भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

MASTER CIRCULAR

HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 **March 20, 2026**

To,

All Mutual Funds (‘MFs’)

Asset Management Companies (‘AMCs’)

Trustee Companies of Mutual Funds

Registrar to an Issue and Share Transfer Agents (‘RTAs’)

Association of Mutual Funds in India (AMFI)

All Recognized Stock Exchanges & Clearing Corporations

All Stock Brokers

All Depositories

All Custodians

Dear Sir/ Madam,

Subject: Master Circular for Mutual Funds

1. The SEBI (Mutual Funds) Regulations, 2026 has been notified and the same shall come into force with effect from **April 01, 2026**.

2. For effective regulation of Mutual Fund Industry, the Securities and Exchange Board of India (“Board”) has been issuing various circulars from time to time. In order to enable the stakeholders to have an access to all the applicable regulatory requirements at one place, the provisions of the said circulars issued till March 31, 2024 were incorporated in the Master Circular for Mutual Funds dated June 27, 2024. Subsequently, various guidelines/directions were issued to Mutual Funds by way of circulars/letters.

3. In order to enhance readability and aid in ease of compliance, the Master Circular for Mutual Funds has been updated, in line with the SEBI (Mutual Funds) Regulations, 2026 and includes all relevant circulars issued to Mutual Funds till March 20, 2026.

4. *Vide* Master Circular for Mutual Funds dated June 27, 2024, the guidelines/directions contained in the circulars listed out in the **Appendix** to that Master Circular were rescinded. In addition, with the issuance of this Master Circular, the guidelines/directions contained in the circulars listed out at Sr. Nos. 1 to 34 in the **Appendix** to this Master Circular, to the extent they relate to the Mutual Funds industry, shall stand rescinded.

5. With respect to the directions or other guidance issued by the Board, as specifically applicable to Mutual Funds, the same shall continue to remain in force in addition to the provisions of any other law for the time being in force. Terms not defined in this Master Circular shall have the same meaning as provided under the relevant Regulations.

6. Notwithstanding such rescission,

   6.1. anything done or any action taken or purported to have been done or taken under the rescinded circulars, including registrations or approvals granted, fees collected, registration suspended or cancelled, any inspection or investigation or enquiry or adjudication commenced or show cause notice issued prior to such rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular;

   6.2. any application made to the Board under the rescinded circulars, prior to such rescission, and pending before it shall be deemed to have been made under the corresponding provisions of this Master Circular;

   6.3. the previous operation of the rescinded circulars or anything duly done or suffered thereunder, any right, privilege, obligation or liability acquired, accrued or incurred under the rescinded circulars, any penalty, incurred in respect of any violation committed against the rescinded circulars, or any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty as aforesaid, shall remain unaffected as if the rescinded circulars have never been rescinded;

7. Pursuant to issuance of this Master Circular, the entities which are required to ensure compliance with various provisions shall submit necessary reports as envisaged in this Master Circular on a periodic/ continuous basis.

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8. This Master Circular shall come into force with effect from **April 01, 2026**. This Master Circular for Mutual Funds shall replace the Master Circular for Mutual Funds dated June 27, 2024.

9. This Master Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

10. This Master Circular is available on the SEBI website at https://www.sebi.gov.in/ under the category “Legal -> Master Circulars”.

Yours faithfully,

Peter Mardi

Deputy General Manager

Investment Management Department

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Email:peterm@sebi.gov.in

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ABBREVIATIONS

American Depository Receipt	ADR
Asset Management Company	AMC
Asset under Management	AUM
Association of Mutual Funds in India	AMFI
Authorized Dealer	AD
Base Expense Ratio	BER
Bombay Stock Exchange	BSE
Central Board of Direct Taxes	CBDT
Clearing Corporation of India Limited	CCIL
Compliance Test Reports	CTR(s)
Common Account Statement	CAS
Contingent Deferred Sales Charge	CDSC
Compound Annual Growth Rate	CAGR
Corporate Debt Market Development Fund	CDMDF
Depository Participant	DP
Execution only Platforms	EOP
External Commercial Borrowings	ECB
Financial Action Task Force	FATF
Foreign Exchange Management Act	FEMA
Foreign Institutional Investor	FII
Foreign Portfolio Investor	FPI
Fixed Maturity Plans	FMP(s)
Global Depository Receipt	GDR
Gold Exchange Traded Fund	GETF
Gold Monetization Scheme	GMS
Hindu Undivided Family	HUF
International Organization of Securities Commission	IOSCO
Investor Service Center	ISC
Key Information Memorandum	KIM
Know Your Client	KYC
London Bullion Market Association	LBMA

Monthly Cumulative Report	MCR
Monthly Average Assets Under Management	MAAUM
Multilateral Memorandum of Understanding	MMOU
Mutual Fund	MF
Mutual Fund Advisory Committee	MFAC
Mutual Fund Distributor	MFD
National Stock Exchange	NSE
Net Asset Value	NAV
New Fund Offer	NFO
Permanent Account Number	PAN
Prevention of Money Laundering Act	PMLA
Regulation XX	Regulations XX of SEBI (Mutual Funds) Regulations 2026, unless otherwise specified
SEBI (Mutual Funds) Regulations 2026	MF Regulations
Securities and Exchange Board of India	the Board
Scheme Information Document	SID } Offer Document
Statement of Additional Information	SAI } Offer Document
Specialized Investment Fund	SIF
Systematic Investment Plan	SIP
Systematic Transfer Plan	STP
Systematic Withdrawal Plan	SWP
Trustee(s)	Trustee Company
Unique Client Code	UCC
Unit Holder Protection Committee	UHPC

CHAPTER 1: OFFER DOCUMENT FOR SCHEMES

1.1. Filing *of Offer Document with the Board*[1]

1.1.1. The Offer Document shall have two parts:

(a) Scheme Information Document (SID) incorporating all information pertaining to a particular scheme; and

(b) Statement of Additional Information (SAI) incorporating all statutory information on Mutual Fund.

1.1.2. The Mutual Funds shall prepare SID and SAI as per the formats provided under Format No. 5A and 5B and shall file the same with the Board in terms of the Regulations[2]. 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[3].

(a) Filing of Draft SID[4]:

(i) Draft SID on which observation(s) have been issued by the Board shall be made available on SEBI's website – http://www.sebi.gov.in for at least 8 working days for receiving public comments on the adequacy of disclosures made in the document, after which AMC may launch the scheme after filing the final SID and KIM in line with the provisions of Paragraph 1.1.2(c) of this Master Circular.

(ii) Validity of observation(s) issued by the Board on SID shall be in accordance with Paragraph 1.3 of this Master Circular.

(iii) AMC shall submit a soft copy of draft SID to the Board in HTML or PDF format. AMC shall also submit an undertaking to the Board, certifying that the information contained in the soft copy is correct and accurate.

(b) Filing of SAI

(i) A single SAI (common for all the schemes) shall be filed with the Board separately or along with first draft of SID. AMC shall file a soft copy of SAI with the Board in PDF format after incorporating the comments/observations, if any, from the

[1] SEBI Circular No. SEBI/IMD/CIR No.5/ 126096/08 dated May 23,2008 and SEBI Circular No – SEBI/IMD/CIR No.10/178129/09 dated September 29,2009, Refer SEBI email dated November 15, 2011, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/2022/4580/1 dated February 03, 2022

[2] Regulation 24 of SEBI (Mutual Funds) Regulation 2026

[3] SEBI Circular No. IIMARP/MF/CIR/01/428/97 dated February 28, 1997, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/25096/2022 dated June 17, 2022

[4] SEBI Circular No. SEBI/HO/IMD/IMD-RAC-1/P/CIR/2024/179 dated December 20, 2024

Board[5] and shall upload the SAI on its website as well as on AMFI website. The printed copy of SAI shall be made available to the investor on request.

(ii) **Updation of SAI** - SAI shall be updated within 3 months from end of financial year and filed with SEBI. Any material change in the SAI shall be updated on the Mutual Fund and AMFI website. SEBI shall be intimated of the changes made in the SAI within 7 calendar days. The effective date for such changes shall be mentioned in the updated SAI.

(c) Filing of final SID

(i) AMCs shall submit the final SID (after incorporating comments of the Board) and KIM at least 2 working days prior to the launch of the scheme, only through email to the dedicated email id- imdsidfiling@sebi.gov.in.[6] AMC shall also submit an undertaking to the Board while filing the soft copy that information contained in the soft copy of SID to be uploaded on SEBI website is correct and accurate. The soft copy shall also be uploaded on AMFI website 2 working days prior to launch of the scheme[7]. Failure to submit the final SID with the Board before it is issued for circulation shall invite penalties under the Regulations[8].

(ii) In case of any difference, in the nature of material alteration to the suggestions made by the Board[9] between the SID being circulated and the final SID filed with the Board, the Board shall order immediate withdrawal of the SID from circulation and such withdrawal shall be publicized by the Board.

1.2. Procedure for updating SID[10]

1.2.1. The Procedure for updating SID of open ended and interval schemes shall be as follows[11]:

[5] SEBI Circular No – SEBI/IMD/CIR No.10/178129/09 dated September 29, 2009
[6] Substituted vide SEBI Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/60 dated April 25, 2023. Prior to substitution, clause read as under:
"*Soft copy of the final SID in PDF format along with a printed copy should be filed with Board seven working days prior to the launch of the scheme*."
[7] SEBI Circular No – SEBI/IMD/CIR No.10/178129/09 dated September 29,2009
[8] SEBI Circular No. IIMARP/MF/CIR/07/844/97 dated May 5, 1997.
[9] Regulation 25(2) of the SEBI (Mutual Funds) Regulations, 2026
[10] SEBI Circular- SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/397002021 dated December 28, 2021 & SEBI email dated March 25, 2022 for Scheme Summary Document. Refer SEBI letter No. SEBI/HO/IMD/IMDRAC-2/P/OW/2023/45312/1 dated November 10, 2023
[11] SEBI Circular- SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/0560 dated April 30, 2021

Sr. No.	Stage	Frequency of update	Reference date for update
(a)	Initial SID update	Within next six months from the end of the 1st half or 2nd half of the financial year in which schemes were launched	Relevant data and information as at the end of previous month.
(b)	Subsequent SID update	Within 2 months from the end of the half-year	Relevant data and information as at the end of September and March respectively
(c)	Soft copy of updated SID shall be filed with SEBI digitally by sending an email to the dedicated email id, i.e. imdsidfiling@sebi.gov.in and to the respective dealing officer within 7 calendar days.		

1.2.2. [12]The procedure to be followed in case of changes to the open ended and interval scheme shall be as under:

(a) In case of change in fundamental attributes in terms of Regulation 22 (9)(c):

(i) An addendum to the existing SID shall be issued and displayed on AMC website immediately.

(ii) SID shall be revised and updated immediately after completion of duration of the exit option (not less than 30 calendar days from the notice date).

