*
- II. Whether the amendment, as proposed in Annexure 1, is sufficient or is there a need to amend any other regulation?*

#### **3.8. Constitution of a “Unitholder Protection Committee” under the AMC Board**

- 3.8.1. In order to have an independent review mechanism for the decisions of AMC from the perspective of the unit holders’ interest, across all products and services, it is proposed to mandate that a “Unit Holder Protection Committee” (UHPC) may be constituted by board of AMC.

- 3.8.2. The UHPC shall be expected to protect interest of unit holders of mutual fund schemes, redressal of unit holder's grievances, investor education and awareness etc.
- 3.8.3. The UHPC of AMC shall comprise of atleast three directors as members, wherein, at least two-third members of the UHPC shall be independent directors of AMC.
- 3.8.4. The proposed details of the UHPC relating to role, constitution, power & responsibilities etc., are provided in **Annexure 2**.

Consultation No. 4

*I. Comments on para 3.8 may be provided.*

**D. Duties of operational nature that can be delegated to AMC**

- 3.9. To ensure that Trustees can devote attention to the fiduciary obligations and supervisory role cast upon them, rather than being burdened with operational responsibilities, certain duties of the Trustees which are operational in nature may be delegated to the AMC. Some of these duties are –
- 3.9.1. All systems are in place prior to launch of any scheme by the AMC
- 3.9.2. Calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme
- 3.9.3. No change in the fundamental attributes of a scheme without carrying out the necessary processes provided in the Regulations.
- 3.9.4. Periodically review all service contracts such as custody arrangements, transfer agency of the securities etc.
- 3.9.5. Exercising due diligence in all operations of the AMCs

Consultation No. 5

*I. Comments on the proposal at para 3.9 may be provided*

**E. Structure of Trustee**

- 3.10. Presently, two structures for Trustees are permitted under the MF Regulations i.e. (i) Corporate structure and (ii) Board of Trustees structure.
- 3.11. In the Mutual Fund Industry, there are a few Mutual Funds which have the Board of Trustees structure while the Trustees of all other Mutual Funds have adopted the structure of a Trustee Company.



- 3.12. It may be desirable to have a corporate form for Trustees in view of perpetuity and financial independence. In this regard, it is proposed to provide a period of one year for existing Trustees with Board of Trustee structure to convert into a Trustee Company, from governance point of view and consistency in applicability of provisions.

Consultation No. 6

- I. *Whether the corporate form of structure be mandated for Trustees?*
- II. *Whether Mutual Funds having the Board of Trustees structure be given a period of one year to convert into a Trustee Company?*

**F. Other Proposals**

3.13. Items to be approved by Trustees only in a Board Meeting:

- 3.13.1. While there are detailed guidelines under the Companies Act, 2013 on items that can be approved only in a Board Meeting, rather than through circular resolutions, there are no similar guidelines under the MF Regulations for items which can be approved by Trustees only through a board resolution.
- 3.13.2. An indicative list of items which should be approved by the Trustees in a board meeting is provided in **Annexure A1**.

Consultation No. 7

*Comments on proposal at para 3.13 may be provided.*

3.14. Common platform for dissemination of public announcements by Mutual Funds

- 3.14.1. In the case of listed entities all public announcements are available on the Stock Exchange on which the securities of the Issuer are listed. There is no such common platform where all public announcements such as Notices and Addenda issued across all Mutual Funds are available. Having a common platform would be useful and would serve as a one stop place for such information for investors who invest with multiple Mutual Funds. Hence there should be a common platform where all public announcements of such as Notices and Addenda issued across all Mutual Funds are available for investors.

Consultation No. 8

*Comments on proposal at para 3.14 may be provided*

3.15. Clarity on the role of Trustees and AMCs in provisions which cast a responsibility on the Mutual Fund

- 3.15.1. There are various provisions in the MF Regulations and circulars which cast a responsibility on “Mutual Funds”. There is an ambiguity in the expected role of Trustees and AMCs in such provisions, which may need to be clarified.
- 3.15.2. An analysis of such provisions and proposals for clear segregation of expected role of the Trustees and AMCs is provided in **Annexure A2**.

Consultation No. 9

*Comments on proposal at para 3.15 may be provided.*

3.16. Existing indemnity provisions for Trustees

- 3.16.1. Upon review of the existing indemnity provisions concerning the Trustees in MF Regulations and on comparison of the same with other regulations in Trust Act, PFRDA (NPS), etc, it was observed that while some of the provisions in these legislations make Trustees liable for negligence, MF Regulations positively states that Trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- 3.16.2. While indemnity provisions concerning the Trustees in the Trust Act may not be *ipso-facto* relevant in case of Mutual Funds, considering the responsibilities cast on the Trustees and the corporate structure of MF Trustees, the following amendments may be required
- 3.16.2.1. Regulation 15 (2) of MF Regulations states that “*No trust deed shall contain a clause which has the effect of—(i) limiting or extinguishing the obligations and liabilities of the trust in relation to any mutual fund or the unitholders; or (ii) indemnifying the trustees or the asset management company for loss or damage caused to the unitholders by their acts of negligence or acts of commission or commission.*” This provision may be subject to Regulation 18 (26) and a new proviso may be inserted under Regulation 15(2) as in Regulation 18 (26) stating that “*Provided the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.*”
- 3.16.2.2. The clauses of indemnity provided to the Trustees under the Trust Act, which *may* be relevant to Mutual Fund structure may be



brought out in Mutual Fund Regulations. Hence, while Trustees are responsible for the acts collectively taken as part of the Board of the Trustee Company, they should not be made liable for the acts of the Co-Trustees done individually beyond the powers delegated to the individual Trustee.

Consultation No. 10

*Comments on proposal at para 3.16 may be provided.*

3.17. Structure of Trustee Company

3.17.1. Minimum number of Trustees

- 3.17.1.1. Presently, the minimum number of Trustees prescribed is four. Considering the increasing scale of the MF industry and enhanced role of Trustees over the period of time under the MF Regulations, a need is felt to review the need to increase the minimum number of Trustees to adequately perform their functions.

3.17.2. Chairperson of the Trustee Company

- 3.17.2.1. While the existing provisions provide that the Chairperson of the Audit committee of the Trustee Company should be an Independent Director, there is no such requirement for the Chairperson of the Trustee Company to be an Independent Director. It is thus proposed that the Chairperson of the Trustee Company may also be an Independent Director.

Consultation No. 11

*I. Comments on proposal at para 3.17.1 and 3.17.2 may be provided.*

3.17.3. Meetings between the Trustee Company and the AMC

- 3.17.3.1. Presently the MF Regulations require that the Audit Committee of the AMC should interact with the Audit Committee of the Trustees at least once annually. However, there is no requirement of the Boards of AMC and Trustee Company to meet once annually.
- 3.17.3.2. It is proposed that apart from the meeting of the Audit Committee of AMCs and Trustees (which mostly comprises of independent directors), the Board of AMCs and the Board of Trustees may be mandated to meet at least once a year to discuss the issues

concerning the Mutual Fund, if any, and future course of action, where required.

Consultation No. 12

*I. Comments on proposal at para 3.17.3 may be provided.*

**4. Public Comments**

4.1. Public comments are invited on the proposals to Review of Role and Obligations of Mutual Fund Trustees. The comments/ suggestions may be provided as per the format given below:

Name of the person/ entity proposing comments:				
Name of the organization (if applicable):				
Contact details (Email ID and Mobile No):				
Category: whether market intermediary/ participant (mention type/ category) or public (investor, academican etc.)				
Sr. No.	Proposals	Matter for consideration in the Consultation Paper	Comments / Suggestions	Rationale
1	Consultation 1	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
2	Consultation 2	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
3	Consultation 3	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
4	Consultation 4	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
5	Consultation 5	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
6	Consultation 6	Please consider the proposal and provide your comments/ suggestions		

		along with supporting rationale		
7	Consultation 7	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
8	Consultation 8	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
9	Consultation 9	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
10	Consultation 10	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
11	Consultation 11	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		
12	Consultation 12	Please consider the proposal and provide your comments/ suggestions along with supporting rationale		

4.2. Kindly mention the subject of the communication as, “Comments on Consultation Paper on Review of Role and Obligations of Mutual Fund Trustees”.

4.3. Comments as per aforesaid format may be sent to the following address, latest by February 24, 2023 (within 15 days from date of publication of this consultation paper on SEBI website) through either of the following modes –

4.3.1. By email to [peterm@sebi.gov.in](mailto:peterm@sebi.gov.in) or [mutualfundtrustees\\_public\\_comments@sebi.gov.in](mailto:mutualfundtrustees_public_comments@sebi.gov.in).

4.3.2. By post to the following address:  
Ms Manaswini Mahapatra, GM / Mr Peter Mardi, AGM  
Investment Management Department,  
Securities and Exchange Board of India, SEBI Bhavan I, C-4A, G-Block,  
Bandra Kurla Complex, Bandra (East), Mumbai – 400051.

#### Annexure – 1

1. The following section may be inserted in Regulation 25 as Regulation 25(6A):

*25 (6A): The Board of the asset management company shall ensure that all the activities of the asset management company are in accordance with the provisions of these regulations*

2. Existing Regulation 25 (6A) on the obligation of the CEO, Regulation 25 (6B) on the obligation of the Fund Managers and Regulation 25 (6C) on the obligation of the Dealers may be renamed as Regulation 25 (6B), 25 (6C) and 25 (6D) respectively.

3. The following sections may be inserted in Regulation 25 as Regulation 25 (22) and Regulation 25 (23):

*25(22) The Board of asset management company shall exercise due diligence as under:*

- A. *The Board of asset management company shall ensure before the launch of any scheme that the asset management company, has -*
  - a. *systems in place for its back office, dealing room and accounting;*
  - b. *appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustees, within 15 days of their appointment;*
  - c. *appointed auditors to audit its accounts;*
  - d. *appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors grievances;*
  - e. *appointed registrars and laid down parameters for their supervision;*
  - f. *prepared a compliance manual and designed internal control mechanisms including internal audit systems;*
  - g. *specified norms for empanelment of brokers and marketing agents;*
  - h. *obtained, wherever required under these regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.*
- B. *The Board of asset management company shall ensure that an asset management company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.*

- C. The Board of asset management company shall ensure that the asset management company has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to interest of the unitholders.*
  - D. The Board of asset management company shall ensure that the transactions entered into by the asset management company are in accordance with these regulations and the scheme.*
  - E. The Board of asset management company shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.*
  - F. The Board of asset management company shall, on a quarterly basis, review the networth of the asset management company to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis.*
  - G. The Board of asset management company shall satisfy itself that all service contracts such as custody arrangements, transfer agency of the securities are executed in the interest of the unitholders.*
  - H. The Board of asset management company shall ensure that there is no conflict of interest between the manner of deployment of the networth of the asset management company and the interest of the unitholders.*
  - I. The Board of asset management company shall periodically review the investor complaints received and the redressal of the same*
  - J. The Board of asset management company shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.*
  - K. The Board of asset management company shall immediately report to the Trustees of any special developments in the mutual fund*
  - L. The Board of the asset management company shall exercise due diligence on the reports submitted by the asset management company to the Trustees*
  - M. The Board of the asset management company shall exercise due diligence on matters as may be specified by the Board from time to time*
4. 25(23) Notwithstanding anything contained in sub-regulations (1) to (25), the Board of the asset management company shall not be held liable for acts done in good faith if it has exercised adequate due diligence honestly.