(iii) A notice shall be given in respect of such changes which shall be displayed on the website of the AMC.

(b) In case of other changes:

(i) The AMC shall be required to issue an addendum and display the same on its website immediately. The latest applicable addendum shall be part of SID and KIM. (E.g. in case of

[12] Refer SEBI letter No. IMD/DF3/OW/P/2021/32220/1 dated November 11, 2021

changes in load structure, the addendum carrying the latest applicable load structure shall be attached to all KIM and SID till it is updated). Further, the account statements shall continue to include applicable load structure.

(ii) The digital copies of SID shall have a functional website link to the respective addendums to the SID issued after the last update of SID.

(iii) The addendum shall be sent via email to all the distributors/brokers/Investor Service Centre (ISC), so that the same can be provided along with the SID and KIM till it is updated.

(c) A copy of all changes made to the scheme shall be filed with SEBI within 7 calendar days of the change.

1.3. Validity of SEBI Observations on SID

1.3.1. The AMCs shall file their replies to the modifications suggested by the Board on SID as required under Regulation 25(2), if any, within six months from the date of the letter from the Board. In case of lapse of six-month period, the AMC shall refile the SID with the Board along with filing fees.

1.3.2. The scheme may be launched within six months from the date of issuance of final observations by the Board. If the AMC intends to launch the scheme at a date later than six months, it shall refile the SID with the Board along with the filing fees.

1.4. Standard Observations

1.4.1. AMCs shall adhere to the format of Standard Observations as prescribed under Format No. 6A and 6B from time to time. While filing the SID and SAI, AMCs shall clearly mention the page number of the SID and SAI on which each standard observation has been incorporated.

1.5. Key Information Memorandum (KIM)

1.5.1. Application forms for schemes of mutual funds shall be accompanied by the KIM in terms of Regulation 26 and in line with the Format No. 5C. KIM shall be printed in not less than 7-point font size with proper spacing for easy readability.

1.5.2. [13]KIM shall be updated within two months[14] from the end of each half-year, based on the relevant data and information as at the end of September and March and shall be filed with the Board forthwith through electronic mode only.

1.6. *Easy Availability of Offer Document[15]*

1.6.1. Trustees and AMCs shall ensure that the SID and SAI are readily available on the website of mutual fund and confirm the same to the Board in the half yearly trustee report.

1.7. *New Fund Offer (NFO) Period[16]*

1.7.1. In case of an open ended and a close ended schemes (except ELSS schemes), the NFO should be open for subscription for a minimum period of 3 working days[17] and not more than 15 calendar days.

1.7.2. The NFO period in case of ELSS schemes shall continue to be governed by guidelines issued by Government of India.

1.7.3. Mutual Funds/AMCs are allowed to deploy the NFO proceeds in triparty repo on Government securities or treasury bills[18] before the closure of NFO period. However, AMCs shall not charge any investment management and advisory fees on funds so deployed during the NFO period. The appreciation received from such investments shall be passed on to investors. Further, in case the minimum subscription amount is not garnered by the scheme during the NFO period, the interest earned upon investment of NFO proceeds in aforesaid instruments shall be returned to investors, in proportion to their investments, along with the refund of the subscription amount.

1.7.4. The mutual fund shall allot units or refund money and dispatch statements of accounts within 5 working days from the closure of the NFO and all the schemes (except ELSS) shall be available for ongoing repurchase/sale/trading within 5 working days of allotment.

1.8. *Timelines related to processing of scheme related applications filed by AMCs[19]*

[13] SEBI Circular No.SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/0560 dated April 30, 2021
[14] Inserted vide SEBI Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175 dated November 01, 2023. Refer SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/ 44197/1 dated November 02, 2023
[15] SEBI Circular- SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008
[16] SEBI Circular no MFD/Cir. No 9/120/2000 dated November 24, 2000. SEBI Circular No.SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010.
[17] Inserted vide SEBI Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/60 dated April 25, 2023
[18] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016 and SEBI circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021.
[19] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/603 dated July 23, 2021

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1.8.1. The application filed by AMCs for the following matters may be deemed to be taken on record in case no modifications are suggested or no queries are raised by the Board within 21 working days:

(a) Change in the Fundamental Attributes of a scheme

(b) Merger/Consolidation of Schemes

(c) Rollover of Close-ended schemes

(d) Conversion of Close-ended scheme to Open ended schemes.

1.8.2. In respect of applications filed by AMCs under Regulation 21(b), no objection shall be deemed to be communicated in case no modifications are suggested or no queries are raised by the Board within 21 working days.

1.8.3. The timelines mentioned at Paragraph 1.8.1 and 1.8.2 above shall generally be adhered to -

(a) provided the application is complete in all respects and in compliance with all the relevant regulations and circulars issued by the Board.

(b) except in cases where subject matter of approval requires a policy view to be taken or presents a unique situation which requires wider consultation and deliberation.

1.9. Fundamental Attributes[20]

1.9.1. The "fundamental attributes"[21] of a scheme are as follows:

(a) <u>Type of scheme</u>

(i) Open ended/Close ended/Interval scheme

(ii) Equity Schemes, Debt Schemes, Hybrid Schemes, and Other Schemes[22]

(b) <u>Investment Objective(s)</u>

(i) Main Objective - Growth/Income/Both.

(ii) [23]Investment pattern - The tentative portfolio break-up of Equity, Debt, Money Market Instruments, other permitted securities and such other securities as may be permitted by the Board from time to time with minimum and maximum

[20] SEBI Circular No- IIMARP/MF/CIR/01/294/98 dated February 4, 1998, Refer SEBI letter No. SEBI/HO/OW/IMD/RAC2/P/2022/511371/1 dated October 04, 2022
[21] Regulation 22(9)(c) of SEBI (Mutual Funds) Regulations, 2026
[22] SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and HO/24/13/15(2)2026-IMD-RAC4/I/5764/2026 dated February 26, 2026
[23] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

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asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

(c) Terms of Issue

(i) Liquidity provisions such as listing, repurchase, redemption.

(ii) Aggregate fees and expenses charged to the scheme.

(iii) Any safety net provided.

1.9.2. [24]Comments from the Board for change in Fundamental Attributes:

In addition to the conditions specified under Regulation 22 (9)(c) for bringing change in the fundamental attributes of any scheme, trustees shall seek comments of the Board before bringing such change(s).

[24] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

CHAPTER 2: REGISTRATION

2.1. Online Registration Mechanism for Mutual Funds[25]

2.1.1. All applications for registration of a Mutual Fund is required to be made through SEBI Intermediary Portal (https://siportal.sebi.gov.in) (SI Portal) only.

2.1.2. In case of any queries/ clarifications with regard to the SI Portal, intermediaries may contact on 022-26449364 or may write to portalhelp@sebi.gov.in.

2.1.3. Registration related formats including application formats and format for certificate of registration are provided under Format No. 1.

2.2. Acquisition of an AMC

2.2.1. In case of Route 1 under Regulation 5(1)(g), the following has been decided:

(a) In case of change in control of an existing AMC due to acquisition of shares, the cost of acquisition may also be funded out of borrowings by a sponsor but in such cases, the sponsor shall have sufficient other assets to encumber for borrowings other than the shares of the proposed AMC.

(b) The sponsor's stake in the proposed AMC shall be free from any encumbrance at all times.

2.2.2. In case of Route 2 under Regulation 5 (1)(g), in addition to the conditions specified for Route 1, it has been decided that the minimum incremental capital contribution required in the AMC shall not be funded through borrowings and shall be funded only out of the net worth of the acquirer.

2.3. Pooled Investment Vehicle as sponsor of Mutual Funds

In terms of Regulation 5 (1)(h), the following has been decided:

2.3.1. Among the pooled investment vehicles, only the private equity funds (PEs) can sponsor a Mutual Fund. Such PEs shall comply with clauses (a) to (g) of Route 2 under Regulation 5 (1).

2.3.2. For any PE to qualify as a Mutual Fund sponsor, the following criteria shall be applicable:

(a) The applicant PE (scheme/ fund) shall itself be a body corporate or, a body corporate set up by a PE, in India or abroad.

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[25] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/52 dated June 01, 2017

(b) The applicant PE or its manager shall have a minimum of five years of experience in the capacity of fund/investment manager, investing in the financial sector, where it should have managed committed and drawn-down capital of not less than INR 5,000 crore as on the date of its application made to the Board.

2.3.3. The following additional safeguards shall also be applicable for PEs acting as Mutual Fund sponsor:

(a) There shall be no off-market transactions between the schemes of the Mutual Fund and

(i) Sponsor PE; or

(ii) Schemes/ Funds managed by the manager of the sponsor PE; or

(iii) Investee Companies of schemes/ funds of sponsor PE, where it holds more than 10% stake; or has a board representation or a right to nominate Board representation.

(b) In terms of Route 2 under Regulation 5(1)(f), the lock-in period of 5 years shall continue in case of transfer of sponsorship to any other entity within the PE group provided all the criteria required for a PE to act as sponsor are met by the transferee PE as well.

(c) The said lock in period of 5 years shall also be applicable to the shareholding of PE in the corporate entity, which is sponsoring the Mutual Fund.

(d) The experience, track record and eligibility regarding the fit and proper criteria of any applicant PE to become sponsor of a Mutual Fund shall be ascertained through its conduct in the respective home jurisdiction.

2.4. Disassociation and re-association of sponsor

2.4.1. Reduction of stake and disassociation of sponsor

(a) In terms of Regulation 7(1) and 7(2)(a), a sponsor is permitted to voluntarily reduce its stake in an AMC and allow such an AMC to become a “self- sponsored AMC”, subject to fulfilling the following conditions:

(i) The AMC should have been carrying on business in financial services for a period of not less than 5 years;

(ii) The AMC should have positive net worth in all the immediately preceding five years;

(iii) Net profit of the AMC after providing for depreciation, interest and tax in each of the immediately preceding five years and average net annual profit after providing for depreciation, interest and tax during the immediately preceding 5 years should be at least INR 10 crore.

(b) Any sponsor proposing to disassociate should have been a sponsor of the concerned Mutual Fund for at least 5 years before the proposed date of disassociation;

(c) The shareholding proposed to be reduced by a sponsor shall not be under any encumbrance or lock-in.

(d) Any sponsor proposing to disassociate may undertake to reduce shareholding below 10% from the proposed date of disassociation as per the following timelines:

(i) Within a period of 5 years in case of listed AMCs.

(ii) Within a period of 3 years in case of unlisted AMCs.

(iii) During the above period, the obligations of an outgoing sponsor shall be as per the applicable regulatory framework for a sponsor.

(iv) The sponsor shall commit to a graded stepwise reduction over the applicable time period.

(e) Post disassociation of any sponsor from an AMC, all the shareholders of such AMC shall be classified as "financial investors" and there shall be no sponsor for such AMC. Further, the maximum shareholding of any such financial investor shall be less than 10%.

(f) Any sponsor proposing to disassociate itself shall undertake to honour all the obligations applicable to it regarding Guaranteed Returns, as on the proposed date of disassociation.

(g) A self- sponsored AMC shall maintain the minimum net worth requirement as per the MF Regulations on a continuous basis.

(h) The statutory auditor of a Mutual Fund shall submit a compliance report on the fulfilment of eligibility criteria by a self- sponsored AMC, as defined at Paragraph 2.4.1(a) above on an annual basis. The trustees and Board of a self- sponsored AMC shall provide compliance status to the Board in the half yearly and quarterly compliance reports furnished by them respectively.

(i) The constitution of trustee company of a self- sponsored AMC shall be as under:

(i) For trustee company of a MF with an unlisted AMC, the shareholding of trustee company shall replicate the shareholding of the AMC at all times.

(ii) For trustee companies of a MF with a listed AMC, the shareholding of financial investors in the trustee company shall replicate their shareholding in the AMC. Further, the shareholding in the trustee company that is equivalent to the public shareholding in the AMC, shall be held with a trust whose beneficial owner shall be the erstwhile sponsor with Independent directors of the trustee company as its trustees.

(j) In terms of Regulation 9(2), it has been decided that upon disassociation of the sponsor, the largest financial investor shall be the signatory to the trust deed instead of the sponsor.

2.4.2. **Re- Association of the Sponsor(s)**

(a) In terms of Regulation 7(2)(b), read with Paragraph 2.4.1 above, in case the AMC fails to meet the conditions specified at Paragraph 2.4.1.(a) above, a disassociated sponsor and/or any new entity can become sponsor of a Mutual Fund subject to the following conditions:

(i) A cure period of one year shall be provided within which, the AMC shall be required to meet the criteria for self-sponsored AMCs.

(ii) If even after the cure period, the AMC fails to meet the conditions for self-sponsored AMCs, then either the disassociated sponsor or any new entity shall become sponsor of the concerned Mutual Fund.

(iii) The proposed sponsor shall meet all the requirements and obligations specified in the MF Regulations pertaining to the sponsors and shall follow due process of obtaining approval as a sponsor from the Board.

(b) In such cases, an exit option shall be provided to the unitholders of the existing schemes of the concerned Mutual Fund, without any exit load.

2.5. [26]Procedure for change in control of AMC:

[26] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, Refer SEBI letter No. SEBI/HO/OW/IMD/RAC2/P/2022/51980/1 dated October 12, 2022, Refer SEBI letter No. SEBI/HO/OW/IMD/RAC2/P/2022/58081/1 dated November 16, 2022

2.5.1. No change in control of the AMC, directly or indirectly, can be made unless the conditions specified under Regulation 17(c) are complied with.

2.5.2. In terms of Regulation 17(c)(iv), the unitholders shall be given an option to exit at the prevailing Net Asset Value (NAV) without any exit load within a time period not less than 15 calendar days from the date of communication, and in case of change in control resulting in consolidation or merger of schemes, the exit option shall be for a time period not less than 30 calendar days from the date of communication[27]. In case of change in control of AMC pursuant to merger/takeover/induction of new sponsor/dilution of shareholding by existing shareholders, AMCs shall adhere to the format of letter to unitholders as prescribed under Format No. 9E.[28]

2.5.3. **New Sponsor(s)-** In case the applicant proposing to acquire control of an AMC is not an existing sponsor of a mutual fund registered with the Board, it shall apply to the Board, seeking approval for acquiring such control. The process of making such application is same as application for registration under the MF Regulations. The procedure for registration as a Mutual Fund is provided on the SEBI website under the heading "How to get registered as a mutual fund" in the “Mutual Fund” section.

2.5.4. **Undertakings by new Trustee(s)/ Sponsor(s)-** In case of new sponsor(s) or in case of taking over of the schemes by an existing mutual fund, the following undertakings are required to be submitted to the Board and to the unitholders:

(a) Taking full responsibility of the management and the administration of the schemes including the matters relating to the reconciliation of accounts (as if the schemes had been floated by the new trustees on the date of taking over).

(b) Assumption of the trusteeship of the assets and liabilities of the schemes including outstanding borrowings, unclaimed dividends and unclaimed redemptions, if any.

(c) Assuming all responsibilities and obligations relating to the investor grievances, if any, in respect of the schemes taken over, in accordance with and pursuant to the MF Regulations and various circulars issued thereunder.

~~2.5.5.~~ **Disclosures to Unitholders-** While seeking the approval of the Board for change in the control of the AMC, the mutual fund handing over the control to another person, shall also file the draft letter / email to be sent

[27] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/142 dated August 11, 2023
[28] SEBI email dated August 12, 2024

to the unitholders. The letter / email to the unitholders shall be as per the Format No. 9E.

2.5.6. **Revision of all Standard Offer Documents-** The information given in all the offer documents of existing schemes shall be revised and updated pursuant to the change in control of the AMC. Such addendum shall also be filed with the Board, as required under the Regulations and various circulars issued thereunder.

2.5.7. **Other Situations-** In case of any other situation such as an indirect change in control of the AMC or an indirect change in the promoters of the sponsor(s), which are beyond the control of the sponsor(s), etc., the mutual fund shall provide the full details/ information to the Board for further course of action.

2.5.8. **Change in control of the AMC involving scheme of arrangement under Companies Act, 2013[29]-** In cases where the change in control of an AMC involves scheme of arrangement which needs sanction of National Company Law Tribunal ("NCLT") in terms of the provisions of the Companies Act, 2013, following has been decided:

(a) The application seeking approval for the proposed change in control of the AMC under Regulation 17(c) shall be filed with the Board prior to filing the application with the NCLT;

(b) Upon being satisfied with compliance of the applicable regulatory requirements, an in-principle approval shall be granted by the Board;

(c) The validity of such in-principle approval shall be three months from the date of issuance, within which the relevant application shall be made to NCLT;

(d) Within 15 calendar days from the date of order of NCLT, applicant shall submit the following documents to the Board for final approval:

(i) Application for the final approval;

(ii) Copy of the NCLT Order approving the scheme;

(iii) Copy of the approved scheme;

(iv) Statement explaining modifications, if any, in the approved scheme vis-à-vis the draft scheme and the reasons for the same; and

[29] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/10 dated January 31, 2022

(v) Details of compliance with the conditions/ observations mentioned in the in-principle approval granted by the Board.

2.6. Format for Net worth computation

2.6.1. "Net worth" is defined under Regulation 2(ll). Further, the net worth Certificate shall be provided by the applicant in the following format:

Particulars	Amount (in INR crores)
Paid-up capital	
Add: Share Premium	
Add: Free reserves of the company (excluding reserves created out of revaluation)	
Less: miscellaneous expenditure to the extent not written-off or adjusted or deferred revenue expenditure	
Less: accumulated losses, if any	
Less: intangible assets, if any	
Less: Minimum Capital Adequacy / Net worth requirement for any other activity undertaken under other SEBI Regulations	
Total Net worth for the FY	
Profit After Tax for the FY	

2.6.2. **Deployment of liquid net worth by AMC**

(a) In terms of Regulation 5(1)(e), AMCs shall deploy the minimum net worth required, as applicable, in the following instruments:

(i) Cash, money market instruments, Government Securities, Treasury bills, Repo on Government securities, or in listed AAA rated debt securities without bespoke structures/structured obligations, credit enhancements or embedded options or any other structure/ feature which increase the liquidity risk of the instrument on a continuous basis and such investments shall be unencumbered.

(ii) Liquid schemes or overnight schemes or such other mutual fund schemes that predominantly invest in instruments specified in (a) above.

(b) Investment by AMC as per Paragraph 7.13 of this Master Circular on "Alignment of interest of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes" may be treated under liquid net worth. However, any investment made in Mutual Fund schemes like Retirement scheme, children oriented scheme and ELSS, with a specified lock in either through Income Tax mandate or as per categorization of schemes guidelines in Master Circular on MFs may be excluded during its lock in phase.

CHAPTER 3: CONVERSION & CONSOLIDATION OF SCHEMES, TYPES OF MUTUAL FUND PLANS AND CATEGORIZATION & RATIONALIZATION OF MUTUAL FUND SCHEMES

PART I – CONVERSION OF SCHEMES

3.1. Conversion of Close Ended Scheme(s) to Open Ended Scheme(s)[30]

3.1.1. In terms of Regulation 30(2), the following have been clarified:

(a) Since the scheme(s) would reopen for fresh subscriptions, disclosures contained in the SID shall be revised and a copy of the draft SID shall be filed with the Board as required under Regulation 24(1) along with filing fees prescribed under Regulation 24(3).

(b) A draft of the communication to be sent to unit holders shall be submitted to the Board, which shall include the following:

(i) Latest portfolio of the scheme(s) as per the Format No. 4C.

(ii) Details of the financial performance of the scheme(s) since inception in the format prescribed in SID (Format No. 5A) along with comparisons with appropriate benchmark(s).

(iii) The addendum to the SID detailing the modifications (if any) made to the scheme(s).

3.1.2. The letter to unit holders and revised SID (if any) shall be issued only after the final observations as communicated by the Board in terms of Regulation 25(2) have been incorporated therein and final copies of the same have been filed with the Board.

3.1.3. Unit holders shall be given at least 30 calendar days to express their consent in writing. The units of unitholders who have not provide such written consent shall be automatically redeemed in full at the net asset value prevailing on the maturity date.

[30] SEBI Circular No. MFD/CIR No.22/2311/03 dated January 30, 2003.

PART II – CONSOLIDATION OF SCHEMES

3.2. Consolidation of Schemes[31]

3.2.1. Any consolidation or merger of Mutual Fund schemes shall be treated as a change in the fundamental attributes of the related schemes and AMCs shall be required to comply with the relevant MF Regulations. In this regard, the AMC shall ensure the following:

(a) The proposal and modalities of the consolidation or merger shall be approved by the Board of the AMC and Trustee(s), after ensuring that the interest of unit holders under all the concerned schemes have been protected in the said proposal.

(b) Subsequent to approval by the Board of the AMC and Trustee(s), AMCs shall file the proposal with the Board, along with the draft SID (updated in line with the requirements for change in fundamental attribute of the scheme), requisite fees (if a new scheme emerges after such consolidation or merger) and the draft letter, prepared as per specified format, to be issued to the unit holders of all the concerned schemes.

(c) The Board shall communicate its observations on the proposal filed by AMCs within the time period prescribed. The letter to unit holders shall be issued only after the final observations communicated by the Board have been incorporated and final copies of the same have been filed with the Board.

3.2.2. Maintenance of Records: AMC(s) shall maintain records of dispatch of the letters to the unit holders and the responses received from them. A report shall be filed with the Board within 21 calendar days from the date of closure of the exit option[32]. The report shall provide the following information:

(a) Total number of unit holders in the schemes and their net assets.

(b) Number of unit holders who opted to exit along with net assets held by them.