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## Annexure - 2

### 1. Role of Unit Holder Protection Committee:

The Unit holder Protection Committee (UPC) shall be responsible for protection of interest of unit holders of mutual fund schemes vis-a-vis all products and services provided by the AMC, ensuring adoption of sound and healthy market practices in terms of investments, sales, marketing, advertisement, management of conflict of interests, redressal of unit holder's grievances, investor awareness and education, compliance to laws and regulations and other related processes with specific reference to operation of its mutual fund business.

In this regard, the UPC shall *inter-alia*, have the following mandates:

- a) To review the various compliance issues relating to protection of the interests of the unit holders.
- b) To keep the unit holders well informed of and educated about mutual fund products, investor charter and compliant handling procedures.

### 2. Membership / constitution:

- a) The UPC of AMC shall have minimum three directors as members.
- b) At least two-third members of the UPC shall be independent directors of AMC. If two-third of the total strength results into fraction, then higher number after rounding up shall be considered.
- c) The members of the UPC will be appointed by the Board of Directors of AMC.
- d) The Chairperson of the Committee shall be an independent director.
- e) The UPC shall invite expert / representative of unit holders as an invitee for matters it may deem fit necessary.

### 3. Meetings:

- a) The Chairperson of the UPC shall call the meeting as and when required. However, at least four meetings shall be held in a financial year.
- b) The quorum for meeting shall either be two members or one third of the members of the UPC, whichever is greater, with at least two independent directors.
- c) If one-third of the total strength results into fraction, then higher number after rounding up shall be considered for the quorum.

### 4. Reporting:

- a) The AMC shall present agenda of the UPC to its members. This shall also include reports on findings / observations w.r.t matters relating to protection of unit holders' interest, arising from audits / reviews etc. undertaken by the AMC, Internal Auditors etc.
- b) The UPC of AMC shall brief Board of the AMC on the proceedings of the meeting. Further, minutes of the meeting of the UPC shall also be placed before the Board of Trustees.

### 5. Powers and responsibilities

#### 5.1 Unit holder complaints and redressal

- a) Review of unit holder complaints and grievances with ageing of outstanding complaints on a Periodical basis



- b) Review of complaints / grievances handling mechanism including reported instances of mis-selling and frauds, if any. Analyse the root cause of investor complaints, identify market conduct, issues and advise the management appropriately about rectifying systemic issues, if any.
- c) Review measures and steps taken to reduce unit holder complaints

## **5.2 Investor education and awareness**

- a) Recommendation of policy on utilisation of investor education and awareness funds
- b) Review of various investor education and awareness steps taken by the AMC including effective utilisation of investor education and awareness funds on periodic basis

## **5.3 Regulatory and other functions**

- a) Ensure that the AMC adopts a standard operating procedure for its processes including timeframe for processing and confirmation of financial and non-financial transactions, treats unit holders fairly and equally and there is no preferential treatment given to different classes of investors.
- b) Ensure compliances with applicable laws w.r.t resolving, reporting and disclosures of complaints and grievances
- c) Review of unclaimed amounts of dividend and redemptions and measures taken by AMC to reduce the quantum of such unclaimed amounts.
- d) Review of measures taken by AMC for exit options, voting and obtaining consents as prescribed under the SEBI (Mutual Funds) Regulations, 1996
- e) Review of transfer, transmission, and nomination process
- f) Review of adherence to service standards adopted with respect to various services adopted by the AMC being rendered by the RTA.
- g) Review of measures taken for ensuring timely receipt of dividend and redemption proceeds, annual reports, and other regulatory communications/disclosures.
- h) Ensure timeliness and adequacy of disclosures of material information to the investors.
- i) Review other activities carried out by the AMC (under regulation 24 (b) and its impact on the unit holders of mutual fund.
- j) Ensure that all conflicts are adequately managed and/or disclosed as per the conflict-of-interest policy.
- k) Review of all investors/scheme compensation to ensure they are fair and appropriate.
- l) Review instances of market abuse by employees of AMC.

## **5.4 Review of Unitholder Protection (UP) metrics**

- a) Ensure that the AMC has approved internal policy for measurement of various parameters (such as cases of investor compensation, investor complaints, fraud incidents impacting any investor/ scheme, consistent underperformance of any scheme, number of incidents where the agreed TAT has exceeded with respect to investor related transactions such as redemptions/ redressal of investor complaints/ non-financial transactions, etc., system issues/ incidents/ BCP events impacting investors, data privacy / cyber security incidents impacting investors) through appropriate UP metrics. The UP metrics should be approved by the Committee, along with the targeted level / benchmark for each parameter, where possible.
- b) Put in place a mechanism for reporting of the UP metrics to the Committee
- c) Review the reports generated with respect to the UP metrics at least once in a half year

In addition to the above functions and responsibilities, the AMC Board from time to time may also assign such other responsibilities to the UPC, as deemed fit.

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### Annexure A1

#### **Indicative list of items that could only be considered for approval only in a Board Meeting of the Trustee Company/ Meeting of the Board of Trustees**

Under Section 179 (3) of the Companies' Act 2013, the Board of Directors of a company shall exercise certain powers on behalf of the company only by means of resolutions passed at the Board meetings, which shall decisions to borrow monies, invest the funds, to grant loans etc. While these sections are relevant for other companies, with respect to Trustee Companies for Mutual Funds, it is felt that in the same lines, there is a need to specify that certain approvals required under MF Regulations/Circulars may only be through the resolutions passed at the Board meeting of the Trustees so that these issues get adequately deliberated between both associate and independent board members before an informed decision in the interests of unitholders is made. Accordingly, Working Group recommends that following approvals shall only be given through resolutions passed at the Board meeting of Trustees:

S. No	Reg/Circular	Regulation / Clause	Content
1	MF Regulations	7 (g)	For the purpose of grant of a certificate of registration, the applicant has to fulfil appointment of custodian in order to keep custody of the securities or goods or gold or gold related instruments or silver or silver related instruments or other assets of the mutual fund held in terms of these regulations, and provide such other custodial services as may be authorised by the trustees
2	MF Regulations	Third Schedule Reg 15(1)	Trustees shall appoint an asset management company approved by the board, to float schemes for the mutual fund after approval by the trustees and Board, and manage the funds mobilised under various schemes, in accordance with the provisions of the Trust Deed and Regulations.
3	MF Regulations	Third Schedule Reg 15(1)	The Trust Deed must provide for the power of the trustees to dismiss the asset management company under the specific events only with the approval of Board in accordance with the Regulations
4	MF Regulations	17 (2)	The existing trustees of any mutual fund decision to form a trustee company to act as a trustee (subject to SEBI's approval)
5	MF Regulations	Fourth Schedule Reg 18(2)	The asset management company shall not undertake any other business activity other than activities specified under clause (b) of regulation 24 and management of mutual funds and such other activities as financial services, consultancy, exchange of research and analysis on commercial basis as long as these are not in conflict with the fund management activity itself without the prior approval of the trustees and Board
6	MF Regulations	Fourth Schedule Reg 18(2)	The asset management company shall ensure that no offer document of a scheme, key information memorandum, abridged half-yearly results and annual results is issued or published without the trustees' prior approval in writing, and contains any statement or matter



S. No	Reg/Circular	Regulation / Clause	Content
			extraneous to the Trust Deed or Offer Document scheme particulars approved by the trustees and Board  Provided that Fixed Maturity Plan (FMP) schemes, being plain vanilla passive schemes which are very commonly launched, may be permitted to be approved by the Trustees by way of a resolution passed by circulation.
7	MF Regulations	Fourth Schedule Reg 18(2)	The trustees shall have the power to dismiss the asset management company under the specific events only with the approval of the Board in accordance with the Regulations
8	MF Regulations	18 (15A)	The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless,— (i) a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the mutual fund is situated; and (ii) the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.
9	MF Regulations	20 (1)	The sponsor or, if so authorised by the trust deed, the trustees, shall appoint an asset management company, which has been approved by the Board under sub-regulation (2) of regulation 21
10	MF Regulations	22 (c)	No appointment of a director of an asset management company shall be made without prior approval of the trustees
11	MF Regulations	22 (e)(i)	No change in the control of the asset management company shall be made unless prior approval of the trustees and the Board is obtained
12	MF Regulations	Proviso to 25 (15)	If the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts
13	MF Regulations	Proviso to 27	The agreement, the service contract, terms and appointment of the custodian shall be entered into with the prior approval of the trustees



S. No	Reg/Circular	Regulation / Clause	Content
14	MF Regulations	41(2)(a)	The trustee or the person authorised shall dispose of the assets of the scheme concerned in the best interest of the unitholders of that scheme
15	MF Regulations	Seventh Schedule Reg 44(1)	<p>A mutual fund scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and Board of Directors of the asset management company.</p> <p>In case of unforeseen situations where conducting a Board Meeting is not feasible and it is not in the interest of the unitholders to postpone the decision to the next meeting, the same may be permitted by way of a resolution passed by circulation with adequate justification.</p>
16	MF Regulations	Proviso to 49P (5A)	The overall investment limit of investment in debt instruments or assets of infrastructure companies or projects or special purpose vehicles, which are created for the purpose of facilitating or promoting investment in infrastructure or bank loans in respect of completed and revenue generating projects of infrastructure companies or projects or special purpose vehicles, which are rated below investment grade or are unrated may increase up to 50% of the net assets of the scheme with the prior approval of the trustees and the board of the asset management
17	MF Regulations	Proviso to 49P (6) (iii)	No infrastructure debt fund scheme shall invest in Any listed security of the sponsor or its associate or group company or bank loan in respect of completed and revenue generating projects of infrastructure companies or special purpose vehicles of the sponsor or its associate or group companies, in excess of twenty five per cent of the net assets of the scheme, subject to approval of trustees and full disclosures to investors for investments made within the aforesaid limits
18	MF Regulations	Proviso to 49P (6) (iv) (b)	approval for such investment in any asset or securities owned by the sponsor or asset management company or their associates in excess of 30% of the net assets of the scheme, is granted by the trustees and full disclosures are made to the investors regarding such investment
19	MF Regulations	55(2)	An auditor shall be appointed by the trustees



S. No	Reg/Circular	Regulation / Clause	Content
20	Master Circular	1.10.1	<p>Facility of restriction on redemption under any scheme of the mutual fund can be made only after the approval from the Board of Directors of the Asset Management Company (AMC) and the Trustees.</p> <p>In case of unforeseen situations where conducting a Board Meeting is not feasible and it is not in the interest of the unitholders to postpone the decision to the next meeting, the same may be permitted by way of a resolution passed by circulation with adequate justification.</p>
21	Master Circular	2.2.2	<p>The proposal and modalities of the consolidation or merger shall be approved by the Board of the AMC and Trustee(s), after they ensure that the interest of unit holders under all the concerned schemes have been protected in the said proposal.</p> <p>In order to ensure that all important disclosures are made to the investors of the schemes sought to be consolidated or merged and their interests are protected, Mutual Funds shall take the approval by the Board of the AMC and Trustee</p>
22	Master Circular	3.2.1.5	<p>Before investing in GDS of Banks, GMS and ETCDs having gold as the underlying, mutual funds shall put in place a written policy with regard to such investments with due approval from the Board of the Asset Management Company and the Trustees. The policy should have provision to make it necessary for the mutual fund to obtain approval of trustees for investment proposal in GDS of any bank and GMS. The policy shall be reviewed by mutual funds, at least once a year</p>
23	Master Circular	4.4.2.6	<p>Such stress-testing policy shall be reviewed by the Board of AMC and Trustees, at least on an annual basis, in light of the evolving market scenarios and should cover the following aspects:</p> <ul style="list-style-type: none"> <li>i. Adequacy of the documentation for various elements of the stress testing framework</li> <li>ii. Scope of coverage of the stress testing policy and the levels of stress applied</li> <li>iii. Integration of the stress testing framework in the day-to-day risk management processes</li> <li>iv. Adequacy of the corrective actions and the efficacy of the systems for their activation.</li> </ul>
24	Master Circular	4.6.3.6	<p>AMCs shall have a detailed written down policy on creation of segregated portfolio and the same shall be approved by the trustees.</p>



S. No	Reg/Circular	Regulation / Clause	Content
25	Master Circular	4.6.4	<p>Once an AMC decides to segregate portfolio, it shall seek approval of trustees prior to creation of the segregated portfolio</p> <p>In case of unforeseen situations where conducting a Board Meeting is not feasible and it is not in the interest of the unitholders to postpone the decision to the next meeting, the same may be permitted by way of a resolution passed by circulation with adequate justification.</p>
26	Master Circular	9.2.3 (c)(2)(v) (c)	AMCs shall have a written policy, approved by the Board of AMC and Trustees, on governance of the polling process. The aforesaid policy shall include measures for mitigation of potential conflicts of interest in the polling process and shall identify senior officials responsible for polling.
27	Master Circular	10.1.1	Mutual Funds may charge certain expenses to a scheme, as specified under Regulations. Apart from these expenses, any other expense as may be approved by SEBI under clause (xiii) of Sub Regulation 52(4) can also be charged to the Mutual Fund schemes. Other expenses directly attributable to a scheme may be charged with the approval of trustees within the overall limits as provided in the Regulation 52(6)
28	Master Circular	12. 1.4.c	<p>12.1 Investment in Listed and Unrated Debt Instruments</p> <p>All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees.</p>
29	Master Circular	12.9.4	In case an existing SID does not provide for lending of securities, Mutual Funds may still lend securities belonging to the scheme, in accordance with the SEBI Guidelines, provided approval is obtained from the Trustees and the intention to lend securities is conveyed to the unit holders
30	Master Circular	12.10.1	Mutual Funds may, for the purpose of operational flexibility, constitute committees to approve investment proposals in unrated instruments. However, detailed parameters for investment in unrated debt instruments have to be approved by the Board of the AMC and Trustees. Details of such investments shall be communicated by the AMCs to the Trustees in their periodical reports, along with clear indication as to how the parameters set for investments have been complied with. Prior approval of the Board of the AMC and Trustees shall be required in case investment is sought to be made





S. No	Reg/Circular	Regulation / Clause	Content
			in an unrated security falling outside the prescribed parameters.
31	Master Circular	12.25.1.f	Before undertaking CDS transactions, mutual funds shall put in place a written policy on participation in CDS approved by the Board of the Asset Management Company and the Trustees as per the guidelines specified by RBI and Securities and Exchange Board of India (SEBI). The policy shall be reviewed by mutual funds, at least once a year
32	Master Circular	12.6.3.a	Mutual Funds/ AMCs shall ensure that total exposure of debt schemes of mutual funds in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Such investment limit may be extended to 25% of the net assets of the scheme with the prior approval of the Board of Trustees
33	Master Circular	12.6.3.b	The investments by debt mutual fund schemes in debt and money market instruments of group companies of both the sponsor and the asset management company shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.
34	Master Circular	12.14.1.3	No mutual fund scheme shall park more than 15% of their net assets in short term deposits of all scheduled commercial banks put together. This limit however may be raised to 20% with prior approval of the Trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of the total deployment by the Mutual Fund in short term deposits
35	Master Circular	12.23.7	Prior to participation in ETCs, the AMCs shall adhere to the following:  c. Have written down investment policy for participation in ETCs approved by the Board of the Asset Management Company and the Board of Trustees. d. Have written down valuation policies approved by the Board of the AMC and the Board of Trustees for valuation of commodity derivatives and the underlying goods, arising due to physical settlement of contracts.



S. No	Reg/Circular	Regulation / Clause	Content
36	Circulars post March 31, 2020	Trade Execution and Allocation	The Trade Execution and Allocation policy shall ensure that all the schemes and its investors are treated in a fair and equitable manner. Further, the policy shall be approved by the Board of AMC and the trustees.
37	Circulars post March 31, 2020	Risk Management Framework (RMF) for Mutual Funds	The risk management policy can be a macro level description of risk management governance (including roles and responsibilities of the Board of AMC and the three lines of defense – Management, Risk Management Team and Internal Auditor), the organization's risk appetite and key elements of its risk management process. The policy on the RMF shall be approved by the board of AMC and trustees
38		Risk Management Framework (RMF) for Mutual Funds	Approval for policy for risk based KRAs and KRAs at level of CEO and up to one level below CEO is the role of Board of AMC and Trustees
39		Swing pricing framework for mutual fund schemes	AMCs shall have laid down policies and procedures pertaining to swing pricing which are approved by board of AMC and Trustee.
40		Norms for Silver Exchange Traded Funds (Silver ETFs) and Gold Exchange Traded Funds (Gold ETFs)	Before investing in ETCDs having silver as the underlying, mutual funds shall put in place a written policy with regard to such investment with due approval from the Board of the AMC and the Trustees. The policy shall be reviewed by the Board of AMC and Trustees at least once a year.
41	General point		Any change in Trust Deed should be approved in a Trustee Meeting

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### Annexure A2

#### Detailed analysis of the provisions which cast an obligation on Mutual Fund

#### **PART A:**

**Detailed analysis of the provisions which cast an obligation on Mutual Fund where amendment to existing regulations/ circulars is required**

Regulation	Particulars	The provisions may be amended to state
<b>Chapter 5- Schemes of Mutual Fund</b>		
<b>31A</b>	The <u>mutual fund</u> , which intends to list units of its scheme on the recognised stock exchange(s), shall obtain 'in-principle' approval from recognised stock exchange(s) in the manner as specified by the recognised stock exchange(s) from time to time	Replace Mutual Funds with <b>"AMC"</b> .
<b>31B(1)</b>	Every <u>mutual fund</u> desirous of listing units <u>of its schemes</u> on a recognised stock exchange shall execute an agreement with such stock exchange	Replace Mutual Funds with <b>"AMC"</b> . Replace " of its schemes" with <b>"of the mutual fund's schemes"</b>
<b>Chapter 6- Investment Objectives and Valuation policies</b>		
<b>44</b>	<b>Investment, borrowing, restriction etc.</b>	
<b>46</b>	Mutual funds may enter into underwriting agreement after obtaining a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorising it to carry on activities as underwriters.	Redundant provision- may be removed.
<b>47</b>	Valuation of investment: Every <u>mutual fund</u> shall ensure that the asset management company computes and carries out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and publishes the same	<b>Delete "Every Mutual fund shall ensure that" and state that the AMC shall compute and carry out valuation of ...."</b>
<b>48 (1)</b>	Computation of Net Asset Value: Every <u>mutual fund</u> shall compute the Net Asset Value of each scheme by dividing the net assets of the scheme by the number of units outstanding on the valuation date	Replace "Mutual Fund" with <b>"AMC"</b>



Regulation	Particulars	The provisions may be amended to state
49 (2)	The <u>mutual fund</u> shall provide the methodology of calculating the sale and repurchase price of units in the manner specified by the Board	Replace "Mutual Fund" with " <b>AMC</b> "
<b>Chapter 6A- Real Estate Mutual Fund Schemes</b>		
<b>Chapter 6B- Infrastructure Debt Fund Schemes</b>		
<b>Chapter 7- General Obligations</b>		
52A	A <u>mutual fund</u> may declare dividends in accordance with the offer document and subject to such Guidelines as may be specified by the Board	Replace "Mutual Fund" with " <b>AMC</b> ". <u>Policy for dividend declaration may be specified by Trustees. Regulation may be amended to that effect.</u>
53	Every <u>mutual fund and asset management company</u> shall, (a) despatch to the unitholders the dividend payments within 15 days from the record date; (b) despatch the redemption or repurchase proceeds within 10 working days from the date of redemption or repurchase; (c) in the event of failure to despatch the redemption or repurchase proceeds or dividend payments] within the period specified in sub-clauses (a) and] (b), the asset management company shall be liable to pay interest to the unitholders at such rate as may be specified by the Board for the period of such delay; (d) notwithstanding payment of such interest to the unit-holders under subclause (c), the asset management company may be liable for penalty for failure to despatch the dividend or redemption or repurchase proceeds within the stipulated time.] Annual R	Amend regulations to remove reference to Mutual Funds as it is solely the responsibility of AMC.
56 (3)	Notwithstanding anything contained in sub-regulation (1), <u>the mutual fund</u> shall provide physical copy of the abridged summary of the Annual Report without any cost, if a request through any mode is received from a unitholder.	Replace "Mutual Fund" with " <b>AMC</b> " as this is the operational responsibility of AMC.
57	Annual Report to be forwarded to the Board Every <u>mutual fund</u> shall within four months from the date of closure of each financial year forward to the Board a copy of the Annual Report and other information including details of investments	Replace "Mutual Fund" with " <b>AMC</b> " as this is the operational responsibility of AMC.

Regulation	Particulars	The provisions may be amended to state
	and deposits held by the mutual fund so that the entire schemewise portfolio of the mutual funds is disclosed to the Board.	
<b>59A</b>	Statement of Portfolio: A <b>mutual fund</b> shall before the expiry of [ten days] from the close of each halfyear (i.e., 31st March and 30th September), send to all unitholders a complete statement of its scheme portfolio[, in the manner specified by the Board	Replace “Mutual Fund” with “ <b>AMC</b> ” as this is the operational responsibility of AMC.