(c) Number of unit holders and net assets in the consolidated scheme.

3.2.3. Merger or consolidation shall not be seen as change in fundamental attribute of the surviving scheme if the following conditions are met[33]:

[31] SEBI Circular No. SEBI/MFD/CIR No.5/12031/03 dated June 23, 2003.
[32] SEBI Circular No- SEBI / IMD / CIR No 14 / 187175/ 2009 dated December 15,2009
[33] SEBI Circular No- Cir / IMD / DF / 15/ 2010 dated October 22, 2010

(a) Fundamental attributes[34] of the surviving scheme do not change. The ‘surviving scheme’ means the scheme which remains in existence after the merger.

(b) Mutual Funds are able to demonstrate that the circumstances merit merger or consolidation of schemes and the interest of the unit holders of surviving scheme is not adversely affected.

[34] SEBI Circular No-IIMARP/MF/CIR/01/294/98 dated February 4, 1998

PART III – TYPES OF MUTUAL FUND PLANS[35]

3.3. Single Plan[36]

3.3.1. Mutual funds/AMCs shall launch schemes under a single plan and ensure that all new investors are subject to single expense structure.

3.3.2. Existing schemes with multiple plans based on the amount of investment (i.e. retail, institutional, super-institutional, etc.) shall accept fresh subscriptions only under one plan.

3.3.3. Other plans will continue till the existing investors remain invested in the plan.

3.4. Direct Plan[37]

3.4.1. Mutual funds/AMCs shall provide a separate plan for direct investments, i.e., investments not routed through a distributor, in existing as well as new schemes.

3.4.2. Such separate plan shall have a lower expense ratio as no distribution commission is paid under such plan. Such plan shall also have a separate NAV.

3.5. Launch of Additional Plans

3.5.1. Additional plans sought to be launched under existing open ended schemes which differ substantially from that scheme in terms of portfolio or other characteristics shall be launched as separate schemes in accordance with the regulatory provisions.

3.5.2. However, plan(s) which are consistent with the characteristics of the scheme may be launched as additional plans as part of existing schemes by issuing an addendum. Such proposal should be approved by the Board(s) of AMC and Trustees. In this regard following has been decided:

(a) The addendum shall contain information pertaining to salient features like applicable entry/exit loads, expenses or such other details which in the opinion of the AMC/ Trustees is material. The addendum shall be filed with the Board 21 calendar days in advance of opening of plan(s).

(b) AMC(s) shall publish an advertisement or issue a press release at the time of launch of such additional plan(s).

3.6. Interval Schemes/Plans

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[35] SEBI Circular No. SEBI / IMD / CIR No 14 / 187175/ 2009 dated December 15, 2009
[36] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012
[37] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, Refer SEBI Email dated April 28, 2015

3.6.1. Interval schemes are schemes where both subscription and redemption may be made to and from the scheme during a specific period (known as specified transaction period) and the repurchase of units is permitted on all business days subject to applicable loads. However, no loads shall be charged where redemption is made during the specified transaction period.

3.6.2. For all interval schemes/plans:

(a) The units shall be mandatorily listed.

(b) No redemption/repurchase of units shall be allowed except during the specified transaction period. The specified transaction period shall be of minimum 2 working days.

(c) Minimum duration of an interval period in an interval scheme/plan shall be 15 calendar days.

(d) Investments shall be permitted only in such securities which mature on or before the opening of the immediately following specified transaction period.

Explanation: In case of securities with put and call options, the residual time for exercising the put option of the securities shall not be beyond the opening of the immediately following transaction period

PART IV – CATEGORIZATION AND RATIONALIZATION OF MUTUAL FUND SCHEMES[38]

In order to clearly differentiate the schemes launched by a Mutual Fund in terms of asset allocation, investment strategy etc. and to bring uniformity in the characteristics of similar type of schemes across Mutual Funds, it has been decided to standardize the scheme categories and characteristics of each category as given below:

3.7. Categories of Schemes, Scheme Characteristics and Type of Scheme (Uniform Description of Schemes)[39]:

3.7.1. The Schemes are broadly classified as under:

(a) Equity Scheme: Mutual Fund scheme predominantly investing in equity and equity related instruments;

(b) Debt Scheme: Mutual Fund scheme predominantly investing in debt and debt related instruments;

(c) Hybrid Scheme: Mutual Fund scheme investing in a mix of asset class i.e. equity, debt, InvITs and commodities related instruments as permitted by the Board

(d) Life Cycle Funds

(e) Other Schemes:

(i) Fund of Fund Schemes

(ii) Passive Schemes for e.g. Index Funds/ ETFs

3.7.2. 'Residual portion' mentioned in this section refers to the part of a scheme's corpus not invested in its main, core asset classes as provided in the scheme characteristics.

[38] SEBI Circular No. HO/24/13/15(2)2026-IMD-RAC4/I/5764/2026 dated February 26, 2026, SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/5249/2022 dated February 08, 2022, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/25379/2022 dated June 21, 2022. Refer SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/40331/1 dated September 26, 2023 & Refer SEBI letter No. SEBI/HO/IMD/IMD-SEC-3/P/OW/2023/ 43062/1 dated October 19, 2023.

[39] Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/25096/2022 dated June 17, 2022

3.8. The details of the scheme categories

3.8.1. **Equity Schemes:**

Sr. No.	**Category of Schemes**	**Scheme Characteristics**	**Type of scheme (uniform description of scheme)**
1	Multi Cap Fund	Minimum investment in equity & equity related instruments- 75% of total assets in the following manner:[40] a) Minimum investment in equity & equity related instruments of large cap companies - 25% of total assets; b) Minimum investment in equity & equity related instruments of mid cap companies - 25% of total assets; c) Minimum investment in equity & equity related instruments of small cap companies - 25% of total assets	An open ended equity scheme investing across large cap, mid cap, small cap stocks
2	Large Cap Fund	Minimum investment in equity & equity related instruments of large cap companies- 80% of total assets	An open ended equity scheme predominantly investing in large cap stocks
3	Large & Mid Cap Fund	Minimum investment in equity & equity related instruments of large cap companies- 35% of total assets Minimum investment in equity & equity related instruments of mid cap stocks- 35% of total assets	An open ended equity scheme investing in both large cap and mid cap stocks.

[40] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/172 dated September 11, 2020

4	Mid Cap Fund	Minimum investment in equity & equity related instruments of mid cap companies- 65% of total assets	An open ended equity scheme predominantly investing in mid cap stocks
5	Small cap Fund	Minimum investment in equity & equity related instruments of small cap companies- 65% of total assets	An open ended equity scheme predominantly investing in small cap stocks
6	Flexi Cap Fund[41]	Minimum Investment in equity & equity related instruments – 65% of total assets	An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks
7	Dividend Yield Fund	Scheme shall predominantly invest in dividend yielding stocks. Minimum investment in equity & equity related instruments- 80% of total assets	An open ended equity scheme predominantly investing in dividend yielding stocks
8	Value Fund	Scheme shall follow a value investment strategy. Minimum investment in equity & equity related instruments - 80% of total assets	An open ended equity scheme following a value investment strategy
9	Contra Fund	Scheme shall follow a contrarian investment strategy. Minimum investment in equity & equity related instruments - 80% of total assets	An open ended equity scheme following contrarian investment strategy
10	Focused Fund	A scheme focused on the number of stocks (maximum 30) Minimum investment in equity & equity related instruments - 80% of total assets	An open ended equity scheme investing in maximum 30 stocks (mention where the scheme intends to focus, *viz.,* multi cap, large cap, mid cap, small cap)

[41] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/228 dated November 06, 2020

11	Sectoral Fund	Minimum investment in equity & equity related instruments of a particular sector- 80% of total assets	An open ended equity scheme investing in __ sector (mention the specific sector)
12	Thematic Fund[42]	Minimum investment in equity & equity related instruments of a particular theme- 80% of total assets. A theme may be a combination of two or more sectors	An open ended equity scheme investing in __ theme (mention the specific theme)
13	ELSS[43]- Tax Saver Fund	Minimum investment in equity & equity related instruments - 80% of total assets	An open ended scheme with attributes in accordance with Equity Linked Saving Scheme, 2005 notified by Ministry of Finance

(a) For definition of large cap, mid cap and small cap, Paragraph 3.9 of Master Circular shall be referred.

(b) For ESG funds, Paragraph 4.6 of this Master Circular shall be referred.

(c) In the equity category schemes, Mutual Funds may invest residual portion in equity, money market instruments and other liquid instruments, gold and silver instruments as permitted by the Board and in InvITs, subject to the ceilings laid out in MF Regulations with respect to the respective asset class.

(d) Mutual Funds shall be permitted to offer both Value and Contra funds subject to the condition that scheme portfolio overlap between the two schemes shall not be more than 50%.

(e) For any scheme offering in sectoral/thematic equity category, Mutual Funds shall ensure that no more than 50% of the schemes portfolios would overlap with other equity schemes in sectoral/thematic category and other equity schemes categories except for large cap scheme.

(f) The overlap condition shall be computed on a quarterly basis using the daily portfolio overlap values i.e. the average of daily portfolio

[42] Refer SEBI letter No. SEBI/H0/0W/IMD-II/DOF3/P/24098/2022 dated June 10, 2022
[43] Refer SEBI letter No. SEBI/HO/IMD- POD-2/P/OW/2023/1114/1 dated January 10, 2023

overlap values over a quarter. Detailed methodology for computing portfolio overlap is provided at **Annexure 1A** to this circular

(g) Existing sectoral/thematic schemes shall ensure compliance with regard to portfolio overlap limits within 3 years from the date of this circular. Schemes unable to meet the portfolio overlap criteria after 3 years shall be mandatorily merged with other schemes as per applicable provisions.

(h) In order to realign the portfolio in terms of the limit as mentioned at Paragraph (e) above, the following glide path may be adopted by mutual funds:

Period	**Realignment expected**
Year 1	35% of the excess overlap
Year 2	Additional 35%
Year 3	Remaining 30%

(i) Mutual Funds shall launch sectoral/thematic funds as per the list of sectors/themes as published and updated by AMFI in consultation with the Board on half yearly basis.

3.8.2. **Debt Schemes**

Sr. No.	**Category of Schemes**	**Scheme Characteristics**	**Type of scheme (uniform description of scheme)**
1	Overnight Fund**	Investment in overnight securities having maturity of 1 day *Overnight funds can deploy, not exceeding, 5% of the net assets of the scheme in G-secs and/or T-bills with a residual maturity of upto 30 calendar days for the purpose of placing the same as margin and collateral for certain transactions.*	An open ended debt scheme investing in overnight securities

2	Liquid Fund $ **	Investment in only Debt and money market securities with maturity of upto 91 calendar days	An open ended liquid scheme
3	Ultra Short Term Fund	Investment in Debt & Money Market instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months	An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months
4	Ultra Short to Short Term Fund	Investment in Debt & Money Market instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months	An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months
5	Money Market Fund	Investment in Money Market instruments having maturity up to 1 year	An open ended debt scheme investing in money market instruments
6	Short Term Fund	Investment in Debt & Money Market instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years	An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years
7	Medium Term Fund	Investment in Debt & Money Market instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years. Portfolio Macaulay duration under anticipated adverse situation is 1 year to 4 years	An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years
8	Medium to Long Term Fund	Investment in Debt & Money Market instruments such that the Macaulay duration of the portfolio	An open ended medium term debt scheme investing in instruments such that the

		is between 4 to 7 years. Portfolio Macaulay duration under anticipated adverse situation is 1 year to 7 years	Macaulay duration of the portfolio is between 4 years to 7 years
9	Long Term Fund	Investment in Debt & Money Market Instruments such that the Macaulay duration of the portfolio is greater than 7 years	An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is greater than 7 years
10	Dynamic Term Fund	Investment across duration	An open ended dynamic debt scheme investing across duration
11	Corporate Bond Fund	Minimum investment in corporate bonds- 80% of total assets (only in AA+ and above rated corporate bonds) @	An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds
12	Credit Risk Fund	Minimum investment in corporate bonds- 65% of total assets (only in AA and below rated corporate bonds) @	An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)
13	Banking and PSU Debt Fund	Minimum investment in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds - 80% of total assets @	An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds
14	Gilt Fund	Minimum investment in G secs- 80% of total assets (across maturity)	An open ended debt scheme investing in government securities across maturity

15	10 year Constant Maturity Gilt Fund	Minimum investment in G secs- 80% of total assets such that the Macaulay duration of the portfolio is equal to 10 years	An open ended debt scheme investing in government securities having a constant maturity of 10 years
16	Floating Interest Rates Fund	Minimum investment in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives)- 65% of total assets @	An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives)
17	Sectoral Fund	Minimum investment in debt & debt related instruments of a particular sector across duration (only in AA+ and above rated corporate bonds)- 80% of total assets Sectoral Debt Funds may be launched in following sectors: Financial Services, Energy, Infrastructure, Housing, Real Estate.	An open ended debt scheme investing in __ sector (mention the specific sector)

***Provision as mentioned at Paragraph 9.4.3 of this Master Circular shall be followed for Uniform cut-off timings for applicability of Net Asset Value in respect of Liquid Fund and Overnight Fund.*

$ All provisions mentioned at Paragraph 9.4.1.c and 13.2.1 of this Master Circular in respect of liquid schemes shall be applicable.

Concept of Macaulay Duration shall be explained in the SID. It is clarified that Macaulay duration shall be mentioned at portfolio level.

@ For asset allocation limits considering minimum liquid assets requirement, refer Paragraph 5.7 of this Master Circular. For exclusion of investment in units of CDMDF from asset allocation limits, please refer Paragraph 3.12 of this Master Circular.

(a) With respect to the Medium Term Fund and Medium to Long Term Fund, the characteristics of the scheme shall remain the same under normal circumstances. However, the fund manager, in the interest of investors, may reduce the portfolio duration of the aforementioned schemes up to one year, in case he has a view on interest rate movements in light of anticipated adverse situation. The AMC shall be required to mention its asset allocation under such adverse situation in its SIDs.

(b) Whenever the portfolio duration is reduced below the specified floors of 3 years and 4 years in respect of Medium Term Fund and Medium to Long Term Fund respectively, the AMC shall be required to record the reasons for the same with adequate justification and maintain the same for inspection. The written justifications shall be placed before the Trustees in the subsequent Trustee meeting. Further, the Trustees shall also review the portfolio and report the same in their HYTR to the Board.

(c) Sectoral debt scheme shall be offered after ensuring that there is sufficient availability of investment grade paper in market for the sectors in which sectoral debt fund is offered by the respective AMC.

(d) Sectoral exposure limits as outlined in item No. 8 under Paragraph 13.1 of this Master Circular shall not be applicable to the sectoral debt funds.

(e) Mutual Funds may invest the residual portion of debt category schemes in InvITs except for Overnight Fund, Liquid Fund, Ultra-Short Term Fund, Ultra Short to Short Term Fund and Money Market Fund, subject to the ceilings laid out in Paragraph 13.13.5 of this Master Circular.

3.8.3. **Hybrid Schemes**

Sr. No.	**Category of Schemes**	**Scheme Characteristics**	**Type of scheme (uniform description of scheme)**
1	Conservative Hybrid Fund	Investment in equity & equity related instruments- between 10% and 25% of total assets; Investment in Debt instruments- between 75% and 90% of total assets	An open ended hybrid scheme investing predominantly in debt instruments
2	Balanced Hybrid Fund	Equity & Equity related instruments- between 40% and 60% of total assets;	An open ended balanced scheme investing only in equity and debt instruments.

		Debt instruments- between 40% and 60% of total assets No Arbitrage would be permitted in this scheme	No Arbitrage is permitted in this scheme
3	Aggressive Hybrid Fund	Equity & Equity related instruments- between 65% and 80% of total assets; Debt instruments- between 20% and 35% of total assets	An open ended hybrid scheme investing predominantly in equity and equity related instruments
4	Balanced Advantage Fund / Dynamic Asset Allocation Fund	Investment in equity/ debt that is managed dynamically	An open ended dynamic asset allocation fund investing in debt and equity instruments only
5	Multi Asset Allocation Fund	Invests in at least three asset classes with a minimum allocation of at least 10% each in all three asset classes	An open ended scheme investing in _ , _ ,___ (mention the three different asset classes)
6	Arbitrage Fund	Scheme following arbitrage strategy. Minimum investment in equity & equity related instruments- 65% of total assets. Asset allocation in case of defensive consideration shall be stated in the SID. Exposure in debt instruments in CDs, government securities with maturities upto 1 year,	An open ended scheme investing in arbitrage opportunities. No investment in InvITs is permitted

		mutual fund units of liquid, money market or schemes having Macaulay duration less than 1 year for meeting liquidity and margin requirements.	
7	Equity Savings Fund	Minimum investment in equity & equity related instruments- 65% of total assets. Net Long Equity Exposure- 15%- 40% of total assets. Minimum investment in debt- 10% of total assets. Minimum Arbitrage exposure has to be stated in the SID. Minimum hedged & unhedged exposure to be stated in the SID. Asset Allocation under defensive considerations may also be stated in the Offer Document	An open ended scheme investing in equity, arbitrage and debt

(a) In the hybrid category schemes, Mutual Funds may invest residual portion in InvITs (except for arbitrage funds), ETCDs, Gold ETFs and Silver ETFs, subject to the ceilings laid out in MF Regulations w.r.t the respective asset class.

(b) Foreign securities will not be treated as a separate asset class.

3.8.4. **Life Cycle Funds**

Sr. No	**Category of Schemes**	**Scheme Characteristics**	**Type of scheme (uniform description of scheme)**
1	Life Cycle Funds	Scheme following glide path strategy based investing across various asset classes i.e. Equity, Debt, InvITs, ETCDs, Gold & Silver ETF. Detailed structure is placed at **Annexure 1B**.	An open ended fund with attributes of pre-determined maturity and glide path for goal based investing

3.8.5. **Other Schemes:**

Sr. No	**Category of Schemes**	**Scheme Characteristics**	**Type of scheme (uniform description of scheme)**
1	Index Funds/ ETFs	Minimum investment in securities of a particular index (which is being replicated/ tracked)- 95% of total assets	An open ended scheme replicating/ tracking _ index
2	FoFs (Overseas/ Domestic)	Minimum investment in the underlying fund - 95% of total assets	An open ended fund of fund scheme investing in fund (mention the underlying funds)

3.8.6. For FoFs with multiple underlying, framework issued vide communication dated June 30, 2025 (**Annexure 1C**) to AMFI shall be referred.

3.8.7. For easy identification by investors, in order to bring uniformity in names of schemes for a particular category across Mutual Funds and to ensure that schemes remain "true-to-label", the scheme name shall be the same as the scheme category. Words/ phrases that highlight/ emphasize only the return aspect of the scheme shall not be used in the name of the scheme.

3.8.8. Further, the 'type of scheme' (mentioned below the scheme name in the offer documents/ advertisements/ marketing material/etc.) shall adhere to the description given in the third column of the tables, as applicable.

3.8.9. The nomenclature, investment objective, investment strategy, benchmark and other parameters of the existing schemes shall be suitably modified (wherever applicable) to bring it in line with the categories of schemes listed above. Such changes shall not be considered as fundamental attribute change. Existing schemes shall comply with the provisions of this section latest by August 26, 2026.

3.8.10. Mutual Funds shall disclose category wise portfolio overlap levels i.e. equity scheme vs other equity schemes, debt scheme vs other debt schemes and hybrid vs other hybrid schemes. Such disclosure shall be published on AMC website for investor communication on a monthly basis. Detailed Methodology for computing portfolio overlap is provided at **Annexure 1A**.

3.9. Definition of Large Cap, Mid Cap and Small Cap[44]:

3.9.1. In respect of the investment universe for equity schemes, the definition of large cap, mid cap and small cap shall be as follows:

(a) Large Cap: 1st -100th entities in terms of full market capitalization

(b) Mid Cap: 101st -250th entities in terms of full market capitalization

(c) Small Cap: 251st entities onwards in terms of full market capitalization

3.9.2. Mutual Funds would be required to adopt the list of stocks/REITs prepared by AMFI in this regard and AMFI would adhere to the following points while preparing the list:

(a) If a stock/REIT is listed on more than one recognized stock exchange, an average of full market capitalization of the stock/REIT on all such stock exchanges, will be computed;

(b) In case a stock/REIT is listed on only one of the recognized stock exchanges, the full market capitalization of that stock/REIT on such an exchange will be considered.

(c) This list would be uploaded on the AMFI website and the same would be updated every six months based on the data as on the end of June and December of each year. The data shall be available on the AMFI website within 5 calendar days from the end of the 6 months' period.

(d) While preparing the single consolidated list of stocks, average full market capitalization of the previous six month of the stocks shall be considered[45].

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[44] Refer SEBI email dated January 28, 2022
[45] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017

3.9.3. Subsequent to any updation in the list, Mutual Funds would have to rebalance their portfolios (if required) in line with updated list, within a period of one month.

3.9.4. In order to enable mutual funds to invest in newly listed stocks/REITs and listing arising on account of Scheme of Arrangements such as demergers between July – December & January – June of a calendar year, AMFI shall prepare a list on a monthly basis.