#### Remaining provisions of the Master Circular

Clauses in the Master Circular	Particulars	The provisions may be amended to state
<b>Chapter 1</b>	<b>OFFER DOCUMENT FOR SCHEMES</b>	
1.6.2	Format of KIM: Mutual Funds shall prepare KIM in the prescribed format. The contents of KIM shall follow the same sequence as prescribed in the format.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 2</b>	<b>CONVERSION AND CONSOLIDATION OF SCHEMES AND LAUNCH OF ADDITIONAL PLAN</b>	
2.2.1	Any consolidation or merger of Mutual Fund schemes will be treated as a change in the fundamental attributes of the related schemes and <b>Mutual Funds</b> shall be required to comply with the Mutual Funds Regulations in this regard	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
2.2.2.	Further, in order to ensure that all important disclosures are made to the investors of the schemes sought to be consolidated or merged and their interests are protected; <b>Mutual Funds</b> shall take the following steps: - Approval by the Board of the AMC and Trustee(s): - Disclosures - Maintenance of Records etc	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
2.2.2.2	Disclosures: Subsequent to approval from the Board of the AMC and Trustee(s), <b>Mutual Funds</b> shall file the proposal with the Board, along with the draft SID, requisite fees (if a new scheme emerges after such consolidation or merger) and draft of the letter to be issued to the unit holders of all the concerned schemes.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.

Clauses in the Master Circular	Particulars	The provisions may be amended to state
2.2.2.5	Merger or consolidation shall not be seen as change in fundamental attribute of the surviving scheme if the following conditions are met: c. After approval by the Boards of AMC's and Trustees, the <b>mutual funds</b> shall file such proposal with SEBI. SEBI would communicate its observations on the proposal within the time period prescribed	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 3</b>	<b>NEW PRODUCTS</b>	
3.2.1.5	Before investing in GDS of Banks, GMS and ETCDs having gold as the underlying, mutual funds shall put in place a written policy with regard to such investments with due approval from the Board of the Asset Management Company and the Trustees. The policy should have provision to make it necessary for the mutual fund to obtain approval of trustees for investment proposal in GDS of any bank and GMS. The policy shall be reviewed by mutual funds, at least once a year	May be amended to state that the policy shall be reviewed by Trustees, at least once a year
<b>Chapter 5</b>	<b>DISCLOSURES AND REPORTING NORMS</b>	
<b>PART - I</b>	<b>DISCLOSURES</b>	
<b>5.6</b>	<b>Asset Under Management (AUM) disclosure</b>	
5.6.1	Wherever the <b>Mutual Funds</b> discloses the AUM figures for the fund, disclosure on bifurcation of the AUM into debt/equity/balanced etc, and percentage of AUM by geography (i.e. top 5 cities, next 10 cities, next 20 cities, next 75 cities and others) shall be made. The <b>Mutual Funds</b> shall disclose the aforesaid data on their respective websites & to AMFI and AMFI shall disclose industry wide figures on its website	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.





Clauses in the Master Circular	Particulars	The provisions may be amended to state
5.6.2	<p><b>Mutual Funds</b> shall disclose the following on monthly basis on their website and also share the same with Association of Mutual Funds in India (AMFI):</p> <p>a. Monthly AAUM from different categories of schemes such as equity schemes, debt schemes, etc.</p> <p>b. Contribution to Monthly AAUM from B-30 cities (i.e. other than top 30 cities as identified by AMFI) and T-30 cities (Top 30 cities).</p> <p>c. Contribution to Monthly AAUM from sponsor and its associates</p> <p>d. Contribution to Monthly AAUM from entities other than sponsor and its associates.</p> <p>e. Contribution to Monthly AAUM from investors type (retail, corporate, etc.) in different scheme type (equity, debt, ETF, etc.).</p> <p>f. Monthly AAUM garnered through sponsor group/ non-sponsor group distributors. g. State-wise/Union Territory-wise contribution to MAAUM.</p>	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>5.8</b>	<b>Scheme Related Disclosures</b>	
5.8.1	<p><b>Mutual Funds</b> shall provide the following additional disclosures in the offer documents (Scheme Information Document (SID) / Key Information Memorandum (KIM)) of Mutual Fund scheme (for existing scheme / new scheme, as applicable):</p> <p>5.8.1.1 The tenure for which the fund manager has been managing the scheme shall be disclosed, along with the name of scheme's fund manager(s);</p> <p>5.8.1.2 Scheme's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors), along with a website link to obtain scheme's latest monthly portfolio holding;</p> <p>5.8.1.3 In case of FoF schemes, expense ratio of underlying scheme(s);</p> <p>5.8.1.4 Scheme's portfolio turnover ratio.</p>	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
5.8.4	Each <b>MF</b> is required to have a dashboard on their website providing performance and key disclosures pertaining to each scheme managed by AMC. The information should include scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance, among others. Such information shall be provided in a comparable, downloadable (spreadsheet) and machine readable format.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>5.13</b>	<b>Disclosure of investor complaints with respect to Mutual Funds</b>	
5.13.2	The <b>Mutual Funds</b> are advised to: 5.13.2.1 Upload the report for the financial year within 2 months of the close of the financial year. 5.13.2.2 Include the report in their annual reports, as part of the Report of the Trustees.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>5.15</b>	<b>Mutual Funds/</b> AMCs shall make continuous efforts to update email ID and mobile number of all unit holders. The said contact details shall be used for sending e-mails and SMS as envisaged in the circular	The term Mutual Fund may be deleted as this is the operational responsibility of AMC.
<b>PART - II</b>	<b>REPORTING NORMS</b>	
<b>5.20.</b>	<b>Daily Transaction Report</b>	
5.20.1	All Mutual Funds shall submit details of transactions in secondary market on daily basis in the prescribed format. Accordingly, <b>Mutual Funds</b> are advised to make necessary arrangements with their custodians for the submission of reports on a daily basis. The report is to be submitted to the Board in both hard as well as soft copy.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>5.22</b>	<b>Filing of Annual Information Return by Mutual Funds</b>	
<b>Chapter 6</b>	<b>Governance Norms</b>	
<b>6.3</b>	<b>Role of Independent Director on the Board of the AMC and Independent Trustees</b>	
6.3.5	<b>Mutual Funds</b> are required to have a minimum of 50 per cent and two-third independent directors on the Board of the AMC(s) and Trustees respectively. In case the composition of the directors does not meet these requirements, Mutual Funds are required to inform the Board along with the steps proposed to ensure compliance.	May be retained. A clause may be added stating that any change in the Board of AMC shall be informed to Trustee within a 7 days.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
<b>6.8</b>	<b>Responsibilities of AMC &amp; Trustees</b>	
6.8.1	The Mutual Fund may decide to appoint independent auditors and/or may have separate full-fledged administrative set up for the Trustees	The term Mutual Fund may be replaced by Trustees
<b>6.9</b>	<b>Minimum Number of investors</b>	
6.9.1.6	The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.	May be retained. Guidance Note shall state that any exception shall be reported to the Trustees.
<b>PART -III</b>	<b>SYSTEMS AUDIT FRAMEWORK FOR MUTUAL FUNDS / AMCs</b>	
6.15	Mutual Funds / AMCs are advised to conduct systems audit on an annual basis by an independent CISA / CISM qualified or equivalent auditor to check compliance of the provisions of this circular.	May be amended as "Trustees / AMCs"
6.16	Mutual Funds / AMCs are further advised to take necessary steps to put in place systems for implementation of this circular. The exception report as per the format provided should be placed before the Technology Committee for review. The Technology Committee after review shall place the same before the AMC & Trustee Board. Thereafter, exception observation report along with trustee comments starting from the financial year April 2019 – March 2020 should be communicated to SEBI within six months of the respective financial year. Further, System Audit Reports shall be made available for inspection.	May be amended as "AMCs" as this is the operational responsibility of AMC.
<b>Chapter 7</b>	<b>SECONDARY MARKET ISSUES</b>	
<b>Chapter 8</b>	<b>NET ASSET VALUE</b>	
<b>8.2</b>	<b>Rounding off NAVs</b>	
8.2.1	To ensure uniformity, Mutual Funds shall round off NAV up to four decimal places for index funds and all types of debt & liquid/money market schemes.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.2.2	For all equity oriented and balanced fund schemes, Mutual Funds shall round off NAVs up to two decimal places. However, Mutual Funds can round off the NAVs up to more than two decimal places in case of equity	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
	oriented and balanced fund schemes also, if they so desire. Relevant disclosure in this regard shall be made in the SID/SAI	
<b>8.3</b>	<b>Uniform Cut off Timings for applicability of Net Asset Value of Mutual Fund scheme(s) and/ or plan(s)</b>	
8.3.1	Mutual Funds should follow the Guidelines enumerated below with respect to uniform Cut -off Timings:	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.4.1	<b>Fixation of uniform Cut-off Timings</b> Mutual Funds shall reckon the Cut-off Timings for their schemes and plans in compliance with these Guidelines and the same shall be uniformly implemented for all investors.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.4.2	Mutual Funds shall ensure that each payment instrument for subscription or purchase of units is deposited in a bank expeditiously by utilization of the appropriate banking facility, so as to comply with the requirement in Clause 8.3.4.1 above	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.5.1	<b>Cut-off Timings for liquid fund schemes and plans For determining the applicable NAV:</b> The following cut-off timings shall be observed by a mutual fund in respect of purchase of units in liquid fund schemes and their plans, and the following NAVs shall be applied for such purchase:	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.5.4	The following Cut-off Timings shall be observed by Mutual Funds with respect to repurchase of units in liquid fund schemes and plans and the following NAVs shall be applied for such repurchase: a. Where the application is received up to 3.00 pm – the closing NAV of day immediately preceding the next business day; and b. Where the application is received after 3.00 pm – the closing NAV of the next business day	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.5.5	Mutual Funds shall calculate NAV for each calendar day for their liquid fund schemes and plans.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
8.3.6.1	<b>Cut-off Timings for schemes and plans other than liquid fund schemes and plans:</b> A Mutual Fund shall reckon only prospective NAV, in accordance with this clause, in respect of all their schemes and plans i.e. for other than liquid fund schemes and plans	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.6.2	The following Cut-off Timings shall be observed by Mutual Funds in respect of purchase of units in other schemes and plans and following NAVs shall be applied for such purchase	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.3.6.5	The following Cut-off Timings shall be observed by Mutual Funds in respect of repurchase of units in its other schemes and their plans, and the following NAVs shall be applied for such repurchase:	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>8.4</b>	<b>Requirements with respect to time stamping machines [pursuant to Clause 8(3)]</b>	
8.4.6	The time stamping machine shall have a tamper proof seal and the ability to open the seal for maintenance or repairs must be limited to vendors or nominated persons of the mutual fund, to be entered in a proper record.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
8.4.8	Every effort should be made to ensure uninterrupted functioning of the time stamping machine. In case of breakdown, the Mutual Funds shall take prompt action to rectify the situation. During the breakdown period, Mutual Funds shall adopt an alternative time stamping method that has already been approved by the Board of the AMC and the Trustee(s). An audit trail shall be available to check and ensure the accuracy of the time stamping process during the said period.	This has been covered in the previous rows
8.4.10	Mutual Funds shall maintain and preserve all applications/ requests, duly time stamped as aforesaid, at least for a period of eight years to be able to produce them as and when required by the Board or auditors appointed by the Board.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 9</b>	<b>VALUATION</b>	
<b>9.1</b>	<b>Definitions</b>	



Clauses in the Master Circular	Particulars	The provisions may be amended to state
9.1.2.1.e.	If the shares are not listed on the Stock Exchanges which provide such information, then Mutual Funds shall make their own analysis in line with the above criteria to check whether such securities are thinly traded or not and then value them accordingly	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.1.4.2	<b>Below investment grade and default.</b> A money market or debt security shall be classified as "Default" if the interest and / or principal amount has not been received, on the day such amount was due or when such security has been downgraded to "Default" grade by a CRA. In this respect, Mutual Funds shall promptly inform to the valuation agencies and the CRAs, any instance of non-receipt of payment of interest and / or principal amount (part or full) in any security	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>9.6</b>	<b>Illiquid Securities</b>	
9.6.2	All Mutual Funds shall disclose as on March 31 and September 30 the scheme wise total illiquid securities in value and percentage of the net assets while disclosing Half Yearly Portfolios to the unit holders. In the list of investments, an asterisk mark shall be given against all such investments which are recognised as illiquid securities.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.6.3	Mutual Funds shall not be allowed to transfer illiquid securities among their schemes.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>9.8</b>	<b>Valuation of securities not covered under the current valuation policy</b>	
9.8.1	In case of securities purchased by mutual funds do not fall within the current framework of the valuation of securities then such mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMCs shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.8.3	In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the mutual funds shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.