3.10. Process to be followed for categorization and rationalization of schemes:

3.10.1. Only one scheme per category would be permitted, except:

(a) Index Funds/ ETFs replicating/ tracking different indices;

(b) Fund of Funds having different underlying schemes; and

(c) Sectoral/ thematic funds investing in different sectors/ themes

3.10.2. [46]Further, Mutual Funds can launch either of the following ELSS scheme in open ended Scheme Category, subject to compliance with guidelines on Equity Linked Saving Scheme, 2005 notified by Ministry of Finance:

(a) Active ELSS Scheme - In terms of Item No. 13 under Paragraph 3.8.1 above under "Equity Schemes" category or;

(b) Passive ELSS Scheme (through Index Fund) - In terms of Item No. 1 under Paragraph 3.8.5 under "Other Schemes" category. The passive ELSS scheme shall be based on one of the indices comprising of equity shares from top 250 companies in terms of market capitalization

3.11. Timelines for Rebalancing of Portfolios of Mutual Fund Schemes[47]

3.11.1. In the event of deviation from mandated asset allocation mentioned in the Scheme Information Document (SID) or various prudential limits prescribed by the Board[48], *inter-alia*, including issuer limits, group limits and sector limits etc. due to passive breaches (occurrence of instances not arising out of omission and commission of AMCs), rebalancing period across schemes shall be as follows:

Sl. No.	**Category of Scheme**	**Mandated Rebalancing Period**

[46] SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022
[47] SEBI circular no SEBI/HO/IMD/IMD-II DF3/P/CIR/2022/39 dated March 30, 2022, Refer SEBI Letter No. – SEBI/HO/IMD-I DOF-2/P/OW/2022/26571/1 dated June 29, 2022
[48] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2025/92 dated June 26, 2025

(a)	Overnight Fund	Not Applicable
(b)	All schemes other than Index Funds and Exchange Traded Funds	Thirty (30) business days

3.11.2. In case the portfolio of schemes (all schemes other than Index Funds and Exchange Traded Funds) mentioned at Paragraph 3.11.1 above are not rebalanced within the above mandated timelines, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before Investment Committee. The Investment Committee, if so desires, can extend the timelines up to 60 business days from the date of completion of mandated rebalancing period.

3.11.3. In case the portfolio of schemes is not rebalanced within the aforementioned mandated plus extended timelines, AMC shall:

(a) not be permitted to launch any new scheme till the time the portfolio is rebalanced.

(b) not levy exit load, if any, on the investors exiting such scheme(s).

3.11.4. Reporting and Disclosure Requirements:

(a) AMCs to report the deviation to Trustees at each stage. The reporting to Trustee shall be initiated immediately after the expiry of the mandated rebalancing period (i.e. 30 business days).

(b) In case the AUM of deviated portfolio is more than 10% of the AUM of main portfolio of scheme, AMCs shall immediately after the expiry of the mandated rebalancing period (i.e. 30 business days):

(i) disclose the same to the investors through SMS and email / letter including details of portfolio not rebalanced.

(ii) communicate to investors through SMS and email / letter when the portfolio is rebalanced.

(iii) subject line of the aforementioned emails / letters should be uniform across industry and clearly indicate “breach of” / “deviation” from mandated asset allocation or prescribed prudential limits.

(c) Scheme wise deviation of the portfolio, beyond the specified limits, from the mandated asset allocation beyond 30 business days shall also be disclosed on the website of the AMC.

(d) AMCs shall disclose any deviation from the mandated asset allocation or prescribed prudential limits to investors along with periodic portfolio disclosures as specified by the Board from the date of lapse of mandated plus extended rebalancing timelines.

3.11.5. The above-mentioned norms shall be applicable to main portfolio only and not to segregated portfolio(s), if any.

3.12. Exclusion of investment in units of CDMDF from asset allocation limits[49]

3.12.1. For calculation of asset allocation limits of mutual fund schemes in terms of Part IV of this Chapter, investment in units of CDMDF shall be excluded from base of net assets.

[49] Inserted by SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2023/152 dated September 06, 2023

CHAPTER 4: NEW PRODUCTS

4.1. *Fund of Fund Scheme*[50]

4.1.1. The SID and the advertisements pertaining to Fund of Funds Scheme[51] shall disclose that the investors are bearing the recurring expenses of the scheme, in addition to the expenses of the underlying schemes in which the Fund of Funds Scheme makes investments.

4.1.2. AMCs shall not enter into any revenue sharing arrangement with the underlying funds in any manner and shall not receive any revenue by whatever means/head from the underlying fund. Any commission or brokerage received from the underlying fund shall be credited into concerned scheme's account[52].

4.1.3. Fund of funds mutual fund schemes shall adopt the total expense structures laid out in MF Regulations[53], which shall be clearly disclosed in the SIDs.

4.2. Gold Exchange Traded Fund Scheme (Gold ETF) and Silver Exchange Traded Funds (Silver ETFs)

	Particulars	Gold ETF[54]	Silver ETFs[55]
4.2.1.	Investment Objective	To generate returns that are in line with the performance of physical gold/silver in domestic prices, subject to tracking error.	
4.2.2.	Asset Allocation	A Gold Exchange Traded Fund (Gold ETF) Scheme[56] shall invest at least 95% of the net assets of the scheme in: a) Gold and b) Gold related instruments[57] as may be specified by the	A Silver ETF scheme shall invest at least 95% of the net assets of the scheme in: a) Silver and b) Silver related instruments. ***Explanation:*** *Exchange Traded Commodity*

[50] SEBI Circular No. MFD/CIR. No.04/11488/2003 dated June 12, 2003.
[51] Regulation 2(ma) of the Mutual Funds Regulations introduced vide Gazette Notification No. S.O 632(E) dated May 29, 2003.
[52] SEBI Circular No. SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010
[53] Regulation 66(7) and 66(8) of SEBI (Mutual Funds) Regulations, 2026
[54] SEBI Circular No. SEBI/IMD/CIR. No.4/58422/06 dated January 24, 2006, SEBI Circular No. SEBI/IMD/CIR No.2/65348/06 dated April 21, 2006, SEBI Circular No. SEBI/IMD/CIR No.14/84243/07 dated January 15, 2007.
[55] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/668 dated November 24, 2021.
[56] Regulation 2(u) of the SEBI (Mutual Funds) Regulations, 2026
[57] Regulation 2(v) of the SEBI (Mutual Funds) Regulations, 2026

		Board[58] from time to time. ***Explanation***- *Gold Deposit Scheme (GDS), 1999[59] of banks, Gold Monetization Scheme, 2015 (GMS) and Exchange Traded Commodity Derivatives (ETCDs) having gold as the underlying shall be designated as gold related instruments[60].* *Existing investments by Gold ETFs of Mutual Funds under the GDS shall continue till maturity unless withdrawn prematurely.* The physical gold shall be standard bars with fineness of 995 parts per thousand (or 99.5% purity) confirming to London Bullion Market Association (LBMA) Good Delivery Standards.	*Derivatives (ETCDs) having silver as the underlying shall be considered as 'silver related instrument' for Silver ETFs.* The physical silver shall be of standard 30 kg bars with fineness of 999 parts per thousand (or 99.9% purity) confirming to London Bullion Market Association (LBMA) Good Delivery Standards.
4.2.3.	*Valuation*	Gold shall be valued based on the methodology specified in Chapter 10 of this Master Circular.	Silver shall be valued based on the methodology specified in Chapter 10 of this Master Circular.

[58] SEBI Circular No. SEBI/IMD/CIR No. 4/58422/06 dated January 24, 2006.
[59] SEBI Circular No. CIR/IMD/DF/04/2013 dated February 15, 2013
[60] SEBI Circular No. CIR/IMD/DF/11/2015 dated December 31, 2015

4.2.4.	Determination of Net Asset Value[61]	The NAV of units shall be calculated up to four decimal points as shown below: $$\text{NAV (in INR)} = \frac{\text{Market or Fair Value of Scheme's investments + Current Assets - Current Liabilities and Provision}}{\text{Number of Units outstanding under the Scheme on the Valuation Date}}$$	
4.2.5.	Recurring Expenses [62]	The recurring expenses limits as per the MF Regulations[63] shall be applicable to Gold[64]/ Silver ETF schemes.	
4.2.6.	Benchmark[65]	Price of gold (based on valuation norms as prescribed under Chapter 10 of this Master Circular.)	Price of silver (based on valuation norms as prescribed under Chapter 10 of this Master Circular.)
4.2.7.	Half yearly report by Trustees	Physical verification of gold[66]/silver underlying the Gold/Silver ETF units shall be carried out by statutory auditors of mutual fund schemes and reported to trustees on half yearly basis. The confirmation on physical verification of gold /silver as stated above shall also form part of half-yearly report by trustees to the Board.	
4.2.8.	Disclosure of NAV	The NAV shall be disclosed on every business day on the website of the AMC. Further, the indicative NAVs of Gold[67]/ Silver ETFs shall be disclosed on Stock Exchange platforms, where the units of these ETFs	

[61] SEBI Circular No. SEBI/IMD/CIR No.2/65348/06 dated April 21, 2006.
[62] SEBI Circular No. SEBI/IMD/CIR No.2/65348/06 dated April 21, 2006.
[63] Regulation 66(b)(i) of SEBI (Mutual Funds) Regulations, 2026
[64] SEBI Circular No. SEBI/IMD/CIR No.2/65348/06 dated April 21, 2006.
[65] SEBI Circular No. SEBI/IMD/CIR No.2/65348/06 dated April 21, 2006.
[66] SEBI Circular No. Cir/IMD/DF/20/2010 dated December 06, 2010
[67] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/668 dated November 24, 2021

		are listed, on continuous basis during the trading hours.
4.2.9.	Tracking Error & Tracking Difference[68]	The provisions mentioned at Paragraph 4.5.4 below, shall be followed for tracking error & tracking difference for Gold/ Silver Exchange Traded Funds.
4.2.10.	Disclosures	To enable the investors to take an informed decision, the SID of Gold[69]/ Silver ETFs shall, inter-alia, disclose the following: a) Tracking error and tracking difference, b) Market risk due to volatility in gold/silver prices, c) Liquidity risks in physical or derivative markets impairing the ability of the fund to buy and sell gold/silver, d) Risks associated with handling, storing and safekeeping of physical gold/silver; e) Applicable tax provisions.
4.2.11.	Dedicated Fund Manager	For commodity-based funds such as Gold ETFs, Silver ETFs and other funds participating in commodities market, appointment of a dedicated fund manager shall be optional. However, the person appointed as fund manager of such funds should have adequate expertise and experience to manage investments in commodities market. The Board of the AMCs shall be responsible for ensuring compliance and reporting regarding the same to trustees, on a periodic basis[70].
4.2.12.	Liquidity	a) Units of Gold/ Silver ETFs shall be listed on the recognized Stock Exchange(s). b) The AMC shall appoint Authorized Participants (APs)/ Market Makers (MMs) to provide liquidity for the units of Gold/ Silver ETFs in secondary market on an ongoing basis.

[68] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022
[69] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/668 dated November 24, 2021.
[70] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/30 dated April 30, 2024 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/668 dated November 24, 2021

		c) APs/ MMs and large investors may directly buy/sell units with the Mutual Fund in creation unit size. The AMC shall disclose the details about the creation unit size of Gold/ Silver ETF in Scheme Information Document (SID).