Clauses in the Master Circular	Particulars	The provisions may be amended to state
<b>9.11</b>	<b>Changes in Terms of Investment</b>	
9.11.1	While making any change to terms of an investment, Mutual Funds shall adhere to the following conditions: Any changes to the terms of investment, which may have an impact on valuation, shall be reported to the valuation agencies immediately.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.11.2	While making any change to terms of an investment, Mutual Funds shall adhere to the following conditions: Any extension in the maturity of a money market or debt security shall result in the security being treated as "Default", for the purpose of valuation.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.11.3	While making any change to terms of an investment, Mutual Funds shall adhere to the following conditions: If the maturity date of a money market or debt security is shortened and then subsequently extended, the security shall be treated as "Default" for the purpose of valuation.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.11.4	While making any change to terms of an investment, Mutual Funds shall adhere to the following conditions: Any put option inserted subsequent to the issuance of the security shall not be considered for the purpose of valuation and original terms of the issue will be considered for valuation.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>9.12</b>	<b>Dissemination of information</b>	
9.12.1	All mutual funds shall provide transaction details, including inter scheme transfers, of money market and debt securities on daily basis to the agency entrusted for providing the benchmark yield/ matrix of spread over risk free benchmark yield. Submission of data would help in daily matrix generation and would improve uniformity and accuracy of valuation in the mutual funds industry.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
9.12.3	All Mutual Funds shall provide transaction details of various types of debt securities like NCDs, Mibor linked floaters and CPs on daily basis in the prescribed format enclosed at Annexure 3 to the agency recommended by AMFI	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 10</b>	<b>LOADS, FEES, CHARGES AND EXPENSES</b>	

<b>Clauses in the Master Circular</b>	<b>Particulars</b>	<b>The provisions may be amended to state</b>
<b>10.1</b>	<b>Limits on fees and expenses charged to schemes</b>	
10.1.1	Mutual Funds may charge certain expenses to a scheme, as specified under Regulations. Apart from these expenses, any other expense as may be approved by SEBI under clause (xiii) of Sub Regulation 52(4) can also be charged to the Mutual Fund schemes. Other expenses directly attributable to a scheme may be charged with the approval of trustees within the overall limits as provided in the Regulation 52(6).	This has been covered in previous rows
10.1.15	<b>Investor Education and Awareness.</b> Mutual Funds/AMCs shall annually set apart at least 2 basis points on daily net assets within the maximum limit of TER as per regulation 52 of the Regulations for investor education and awareness initiatives. Mutual Funds shall make complete disclosures in the half yearly trustee report to SEBI regarding the investor education and awareness initiatives undertaken.	First reference - the term Mutual Fund may be deleted and term AMC retained.  Second reference: The term Mutual Fund may be replaced by Trustees
<b>10.5</b>	<b>Transaction Charges</b>	
10.5.2	Mutual Funds shall institute systems to detect if a distributor is splitting investments in order to enhance the amount of transaction charges and take stringent action including recommendations to AMFI to take appropriate action.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>10.8</b>	<b>Exit load parity</b>	
10.8.1	While charging exit loads, no distinction among unit holders should be made based on the amount of subscription. While complying with the same, Mutual Funds should ensure that "any imposition or enhancement in the load shall be applicable on prospective investments only.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 11</b>	<b>DIVIDEND DISTRIBUTION PROCEDURE</b>	
11.2.1.4	<b>Unlisted Scheme(s)/ Plan(s).</b> Before the issue of such notice, no communication whatsoever indicating the probable date of dividend declaration shall be issued by any Mutual Fund or its distributors of its products.	The term Mutual Fund may be replaced by "Trustees, AMC"
<b>Chapter 12</b>	<b>INVESTMENT BY SCHEMES</b>	
<b>12.9</b>	<b>Stock Lending Scheme</b>	

<b>Clauses in the Master Circular</b>	<b>Particulars</b>	<b>The provisions may be amended to state</b>
12.9.4	<b>Existing schemes.</b> In case an existing SID does not provide for lending of securities, Mutual Funds may still lend securities belonging to the scheme, in accordance with the SEBI Guidelines, provided approval is obtained from the Trustees and the intention to lend securities is conveyed to the unit holders.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>12.1</b>	<b>Approval for Investment in Unrated Debt Instruments</b>	
12.10.1	Mutual Funds may, for the purpose of operational flexibility, constitute committees to approve investment proposals in unrated instruments. However, detailed parameters for investment in unrated debt instruments have to be approved by the Board of the AMC and Trustees. Details of such investments shall be communicated by the AMCs to the Trustees in their periodical reports, along with clear indication as to how the parameters set for investments have been complied with. Prior approval of the Board of the AMC and Trustees shall be required in case investment is sought to be made in an unrated security falling outside the prescribed parameters.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>12.15</b>	<b>Reconciliation Procedure for Investment in Government Securities</b>	
12.15.2	Mutual Funds shall reconcile the balances reported in the monthly statements furnished by RBI with the transactions undertaken by them.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
12.15.3	The reconciliation procedure shall be made part of internal audit and the auditors shall on a continuous basis, check the status of reconciliation and submit a report to the Audit Committee. These reports shall be placed in the meetings of the Board of the AMC and Trustees. Mutual Funds shall submit, on a quarterly basis to the RBI, a certificate confirming compliance with these requirements and any other guidelines issued by the RBI from time to time in this regard. Compliance shall also be reported to the Board in the CTRs of AMC(s) and Half Yearly Trustee Reports.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>12.16</b>	<b>Participation of mutual funds in repo in corporate debt securities</b>	



Clauses in the Master Circular	Particulars	The provisions may be amended to state
12.16.1.6	Mutual funds shall ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>12.17</b>	<b>Overseas Investment</b>	
12.17.3	<b>Other Conditions:</b> Funds Regulations and guidelines issued from time to time, Mutual Funds shall adhere to the following specific guidelines while making overseas investments	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
12.17.3.3.a	<b>Mandatory Disclosure Requirements for Mutual Fund schemes proposing overseas investments:</b> Intention to invest in foreign securities and/or ETF(s) shall be disclosed in the SID. The attendant risk factors and returns ensuing from such investments shall be explained clearly in the SID. Mutual Funds shall also disclose as to how such investments will help in the furtherance of the investment objectives of the scheme(s). Such disclosures shall be in a language comprehensible to an average investor.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
12.17.3.3.b	<b>Mandatory Disclosure Requirements for Mutual Fund schemes proposing overseas investments:</b> Mutual Funds shall disclose the name of the Dedicated Fund Manager for making overseas investments as stipulated under paragraph 12.17.3.1.a.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
12.17.3.3.c	<b>Mandatory Disclosure Requirements for Mutual Fund schemes proposing overseas investments:</b> Mutual Funds shall disclose exposure limits i.e. the percentage of assets of the scheme they would invest in foreign securities / ETF(s).	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>12.25</b>	<b>CDS – mutual funds as users (protection buyers)</b>	
12.25.1.f	Before undertaking CDS transactions, mutual funds shall put in place a written policy on participation in CDS approved by the Board of the Asset Management Company and the Trustees as per the guidelines specified by RBI and Securities and Exchange Board of India (SEBI). The	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
	policy shall be reviewed by mutual funds, at least once a year	
12.25.1.h	Mutual funds shall also disclose the details of CDS transactions of the scheme in corporate debt securities in the monthly portfolio statements as well as in the half yearly trustee report, as per the format. Further, mutual funds shall disclose the scheme wise details of CDS transactions in the notes to the accounts of annual report of the mutual fund as per the format.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
12.25.2	Mutual funds participating in CDS transactions, as users, shall be required to comply with the guidelines issued by RBI, vide notification no IDMD.PCD.No.5053/14.03.04/2010-11 dated May 23, 2011 and subsequent guidelines issued by RBI and SEBI from time to time.	The term may be replaced as AMC as it is as this is the operational responsibility of AMC.
<b>Chapter 13</b>	<b>Investment by Foreign Investors in Mutual Fund Schemes</b>	
<b>13.2</b>	<b>The investment through the above mentioned routes shall be subject to the following conditions:</b>	
13.2.2	MF shall ensure that only QFIs who comply with para 13.2.1 are allowed to invest under these routes.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.3	MF shall ensure that QFIs meet the KYC requirements as per the FATF standards, Prevention of Money Laundering Act, 2002 (PMLA) rules and regulations made thereunder, and SEBI circulars issued in this regard before accepting subscriptions from QFIs	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.