4.2.13. Investment in GDS, GMS and ETCD having gold as the underlying by Gold ETFs of mutual funds shall be subject to the following conditions:

(a) The cumulative exposure to aforementioned gold related instruments shall not exceed 50% of net asset value of the scheme. However, within the 50% limit, the investment limit for GDS of banks and GMS as part of gold related instrument shall not exceed 20% of net asset value of the scheme. The unutilized portion of the limit for GDS of banks and GMS can be utilized for ETCD having gold as the underlying.

(b) Before investing in aforementioned gold related instruments, mutual funds shall put in place a written policy with regard to such investments with due approval from the Board of the AMC and the Trustees. The policy shall state that such investment in GDS of any bank and GMS shall be subject to approval of Trustees. The policy shall be reviewed by the Board of AMC and Trustees at least once a year.

(c) Certificates issued in respect of investments made by Gold ETFs in GDS of banks and GMS can be held by the mutual funds in dematerialized or physical form[71].

4.2.14. Investment in ETCDs having silver as the underlying by Silver ETFs shall be subject to the following conditions:

(a) The exposure to ETCDs having silver as the underlying shall not exceed 10% of net asset value of the scheme. However, the limit of 10% shall not be applicable to Silver ETFs where the intention is to take delivery of physical silver and not to roll over its position to next contract cycle.

(b) 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

[71] SEBI Circular No. CIR/IMD/DF/16/2013 dated October 18, 2013

policy shall be reviewed by the Board of AMC and Trustees at least once a year.

(c) The cumulative gross exposure of Silver ETFs shall not exceed 100% of the net assets of the scheme.

4.3. Portfolio Concentration Norms for Equity Exchange Traded Funds (ETFs) and Index Funds[72]

4.3.1. To address the risk related to portfolio concentration, any ETF/Index Fund that seeks to replicate a particular Index shall ensure that such index complies with the following norms:

(a) The index shall have a minimum of 10 stocks as its constituents

(b)

Sr. No	Particulars	Description	Maximum Weight in the index
(i)	Single Stock Weight in Index	Weight of single stock in Index other than sectoral and thematic index	25% of index
		Weight of single stock in sectoral and thematic index	35% of index
(ii)	Top three stocks in the index	Weight of top three constituents of the index	65% of index

(c) The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

4.3.2. Compliance Procedure:

(a) The aforesaid norms shall be applicable to all ETFs/ Index Funds tracking equity indices.

(b) The ETF/ Index Fund issuer shall

(i) evaluate and ensure compliance with the aforesaid norms for all its ETFs/ Index Funds at the end of every calendar quarter.

[72] SEBI Circular No SEBI/HO/IMD/DF3/CIR/P/2019/011 dated January 10, 2019

(ii) ensure that the updated constituents of the Indices (for all its ETFs/ Index Funds) are available on the website of such ETF/Index Fund issuer at all points of time.

4.4. Norms for Debt Exchange Traded Funds (ETFs)/Index Funds[73]

4.4.1. Types of Debt indices:

(a) Debt ETFs/ Index Funds can be based on any of the following indices:

Sr. No.	Index Type	Constituent securities
(i)	Corporate Debt Indices	Corporate Debt Securities
(ii)	G-sec Indices	Government Securities (G-sec), T-bills and/or State Development Loans (SDLs)
(iii)	Hybrid Debt Indices	A combination of Corporate Debt Securities and G-sec/T-bills/SDLs

(b) The detailed provisions in this regard are given below:

4.4.2. Debt ETFs/Index Funds: Index Constitution

AMC shall ensure the following:

	Requirement	Detail
(a)	Issuer Aggregation	Constituents of the index shall be aggregated at issuer level for the purpose of determining investment limits for single issuer, group, sector, etc.
(b)	Defined rating & maturity	Constituents shall have a defined credit rating and defined maturity which shall be specified in the index methodology.
(c)	Rating quality of constituents	Investment grade and above

[73] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 & SEBI Circular No SEBI/HO/IMD/DF3/CIR/P/2019/147 dated November 29, 2019, Refer SEBI Letter No. – SEBI/HO/IMD-I DOF-2/P/OW/2022/26571/1 dated June 29, 2022

(d)	Liquidity & diversification	Constituents (other than the portion comprising of G-secs and/or SDLs) shall have adequate liquidity and diversification at issuer level.
(e)	Review frequency of Constituents	Periodically (at least on half-yearly basis).
(f)	Replication criterion	Debt ETFs/ Index Funds shall replicate the underlying debt index. The portfolio of ETF/Index Funds shall be considered to be replicating the index subject to meeting the requirements specified at Paragraph 4.4.5, 4.4.6, 4.4.7 below.
(g)	Disclosure	AMCs shall ensure that the updated constituents of the indices and methodology for all their Debt ETFs/ Index Funds are available on their respective websites at all points of time. Further, the historical data with respect to constituents of the indices since inception of schemes shall also be disclosed on their website.
(h)	List of permitted indices	AMFI has issued a list of debt indices based on which debt ETFs/ Index Funds shall be launched by AMCs. The said list is available on AMFI's website.

4.4.3. Single Issuer limit for debt indices shall be as follows:

Sr. No.	**Type of Index**	**Maximum weight of single issuer with AAA rated securities in the index**	**Maximum weight of single issuer with AA rated securities in the index**	**Maximum weight of single issuer with A and below rated securities in the index**
a)	Indices having at least 80% weight allocated to corporate debt securities	15%	12.5%	10%

b)	Hybrid Debt Indices (comprising both corporate debt securities and G-sec /SDL) having upto 80% weight allocated to corporate debt securities	10% The said limit shall be 15% for AAA rated securities of Public Sector Units (PSUs) and AAA rated securities of Public Financial Institutions (PFIs) issuers.	8%	6%
c)	G-Sec Indices	Single issuer limit shall not be applicable.		

4.4.4. Sectoral and Group Exposure limits for debt indices:

	Details	**Maximum weight**
a)	Total exposure of index to a particular group (excluding securities issued by PSUs, PFIs and Public Sector banks (PSBs). **Explanation:** For the purpose of this provision, 'group' shall have the same meaning as defined in Regulation 2(x)	25%
b)	Total exposure of index to a particular sector (excluding G-sec, T-Bills, SDLs and AAA rated securities issued by PSUs, PFIs and PSBs).	25% The above limit shall not be applicable for sectoral or thematic debt indices.

4.4.5. <u>Corporate Debt ETF/Index Funds: Debt ETFs/ Index Funds based on Index of Corporate Debt Securities</u>

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Debt ETFs/ Index Funds based on index comprising of only corporate debt securities shall be considered to be replicating the underlying debt index provided:

<table>
<tr><th></th><th>Norms</th><th>Details</th></tr>
<tr><td>(a)</td><td>Concentration of constituents</td><td>Securities of issuers accounting for at least 60% of weight in the index shall represent at least 80% of NAV of the ETF/Index Fund</td></tr>
<tr><td>(b)</td><td>Cap on securities outside the index</td><td>The securities of issuers not forming part of the index shall not exceed 20% of NAV of the ETF/ Index Fund</td></tr>
<tr><td>(c)</td><td>Minimum number of issuers in scheme portfolio</td><td>At least 8 issuers from the underlying index shall form part of the portfolio of ETF/ Index Fund</td></tr>
<tr><td>(d)</td><td>Single issuer limit</td><td>Exposure of ETF/ Index Fund to single issuer:
<table>
<tr><th>Rating of securities</th><th>Maximum exposure</th></tr>
<tr><td>AAA rated</td><td>15% weight in the portfolio</td></tr>
<tr><td>AA rated</td><td>12.5% weight in the portfolio</td></tr>
<tr><td>A and below rated</td><td>10% weight in the portfolio</td></tr>
</table></td></tr>
<tr><td>(e)</td><td>Sectoral and Group exposure limits</td><td><table>
<tr><th>Norms</th><th>Maximum exposure</th></tr>
<tr><td>Total exposure of the ETF/ Index Fund to a particular group (excluding investments in securities issued by PSUs, PFIs and PSBs).</td><td>25% of NAV of the scheme</td></tr>
</table></td></tr>
</table>

		Explanation: For the purpose of this provision, 'group' shall have the same meaning as defined in Regulation 2(x).	
		Total exposure of the ETF/ Index Fund to a particular sector (excluding G-sec, T-Bills, SDLs and AAA rated securities issued by PSUs, PFIs and PSBs).	25% of the NAV of the scheme The above limit shall not be applicable for schemes based on sectoral or thematic debt indices.
(f)	Permissible deviation in duration	The Macaulay Duration (hereinafter referred as "duration") of the portfolio of the ETF/ Index Fund replicates the duration of the underlying index within a maximum permissible deviation of +/- 10%.	
(g)	Permissible deviation in duration for Target Maturity (or Target Date) ETFs/Index Funds		

Residual maturity of portfolio	**Permissible deviation in duration**
Greater than 5 years	Either +/- 6 months or +/- 10% of duration, whichever is higher.
Up to 5 years	Either +/- 3 months or +/- 10% of duration, whichever is higher.

<table>
<tr><td></td><td></td><td>At no point of time, the residual maturity of any security forming part of the portfolio shall be beyond the target maturity date of the ETF/ Index Fund.</td></tr>
<tr><td>(h)</td><td>Rating-wise weightage replication</td><td>The rating wise weightage of debt securities in the portfolio of ETF/ Index Fund replicates the underlying index. However, greater allocation of up to 10% of the portfolio may be made to higher rated debt securities.</td></tr>
<tr><td>(i)</td><td>Rebalancing period for rebalancing the portfolio of the ETF/Index Fund</td><td><table>
<tr><th>Event</th><th>Rebalancing Period/Norms</th></tr>
<tr><td>a. Change in constituents of the index due to periodic review</td><td>Rebalance within 7 calendar days.</td></tr>
<tr><td>b. Rating downgrade of any security below mandated rating in index methodology (including downgrade to below investment grade)</td><td>Rebalance within 30 calendar days.</td></tr>
<tr><td>c. In case of rating downgrade to below investment grade</td><td>Security may be segregated in accordance with Paragraph 5.5.3 & 5.5.4 of this Master Circular.</td></tr>
</table></td></tr>
</table>

4.4.6. G-sec ETF/Index Fund: Debt ETFs/ Index Funds based on G-sec, T-bills and SDLs

	Norms	Details
(a)	Permissible deviation in duration	The duration of the portfolio of ETF/ Index Fund replicates the duration of the underlying index within a maximum permissible deviation of +/- 10%.

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(b)	Permissible deviation in duration for Target Maturity (or Target Date) ETFs/Index Funds	Same norms as applicable for corporate debt indices at Paragraph 4.4.5.(g) above.
(c)	Constant Maturity Indices	ETFs/Index Funds replicating a Constant Maturity index shall invest in securities with residual maturity within +/- 10% of maturity range of the index.