<b>Clauses in the Master Circular</b>	<b>Particulars</b>	<b>The provisions may be amended to state</b>
13.2.7	MF shall file with SEBI a report about the total subscription and redemption by QFIs on a daily basis as per the format. MF shall prepare such report on actual receipt and payment basis. SEBI will disseminate on an aggregate basis the total amount of investments by QFIs in equity and debt schemes of the MF on SEBI's website. When the total investment reaches US \$8 billion in equity schemes or US \$2.5 billion in debt schemes, MF shall stop accepting fresh investment from QFIs unless they get allotment of limits out of the remaining limit of US \$2 billion in equity schemes or US \$0.5 billion in debt schemes respectively in the auction process referred in para 13.2.6	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.8	MF/ DP shall ensure that the units held by QFIs by way of UCR/demat holding are non transferable and non tradable	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.9	MF/ DP shall capture the bank account details of the QFIs designated overseas bank account and shall ensure that all subscriptions are received from that overseas account and redemption proceeds are also transferred into the same overseas account. MF/ DP shall also ensure that the overseas bank account which QFIs has designated for the purpose is based in countries which are compliant with FATF standards and are signatory to MMOU of IOSCO	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.10	In case of subscription, MF shall allot units based on the NAV of the day on which funds are realized in the MF's scheme bank account in India and in case of redemption, units shall be redeemed on the day on which transaction slip/instruction is received and time stamped by MF, as per the applicable cut off time. The Scheme information documents of the MF shall clearly mention the applicable cut off time for QFIs and the other requirements / applicable guidelines for QFIs.	The term Mutual Fund may be replaced by AMC. However, MF's scheme bank account and Scheme information documents of the MF shall retained as it is
13.2.11	MF shall ensure that Systematic Investments/ transfer/ withdrawals and switches are not available to the QFIs. QFIs can only subscribe or redeem	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



<b>Clauses in the Master Circular</b>	<b>Particulars</b>	<b>The provisions may be amended to state</b>
13.2.12	MF/ DP shall ensure that units/ UCRs held by QFIs are free from all encumbrances i.e. pledge or lien cannot be created for such units.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.13	MF shall comply with all the requirements as per the PMLA, FATF standards and SEBI circulars issued in this regard on an ongoing basis.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.14	MF shall ensure that all the investor related documents/ records of the QFIs are available with them	The term Mutual Fund may be replaced by AMC
13.2.15	MF shall ensure compliance with laws (rules and regulations) of the jurisdictions where the QFIs are based and also ensure that the interest of existing unit holders of the MF schemes are not adversely affected due to the issuance of UCRs/ demat units to the QFIs	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.17	MF shall be responsible for the deduction of applicable tax at source out of the redemption proceeds before making redemption payments to QFIs.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.2.18	MF/DP shall require QFIs to submit necessary information for the purpose of obtaining PAN. MF/DP may use the combined PAN cum KYC form to be notified by CBDT for QFIs. MF/ DP may take any additional information/ documents from the QFIs other than those mentioned in the common PAN cum KYC form to ensure compliance with Para 13.2.3 above.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>13.3</b>	<b>Other conditions for direct route (demat account)</b>	
13.3.5	For the purpose of account opening, MF can rely on the KYC done by DPs. Further, MF shall obtain the relevant records of KYC/ other documents from the DP and ensure compliance with para 13.2.14. However, MF shall comply with PMLA, FATF standards and SEBI circulars issued in this regard from time to time on an ongoing basis.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.3.7.d	<b>Process Flow: Subscription</b> MF shall process the order and credit units into the demat account of the QFIs.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
13.3.7.e	<b>Process Flow: Subscription</b> If for any reasons the units are not allotted, MF / DP shall ensure that the money is remitted back to the QFI's designated overseas bank account within 3 working days from the date of receipt of subscription of money in the single rupee pool bank account of the DP maintained with a designated AD category I bank	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.3.7.h	<b>Process Flow: Dividend:</b> In case of dividend payout, the MF shall credit the single rupee pool bank account of the DP with the dividend amount. The DP in turn shall remit the same to the designated bank overseas account of the QFIs within two working days from the date of receipt of money from the MF in the DP's rupee pooled bank account	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC. The term "the date of receipt of money from the Mutual Fund" may be retained as it is.
<b>13.4</b>	<b>Other conditions for Indirect route (Unit Confirmation Receipts)</b>	
13.4.3	MF shall appoint one or more UCR issuing agent overseas and one SEBI registered custodian in India	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.6	MF shall seek no objection from SEBI before appointing any UCR issuer and furnish the details and information sought by SEBI about the UCR issuer. SEBI reserves the right to seek additional information / clarification and direct action, including non appointment/ revocation of appointment of that UCR Issuing Agent	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.7	MF shall comply with all the requirements as per the PMLA, FATF standards and SEBI circulars issued in this regard on an ongoing basis	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.10	MF shall ensure that for every UCR issued by UCR issuer, Custodian in India shall hold corresponding number of units against it i.e., there shall be one unit of MF scheme for every unit of UCR	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.12	MF shall mandate the UCR issuer regarding the requirements for KYC, Customer due diligence process and documents and information to be collected from the QFIs in terms of the requirements mentioned in para 13.2.13 above.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.

<b>Clauses in the Master Circular</b>	<b>Particulars</b>	<b>The provisions may be amended to state</b>
13.4.13	MF shall obtain the relevant records of KYC/ other documents from the UCR issuer in order to comply with FATF standards, PMLA and SEBI circulars issued in this regard and ensure compliance with para 13.2.14.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.15.b	<b>Process Flow:</b> UCR issuer shall forward the order of QFIs to the MF/Custodian. Upon receipt and transfer of funds to India; the MF shall issue units to the custodian and custodian in turn confirm to the UCR Issuer to issue UCR to the QFIs.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.15.c	In case of redemption, UCR issuer shall confirm receipt of redemption request to the MF and Custodian. Upon receipt of instruction, MF shall process the same and shall transfer the redemption proceeds to the MF overseas bank account for making payment to the designated overseas bank account of the QFIs.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
13.4.15.d	In case of dividend payout, the MF shall transfer the dividend amounts to the MF overseas bank account for making payment to the designated overseas bank account of the QFIs.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 14</b>	<b>ADVERTISEMENTS</b>	
14.2	In addition to the provisions of the Sixth Schedule, mutual funds shall comply with the following:	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>14.4</b>	<b>Filing of Advertisements</b>	
14.4.2	In continuation to the various Go Green initiatives in Mutual Funds, the <b>Mutual Funds</b> are advised to submit links to access the advertisements to be filed under the MF Regulations by sending the same through e-mail to SEBI at mf_advertisement@sebi.gov.in.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
14.4.3	Mutual Funds shall however, maintain copy of advertisements for future references.	The term Mutual Fund may be replaced by AMC.
<b>14.5</b>	<b>Indicative portfolios and yields in mutual funds schemes</b>	
14.5.1	Mutual Funds shall not offer any indicative portfolio and indicative yield. No communication regarding the same in any manner whatsoever shall be issued by any Mutual Fund or distributors of its products. The compliance of the same shall be	The term Mutual Fund may be replaced by MF, AMC and distributors as this is the operational responsibility of the AMC and the distributors.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
	monitored by the AMC and Trustees and reported in their respective reports to SEBI.	
14.5.2.3	MFs shall disclose the type of instruments which the schemes propose to invest viz. CPs, CDs, Treasury bills etc.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
14.5.2.4	MFs shall disclose the floors and ceilings within a range of 5% of the intended allocation (in %) against each sub asset class/credit rating. For example, it may be disclosed that x-y % would be in AAA rated bank CD as per the sample matrix below:	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 15</b>	<b>INVESTOR RIGHTS &amp; OBLIGATIONS</b>	
<b>15.2</b>	<b>Unclaimed Redemption and Dividend Amount</b>	
15.2.6.a	Mutual Funds shall be required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
15.3.3	<b>Systematic Investment Plan (SIP) or Systematic Transfer Plan (STP) or Systematic Withdrawal Plan (SWP):</b> a. Mutual Funds may dispatch the Statement of Accounts to the unit holders under SIP or STP or SWP, once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter. The first Statement of Accounts shall however be issued within 10 working days of the initial transaction. b. Mutual funds shall also provide Statement of Accounts to unit holders within 5 working days, without any charges, if specific requests are received from the investors. Further, if so mandated a soft copy of the Statement of Accounts shall be e-mailed to the unit holders on a monthly basis	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
15.3.4	<b>Dormant Accountholders:</b> Mutual Funds shall also provide Statement of Accounts to those unit holders who have not transacted during the last six months prior to the date of generation of the Statement of Accounts. In such cases, the Statement of Accounts may be issued along with the scheme's Portfolio Statement or Annual Report and should reflect the last closing balance and value of the units prior to the date of generation of the Statement of Accounts. Further, if so mandated, a soft copy of the Statement of Accounts shall be emailed to the unit holders instead of a physical statement.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>15.7</b>	<b>Additional mode of payment through Applications Supported by Blocked Amount (hereinafter referred to as "ASBA") in Mutual Funds</b>	
15.7.3	Mutual Funds shall ensure that adequate arrangements are made by Registrar and Transfer Agents for the implementation of ASBA. Mutual Funds/AMCs shall make all relevant disclosures in this regard in the SAI.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>15.12</b>	<b>Financial Inclusion</b>	
15.12.1.a	Mutual Funds shall mandatorily also make available printed literature on mutual funds in regional languages for investor awareness and education	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
15.12.1.b	Mutual Funds to introduce Investor awareness campaign in regional languages both in print and electronic media	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
<b>Chapter 16</b>	<b>CERTIFICATION AND REGISTRATION OF INTERMEDIARIES</b>	
16.1	No Mutual Fund shall deal with any intermediary (i.e. distributors, agents, brokers, sub brokers or called by any other name, whether individuals or belonging to any other organization structure) in relation to selling and marketing of Mutual Fund units unless they have cleared the certification examination.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
16.2	No Mutual Fund shall engage/employ employee(s) interacting with investors (i.e. those working in investors relations, call centers, employees engaged in sales and marketing etc. ) unless they have cleared the certification examination	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Clauses in the Master Circular	Particulars	The provisions may be amended to state
<b>16.5</b>	<b>Code of Conduct</b>	
16.5.1	Mutual Funds are required to monitor the activities of their distributors, agents, brokers to ensure that they do not indulge in any malpractice or unethical practice while selling or marketing Mutual Funds units. Any non compliance with the Mutual Funds Regulations and Guidelines pertaining to Mutual Funds especially guidelines on advertisements and/ or sales literature and/or Code of Conduct shall be reported in the periodic meetings of the Board of the AMC and the Trustee(s) and shall also be reported to the Board by the AMC(s) in their CTR(s) and by the Trustees in their Half Yearly Reports.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
16.5.3	Non compliance with the Code of Conduct shall be reported by the Mutual Funds to the Board and AMFI. Further, no Mutual Fund shall deal with intermediaries contravening the prescribed Code of Conduct	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
16.6.1	Empanelment of intermediaries by Mutual Funds, payment of commissions, brokerage and/or sub-brokerage etc. shall be in accordance with parameters and guidelines specified by the Board and AMFI from time to time. Mutual Funds shall monitor the compliance of these guidelines and Code of Conduct by their intermediaries in terms of business done across all Mutual Funds. In case of non-compliance, Mutual Funds shall suspend further business and payment of commissions, etc. until full compliance by the empanelled intermediary.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.





SEBI Circular	Clause / Sub-clause	Particulars	Remarks
SEBI/HO/IMD/DF4/CIR/P/2020/192 dated October 1, 2020	3	Any proposal received by Mutual Funds from lenders/issuer/Debenture Trustees shall be reported immediately to the valuation agencies (along with the other material information required for the purpose of valuation), Credit Rating Agencies and AMFI.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020	2e	Based on the scheme characteristics, Mutual Funds shall assign risk level for schemes at the time of launch of scheme/New Fund Offer.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	2h	Mutual Funds shall disclose the risk level of schemes as on March 31 of every year, along with number of times the risk level has changed over the year, on their website and AMFI website.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	2i	Mutual Funds shall publish the following table of scheme wise changes in Risk-o-meter in scheme wise Annual Reports and Abridged summary:	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
SEBI/HO/IMD/DF3/CIR/P/2020/225 dated November 5, 2020	2.2.2	Mutual Funds launching new schemes intending to invest in Overseas securities / Overseas ETFs shall ensure that the scheme documents shall disclose the	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



SEBI Circular	Clause / Sub-clause	Particulars	Remarks
		intended amount that they plan to invest in Overseas securities / Overseas ETFs subject to maximum limits specified at Para 1, as the case maybe.	
	3	Further, Mutual Funds shall report the utilisation of overseas investment limits on monthly basis, within 10 days from end of each month.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021	3.3.6	In case of any other situation like indirect change in control of the AMC or indirect change in the promoters of the sponsor(s), which was beyond the control of the sponsor(s), etc., the <b>mutual fund</b> should provide the full details of the information to the Board for further course of action.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	5.5.1	Mutual funds are required to submit the Annual Information Return (AIR) under section 285 BA of the Income Tax Act, and various guidelines notified by Central Board of Direct Taxes (CBDT).	Already dealt in previous rows
SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 5, 2021	2	<b>Mutual Funds</b> shall also compulsorily be required to cast their votes with effect from April 01, 2022.	The term Mutual Fund may be replaced by AMC on behalf of Mutual Funds.
SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/571 dated June 3, 2021	2.2.1	Mutual Funds can make overseas investments subject to a maximum of US \$ 1 billion per Mutual Fund, within the overall	Already dealt in previous rows



SEBI Circular	Clause / Sub-clause	Particulars	Remarks
		industry limit of US \$ 7 billion.	
	2.2.2	Mutual Funds can make investments in overseas Exchange Traded Fund (ETF(s)) subject to a maximum of US \$ 300 million per Mutual Fund, within the overall industry limit of US \$ 1 billion.	Already dealt in previous rows
SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 7, 2021	10	Further, the <b>Mutual Funds</b> shall inform the unitholders about the abovementioned classification in one of the 9 cells and subsequent changes, if any, through SMS and by providing a link on their website referring to the said change.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	25	<b>Mutual Funds</b> shall publish the aforesaid matrix in their scheme wise Annual Reports and Abridged Summary.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	26	For existing schemes, Mutual Funds shall rebalance their scheme portfolios in line with the applicable cell of the above mentioned matrix by December 1, 2021.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	4	Mutual Funds are permitted to accept the Contract Note from the brokers for transactions carried out in One to One (OTO) and One to Many (OTM) modes of RFQ platform.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



SEBI Circular	Clause / Sub-clause	Particulars	Remarks
SEBI/HO/IMD/DF2/CIR/P/2021/668 dated November 24, 2021	2.2.1.2ii	Before investing in ETCDs having silver as the underlying, mutual funds shall put in place a written policy with regard to such investment with due approval from the Board of the AMC and the Trustees. The policy shall be reviewed by the Board of AMC and Trustees at least once a year.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
SEBI/HO/IMD-II/IMD-II_DO/10/P/CIR/2021/00677 dated December 10, 2021	2	Mutual Funds shall disclose the details of investor complaints on their respective websites as well as on AMFI website on a monthly basis	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	4	Mutual Funds are advised to bring the Investor Charter for Mutual Funds to the notice of their unit holders (existing as well as new unit holders) through disclosing the Investor Charter on their websites, making them available at prominent places in the office, etc.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.
	5	Mutual Funds are advised to display link/option to lodge complaint with them directly on their websites and mobile apps. Additionally, link to SCORES website/ link to download mobile app (SEBI SCORES) shall also be provided on their website.	The term Mutual Fund may be replaced by AMC as this is the operational responsibility of AMC.



Annexure A2		
<b><u>Detailed analysis of the provisions which cast an obligation on Mutual Fund</u></b>		
<b>PART B:</b>		
<b><u>Provisions where NO CHANGE is recommended</u></b>		
Regulations	Particulars	The provisions may be amended to state
<b>Chapter 2- Registration of Mutual Fund</b>		
References to "Mutual Fund" shall continue to remain as it is.		
<b>Chapter 3- Constitution and management of mutual fund and operation of trustees, etc.</b>		
References to "Mutual Fund" shall continue to remain as it is.		
<b>Chapter 4- Constitution and management of asset management company and custodian</b>		
References to "Mutual Fund" shall continue to remain as it is.		
28(2)	The mutual fund shall pay the minimum filing fee specified in the Second Schedule to the Board while filing the offer document under sub-regulation (1).	No regulatory change required. Retain "Mutual Fund"
28 (3)	The mutual fund shall pay the balance filing fee calculated in accordance with the Second Schedule to the Board within such time as may be specified by the Board.	No regulatory change required. Retain "Mutual Fund"
<b>Chapter 6- Investment Objectives and Valuation policies</b>		
<b>44</b>	<b>Investment, borrowing, restriction etc.</b>	
44(1A)	The mutual fund having an aggregate of securities which are worth Rs. 10 crores or more, as on the latest balance-sheet date, shall subject to such instructions as may be issued from time to time by the Board settle their transactions entered on or after January 15, 1998, only through dematerialised securities	No regulatory change required. Retain "Mutual Fund"
44(2)	The mutual fund shall not borrow except to meet temporary liquidity needs of the mutual funds for the purpose of repurchase, redemption of units or payment of interest or dividend to the unitholders: Provided that the mutual fund shall not borrow more than 20 per cent of the net asset of the scheme and the duration of such a borrowing shall not exceed a period of six months.	No regulatory change required. Retain "Mutual Fund"
44(3)	Save as otherwise expressly provided under these regulations, the mutual fund shall not advance any loans for any purpose	No regulatory change required. Retain "Mutual Fund"
44(4)	A mutual fund may lend and borrow securities in accordance with the framework relating to short selling	No regulatory change required.



	and securities lending and borrowing specified by the Board.]	Retain "Mutual Fund"
45(2)	A mutual fund may enter into short selling transactions on a recognized stock exchange, subject to the framework relating to short selling and securities lending and borrowing specified by the Board.	No regulatory change required. Retain "Mutual Fund"
49E	Permissible investments (3) Unless otherwise disclosed in the offer document, no mutual fund shall, under all its real estate mutual fund schemes, invest more than thirty per cent. of its net assets in a single city. (4) No mutual fund shall, under all its real estate mutual fund schemes, invest more than fifteen per cent. of its net assets in the real estate assets of any single real estate project. Explanation: For the purposes of this regulation, "single real estate project" means a project by a builder in a single location within a city. (5) No mutual fund shall, under all its real estate mutual fund schemes, invest more than twenty five per cent. of the total issued capital of any unlisted company. (6) No mutual fund shall invest more than fifteen per cent of the net assets of any of its real estate mutual fund schemes in the equity shares or debentures of any unlisted company. (8) No mutual fund shall transfer real estate assets amongst its schemes. (9) No mutual fund shall invest in any real estate asset which was owned by the sponsor or the asset management company or any of its associates during the period of last five years or in which the sponsor or the asset management company or any of its associates hold tenancy or lease rights	No regulatory change required. Retain "Mutual Fund"
49P	Permissible investments No mutual fund shall, under all its infrastructure debt fund schemes, invest more than thirty per cent of its net assets in the debt securities or assets of any single infrastructure company or project or special purpose vehicles which are created for the purpose of facilitating or promoting investment in infrastructure or bank loans in respect of completed and revenue generating projects of any single infrastructure company or project or special purpose vehicle.	No regulatory change required. Retain "Mutual Fund"
54	ANNUAL REPORT Every mutual fund or the asset management company shall prepare in respect of each financial year an annual report and annual statement of accounts of the schemes and the fund as specified in Eleventh Schedule and as specified by the Board from time to time	No regulatory change required. Retain "Mutual Fund"





55	Auditor's Report: Every mutual fund shall have the annual statement of accounts audited by an auditor who is not in any way associated with the auditor of the asset management company	No regulatory change required. Retain "Mutual Fund"
68	<p>A mutual fund which—</p> <p>(a) contravenes any of the provisions of the Act and these regulations;</p> <p>(b) fails to furnish any information or furnishes wrong information relating to its activity as a mutual fund as required under these regulations;</p> <p>(c) fails to submit periodical returns as required under these regulations;</p> <p>(d) does not co-operate in any inquiry or inspection conducted by the Board;</p> <p>(e) fails to comply with any directions of the Board issued under the provisions of the Act or the regulations;</p> <p>(f) fails to resolve the complaints of the investors or fails to give a satisfactory reply to the Board in this behalf;</p> <p>(g) indulges in unfair trade practices in securities.</p> <p>Explanation.—For the purposes of this clause "unfair trade practices" has the same meaning as in [the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations 2003];</p> <p>(h) is guilty of misconduct or improper or unbusinesslike or unprofessional conduct which is not in accordance with the Code of Conduct specified in the Fifth Schedule;</p> <p>(i) asset management company fails to maintain the net worth in accordance with the provisions of regulation 21;</p> <p>(j) fails to pay any fees;</p> <p>(k) violates the conditions of registration;</p> <p>(l) mutual fund, asset management company or trustees of that mutual fund does not carry out its obligations as specified in these regulations, shall be dealt with in the manner provided under [Chapter V of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008]</p>	No regulatory change required. Retain "Mutual Fund"
<b>Fifth Schedule- Code of conduct</b>		
<b>PART A</b>	<b>For the Asset Management Company and Trustees</b>	
1	Mutual funds schemes should not be organised, operated, managed or the portfolio of securities selected, in the interest of sponsors, directors of asset management companies, members of Board of trustees or directors of trustee company, associated persons [as] in the interest of special class of	No regulatory change required. Retain "Mutual Fund"

	unitholders other than in the interest of all classes of unitholders of the scheme	
<b>Seventh Schedule- Restrictions on Investments</b>		
<b>2</b>	No mutual fund under all its schemes should own more than ten per cent of any company's paid up capital carrying voting rights	No regulatory change required. Retain "Mutual Fund"
<b>6</b>	Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:	No regulatory change required. Retain "Mutual Fund"
<b>7</b>	Every mutual fund shall get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long-term nature	No regulatory change required. Retain "Mutual Fund"
<b>Eighth Schedule- Investment Valuation Norms</b>		
	Mutual fund shall value its investments in accordance with the following overarching principles so as to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time:	No regulatory change required. Retain "Mutual Fund"
<b>Ninth Schedule- Accounting Policies and Standards</b>		
<b>A</b>	For the purposes of the financial statements, mutual funds shall mark all investments to market and carry investments in the balance sheet at market value. The realised gains or losses on sale or redemption of investment, as well as unrealised appreciation or depreciation shall be recognised in all financial statements through Revenue Accounts. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision has to be made for exclusion of this item when arriving at distributable income.	No regulatory change required. Retain "Mutual Fund"
<b>Eleventh Schedule- Annual Report</b>		
<b>5</b>	All mutual funds shall be required to get their accounts audited in terms of a provision to that effect in their trust deeds. The Auditor's Report shall form a part of the Annual Report. It should accompany the Abridged Balance Sheet and Revenue Account. The auditor shall report to the Board of Trustees and not to the unitholders	No regulatory change required. Retain "Mutual Fund"
<b>Chapter 1</b>	<b>OFFER DOCUMENT FOR SCHEMES</b>	



1.1.2	The Mutual Funds shall prepare SID and SAI in the prescribed formats. Contents of SID and SAI shall follow the same sequence as prescribed in the format. The Board of the AMC and the Trustee(s) shall exercise necessary due diligence, ensuring that the SID/SAI and the fees paid are in conformity with the Mutual Funds Regulations	Already dealt in previous rows
5.13	Disclosure of investor complaints with respect to Mutual Funds	
5.13.1	<b>Mutual Funds</b> shall disclose on their websites, on the AMFI website as well as in their Annual Reports, details of investor complaints received by them from all sources. The said details should be vetted and signed off by the Trustees of the concerned Mutual Fund	This has been covered in previous rows
<b>5.22</b>	<b>Filing of Annual Information Return by Mutual Funds</b>	
5.22.1	Mutual Funds are required to submit the Annual Information Return under section 285 BA in the Income-tax Act. As per this requirement, Trustees of Mutual Funds or such other person managing the affairs of the Mutual Funds (as may be duly authorized by the trustees in this behalf) have to report specified financial transactions in electronic media to Income Tax Department giving PAN of the transacting parties in an Annual Information Return (AIR).	Already dealt in previous rows
<b>6.5</b>	<b>Auditors of Mutual Funds</b>	
6.5.2.1	No MF shall appoint an auditor for more than 2 terms of maximum five consecutive years. Such auditor may be re-appointed after cooling off period of 5 years	No regulatory change required
<b>6.12</b>	<b>Benchmarking of Scheme's performance to Total Return Index</b>	
6.12.2.3	Mutual funds shall use a composite CAGR figure of the performance of the PRI benchmark (till the date from which TRI is available) and the TRI (subsequently) to compare the performance of their scheme in case TRI is not available for that particular period(s)	May be retained
<b>PART-IV</b>	<b>ROLE OF MUTUAL FUNDS IN CORPORATE GOVERNANCE OF PUBLIC LISTED COMPANIES</b>	
6.17	MFs should play an active role in ensuring better corporate governance of listed companies	May be retained as it is
<b>7.3</b>	<b>Unique Client Codes</b>	
7.3.1	Mutual Funds are not permitted to operate in the securities market without furnishing a valid Unique Client Code (UCC). Mutual Funds are required to obtain UCC from the Bombay Stock Exchange Ltd. (BSE) or The National Stock Exchange Ltd. (NSE) whenever a new scheme(s) or plan(s) (wherever the portfolio of the plans is different) is launched. Such UCC should be obtained before commencing the trading on behalf of the scheme(s)/plan(s). At the time of entering an order, the UCC pertaining to the parent Mutual Fund shall be provided and the allocation to	May be retained as it is

	individual schemes shall be done in the post closing session. The UCC can be shared with the unit holders to facilitate tax benefits linked to payment of Securities Transaction Tax (STT).	
<b>7.4</b>	<b>Trading in Exchange Traded Derivatives Contracts</b>	
7.4.1	Mutual Fund schemes can participate in derivatives market as per the guidelines issued by SEBI in this regard from time to time.	May be retained as it is
7.4.1	The Mutual Funds shall be treated at par with a registered FII in respect of position limits in index futures, index options, stock options and stock futures contracts. The Mutual Funds will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs.	May be retained as it is
<b>7.5</b>	<b>Trading in Interest Rate Derivatives</b>	
7.5.2	The following position limits in IRF shall be applicable for Mutual Fund level and scheme level: a. Mutual Funds shall have position limits as applicable to trading members presently. b. Schemes of Mutual Funds shall have position limits as applicable to clients presently	May be retained as it is
<b>7.6</b>	<b>Transactions of mutual funds in Government Securities in dematerialised form</b>	
7.6.1	According to Regulation, the Mutual Funds having an aggregate of securities worth Rs.10 crore or more are required to settle their transactions only through dematerialised securities. All Mutual Funds should enter into transactions relating to government securities only in dematerialised form.	May be retained as it is
<b>9.7</b>	<b>Investment in Unlisted Equity Shares</b>	
9.7.3	<b>Due Diligence.</b> Mutual Funds shall not make Investment in unlisted equity shares at a price higher than the price obtained by using the aforesaid methodology. However, this restriction is not applicable for investment made in the Initial Public Offers (IPOs) of the companies or firm allotment in public issues where all the regulatory requirements and formalities pertaining to public issues have been complied with by the companies and where the Mutual Funds are required to pay just before the date of public issue.	May be retained
<b>9.9</b>	<b>Use of own trade for valuation</b>	
9.9.1	Various instances have come to notice wherein Mutual Funds have used their own trades of relatively small quantity in order to value the entire holding of such security. In order to address possible mis-use as mentioned above, Mutual Funds shall not use their own trades for valuation of debt and money market securities and for Inter-scheme transfers.	May be retained as it is
<b>12.1</b>	<b>Investment in Listed and Unrated Debt Instruments</b>	



12.1.1	Mutual fund scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging. However, mutual fund schemes may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.	May be retained as it is
<b>12.16</b>	<b>Participation of mutual funds in repo in corporate debt securities</b>	
12.16.1.3	Mutual funds can participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time, subject to the following conditions: Mutual funds shall participate in repo transactions only in AA and above rated corporate debt securities.	May be retained as it is
12.16.1.4	Mutual funds can participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time, subject to the following conditions: In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.	May be retained as it is
<b>12.17</b>	<b>Overseas Investment</b>	
12.17.1.1	Aggregate ceiling for overseas investments is US \$ 7 billion and within this overall limit, Mutual Funds can make overseas investments subject to a maximum of US \$ 300 million per Mutual Fund.	May be retained as it is
12.17.1.2	Aggregate ceiling for investment by Mutual Funds in overseas Exchange Traded Fund (ETF(s)) that invest in securities is US \$ 1 billion subject to a maximum of US \$ 50 million per Mutual Fund.	May be retained as it is
<b>12.18</b>	<b>Investments in Indian Depository Receipts (IDRs)</b>	
12.18.1	Mutual funds can invest in Indian Depository Receipts Indian Depository Receipts as defined in Companies (Issue of Indian Depository Receipts) Rules, 2004 subject to compliance with SEBI (Mutual Funds) Regulations 1996 and guidelines issued there under, specifically investment restrictions as specified in the Seventh Schedule of the Regulations.'	May be retained as it is
<b>12.22</b>	<b>Norms for investment and disclosure by Mutual Funds in derivatives</b>	
12.22.1.2	Mutual Funds shall not write options or purchase instruments with embedded written options except for the covered call strategy.	May be retained as it is



12.22.1.6	Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.	May be retained as it is
12.22.1.9	<b>Hedging of Interest Rate Risk.</b> To reduce interest rate risk in a debt portfolio, mutual funds may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below: (Portfolio Modified Duration * Market Value of the Portfolio) (Futures Modified Duration * Futures Price / PAR)	May be retained as it is
<b>12.23</b>	<b>Participation of mutual funds in Exchange Traded Commodity Derivatives (ETCDs)</b>	
12.23.1	Mutual funds are permitted to participate in ETCDs in India, except in commodity derivatives on 'Sensitive Commodities'.	May be retained as it is
12.23.5	Mutual funds are permitted to participate in ETCDs through the following schemes: a. Hybrid schemes including multi asset scheme and b. Gold ETFs.	May be retained as it is
12.23.8	Mutual fund schemes may participate in the ETCDs as 'clients' and shall be subject to all the rules, regulations and instructions, position limit norms, etc. as may be applicable to clients, issued by SEBI and Exchanges from time to time. The position limits at mutual fund level be as applicable to 'Trading Members'.	May be retained as it is
12.23.11	Mutual fund schemes shall participate in ETCDs of a particular goods (single), not exceeding 10% of net asset value of the scheme. However, the limit of 10% is not applicable for investments through Gold ETFs in ETCDs having gold as underlying.	May be retained as it is
<b>12.25</b>	<b>CDS – mutual funds as users (protection buyers)</b>	
12.25.1	Mutual funds have been permitted to participate in CDS market, as per the guidelines issued by RBI from time to time, subject to the following conditions:	May be retained as it is
12.25.1	Mutual funds shall participate in CDS transactions only as users (protection buyer). Thus, mutual funds are permitted to buy credit protection only to hedge their credit risk on corporate bonds they hold. They shall not be allowed to sell protection and hence not permitted to enter into short positions in the CDS contracts. However, they shall be permitted to exit their bought CDS positions, subject to para (d) below.	May be retained as it is





12.25.1	Mutual funds can participate as users in CDS for the eligible securities as reference obligations, constituting from within the portfolio of only Fixed Maturity Plans (FMP) schemes having tenor exceeding one year.	May be retained as it is	
12.25.1	Mutual funds shall buy CDS only from a market maker approved by the RBI and enter into Master Agreement with the counterparty as stipulated under RBI Guidelines. Exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the scheme.	May be retained as it is	
13.4	<b>Other conditions for Indirect route (Unit Confirmation Receipts)</b>		
13.4.11	MF shall receive money from UCR issuer either in foreign country by opening bank account overseas (in accordance with the relevant extant FEMA regulations) or in Indian rupees in the respective MF scheme account held in India	May be retained as it is	
Circular issued after August 1, 2020			
SEBI/HO/IMD/DF2/CIR/P/2021/10 dated January 15, 2021	2	Mutual funds shall not write options, or purchase instruments with embedded written options in goods or on commodity futures.	May be retained as it is.
SEBI/HO/IMD/IMD-I/DOF2/P/CIR/2021/580 dated June 18, 2021	1.8a	Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes.	May be retained as it is
SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/610 dated August 4, 2021	4	Mutual funds should maintain current accounts in an appropriate number of banks for the purpose of receiving subscription amount and for payment of redemption / dividend / brokerage / commission etc. to facilitate financial inclusion, convenience of investors and ease of doing business.	May be retained as it is
SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/641 dated October 6, 2021	2a	On monthly basis, Mutual Funds shall undertake minimum 25% of their total secondary market trades by value (excluding Inter Scheme Transfer trades) in Corporate Bonds by placing/seeking quotes through one-to-many	May be retained as it is



		mode on the Request for Quote (RFQ) platform of stock exchanges	
	2b	On monthly basis, Mutual Funds shall now undertake minimum 10% of their total secondary market trades by value (excluding Inter Scheme Transfer trades) in Commercial Papers by placing/seeking quotes through one-to-many mode on the Request for Quote (RFQ) platform of stock exchanges.	May be retained as it is
SEBI/HO/MD/DF2/CIR/P/2021/683 dated December 10, 2021	1.1.3.1	Mutual Funds may use pool accounts, only for such transactions which are executed at mutual fund level owing to certain operational and regulatory requirements.	May be retained as it is

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