4.4.7. <u>Hybrid Debt ETF/ Index Fund - Debt ETFs/ Index Funds based on a Hybrid Index of Corporate Debt Securities and G-Sec/T-bills/SDLs</u>

Hybrid Debt ETFs/ Index Funds shall be considered to be replicating the underlying index, provided:

(a) Category 1: For ETF/ Index Fund based on an index comprising of more than 80% weight in corporate debt securities, the provisions mentioned at Paragraph 4.4.5 above shall be applicable.

(b) Category 2: For ETF/ Index Fund based on an index comprising of up to 80% weight in corporate debt securities:

(c) Applicable Norms:

<table>
<tr><td>(i)</td><td>The provisions mentioned at Paragraph 4.4.5 above, apart from Paragraph 4.4.5.(c) & 4.4.5.(d), shall apply on the portion of the portfolio comprising of corporate debt securities.

The exposure limit to a single issuer shall be as under:
<table>
<tr><th>Rating of securities</th><th>Maximum exposure</th></tr>
<tr><td>AAA rated</td><td>10% weight in the portfolio

However, for AAA rated securities of PSU & PFI issuers, the aforesaid limit shall be 15%.</td></tr>
<tr><td>AA rated</td><td>8% weight in the portfolio</td></tr>
<tr><td>A and below rated</td><td>6% weight in the portfolio</td></tr>
</table>
</td></tr>
</table>

(ii)	For the portion of the portfolio of the ETF/ Index Fund comprising of G-sec/T-bills/SDLs, the provisions mentioned at Paragraph 4.4.6 above shall apply.

4.4.8. At all points of time, positioning of the ETF/ Index Fund in the Potential Risk Class (PRC) matrix shall be in the same cell as that of positioning of the index in the PRC matrix.

4.4.9. Any transaction undertaken in the scheme portfolio of ETF/ Index Fund in order to meet the redemption and subscription obligations shall be done while ensuring that post such transaction, replication of the portfolio with the index is maintained at all points of time.

4.5. Development of Passive Funds[74]

4.5.1. **Norms for Market Making Framework for ETFs**

(a) AMC shall appoint at least two Market Makers (MMs), who are members of the Stock Exchanges, for ETFs to provide continuous liquidity on the stock exchange platform. MM shall transact with AMC only in multiples of creation unit size.

(b) The AMC shall have an approved policy regarding market making in ETFs based on the framework for market making as provided at **Annexure 2**.

(c) AMCs shall facilitate in-kind creation and redemption of units of ETFs (including Debt ETFs) by MMs on a best effort basis.

(d) Incentive for MMs

(i) Incentives, if any, to MMs shall be charged to the scheme within the maximum permissible limit of TER.

(ii) A transparent incentive structure for the MMs shall be put in place, and the incentives shall, inter alia, be linked to performance of the MMs in terms of generating liquidity in units of ETFs. The relevant data regarding trading volume, bid-ask spread in units of ETFs, and such other information as may be required to formalize performance based incentive structure, shall be obtained from the stock exchanges.

[74] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, Refer SEBI letter No. SEBI/HO/IMD-I DOF2/P/OW/2022/26517/1 dated June 29, 2022. SEBI letter No. SEBI/HO/IMD/IMD-PoD-2/P/OW/2023/17644/1 dated April 28, 2023, SEBI letter No. SEBI/HO/IMD-POD-2/P/OW/2023/43653/1 dated October 26, 2023 & SEBI letter No. SEBI/HO/IMD/POD-II/P/OW/2023/44633/1 dated November 06, 2023.

(iii) Stock Exchanges may also incentivize the MMs through Liquidity Enhancement Schemes (LES) as per the applicable provisions.

(iv) There shall be necessary checks and balances and adequate disclosure of the principles of incentive structure on the website of the AMCs and also in the Scheme Information Documents (SIDs) of ETFs. There shall also be proper audit trail for scheme wise incentives.

(e) <u>Market Making Settlement Process for domestic Equity ETFs</u>

It has been decided to implement net settlement between cash leg of transactions in units of ETF by the MM and consequent transaction in underlying basket by the ETF. In this regard, the following has been decided:

(i) MMs shall be permitted to transact in the basket of securities underlying the ETF against equivalent transactions in units of ETFs and transfer the net obligation of such transactions to the ETF for unit creation or redemption. The AMCs shall be allowed to create or redeem units of ETFs without upfront payment of 100% value of such units or upfront delivery of such units by the MMs, respectively.

(ii) The above mechanism shall be permitted subject to equivalent transactions in units and underlying basket for the same settlement cycle and confirmation of both the legs by the Custodian.

(iii) For the above mechanism,

(I) ETFs shall be allowed to buy or sell their own units, without the same forming part of the asset allocation of the scheme.

(II) Provisions mentioned at Paragraph 7.15.3(b)(iii) of this Master Circular shall not be applicable.

(III) The transactions by the MM in the underlying basket shall be excluded for the purpose of computation of aggregate purchase or sale of securities through any broker as required under the MF Regulations[75].

(iv) Facilitation of the above mechanism for equity ETFs shall be at the discretion of the AMC. However, AMC shall ensure that at

[75] Regulation 22(5)(a)(i) and (ii) of SEBI (Mutual Funds) Regulations, 2026

no point of time, the above mechanism shall increase the risk of the ETF.

(v) The detailed operational guidelines in this regard, have been issued by AMFI in consultation with Clearing Corporations. The Clearing Corporations shall ensure that the necessary systems are in place to enable the netting mechanism.

4.5.2. **Direct transaction in ETFs through AMCs**

(a) Direct transaction with AMCs shall be facilitated for investors only for transactions (redemption or subscription) greater than INR 25 crore. However, this threshold shall not be applicable for MMs and shall be periodically reviewed[76].

(b) Further, in terms of Paragraph 9.4.4 of this Master Circular relating to usage of intra-day NAV for transacting in units of ETFs directly with AMCs, the following has been decided:

(i) The provisions as mentioned at Paragraph 5.8 of this Master Circular on "Swing pricing framework for mutual fund schemes" shall not be applicable to Debt ETFs.

(ii) The requirement of "cut-off" timing for NAV applicability as prescribed by the Board from time to time shall not be applicable for direct transaction with AMCs in ETFs by MMs and other eligible investors.

4.5.3. **Liquidity window for Investors of ETFs with AMCs**

(a) Investors can directly approach the AMC for redemption of units of ETFs, for transactions upto INR 25 Cr. without any exit load, in the following scenarios:

(i) Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days, or

(ii) No quotes for such ETFs are available on stock exchange(s) for 3 consecutive trading days, or

(iii) Total bid size on the exchange is less than half of creation units size daily, averaged over a period of 7 consecutive trading days.

(b) In the above scenarios, redemption applications received from investors up to 3.00 p.m. on any trading day, shall be processed by the AMC at the closing NAV of the day.

[76] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/145 dated October 28, 2022 & SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2022/102 July 28, 2022

(c) The above instances shall be tracked by the AMC on a continuous basis and if any of the above mentioned scenario arises, the same shall be disclosed on the website of AMC.

4.5.4. **Tracking Error and Tracking Difference**

	Feature	**Tracking error**	**Tracking difference**
(a)	Definition	Annualized standard deviation of the difference in daily returns between the underlying index or goods and the NAV of the ETF/ Index Fund based on past one year rolling data. For ETFs/ Index Funds in existence for a period of less than one year, the annualized standard deviation shall be calculated based on available data.	Annualized difference of daily returns between the index or goods and the NAV of the ETF/ Index Fund.
(b)	Disclosure	Tracking Error shall be disclosed by all ETFs/Index Funds (including Debt ETFs/ Index Funds), on a daily basis on the website of respective AMCs and AMFI.	Tracking Difference shall be disclosed by all ETFs/ Index Funds on the website of the AMC and AMFI, on a monthly basis, for tenures 1 year, 3 year, 5 year, 10 year and since the date of allotment of units.
(c)	Limit/ Threshold	For ETFs/ Index Funds (other than Debt ETFs/ Index Funds), Tracking Error shall not exceed 2%. In case of unavoidable circumstances in the nature of force majeure,	For Debt ETFs/ Index Funds the annualized tracking difference averaged over one-year period shall not exceed 1.25%. In case the average annualized tracking

		which are beyond the control of the AMCs, the tracking error may exceed 2% and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any.	difference over one year period for Debt ETFs/ Index Funds is higher than 1.25%, the same shall be brought to the notice of trustees with corrective actions taken by the AMC, if any.

4.5.5. **Rebalancing period for Equity ETFs/ Index Funds**

(a) In case of change in constituents of the index due to periodic review, the portfolio of equity ETF/ Index Funds shall be rebalanced within 7 calendar days.

(b) Any transaction undertaken in the scheme portfolio of ETF/ Index Fund in order to meet the redemption and subscription obligations shall be done while ensuring that post such transactions replication of the portfolio with the index is maintained at all points of time.

4.5.6. **Disclosure Norms for ETFs/ Index Funds**

(a) The debt and equity ETFs/ Index Funds shall disclose the following as a percentage of NAV of the scheme, on a monthly basis:

(i) Name and exposure to top 7 issuers and stocks respectively

(ii) Name and exposure to top 7 groups

(iii) Name and exposure to top 4 sectors

Change in constituents of the index, if any, shall be disclosed on the AMC website on the day of change.

4.5.7. **Nomenclature of ETFs/ Index Funds**

(a) The nomenclature for ETFs/ Index Funds shall include the name of the underlying index or goods.

(b) Further, for ETFs, after listing of the units, the scrip code of such ETFs shall also be disclosed in the nomenclature at all places.

4.5.8. **Hybrid ETFs/ Index Funds**[77]

(a) AMCs may launch a new class of passive fund i.e., Hybrid passive fund, which shall replicate a composite index comprising of equity and

[77] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024

debt and thus enable investors to invest in a single product having exposure to equity and debt instruments.

(b) Hybrid ETF / Index Fund shall mean an ETF / Index Fund which tracks an index/ indices containing a combination of equity and debt constituents from the list of equity and debt indices as permitted under Paragraph 20.2 of this Master circular.

(c) AMCs shall launch hybrid passive schemes only in the following 3 categories:

(i) Balanced (Equity 40%-60% and Debt 40%-60%)

(ii) Equity Oriented (Equity 65%-80% and Debt 20%-35%)

(iii) Debt oriented (Debt 65%-80% and Equity 20%-35%)

(d) The AMCs shall be allowed to launch one ETF and one Index Fund for each category as mentioned at Paragraph 4.5.8(c) above.

(e) The minimum subscription amount at the time of New Fund Offer (NFO) for Hybrid ETFs/ Index Funds shall be Rs. 10 Crore.

(f) The ETF/ Index Fund shall evaluate and ensure compliance with the asset allocation of equity and debt for all its Hybrid ETFs/ Index Funds, at the end of every calendar quarter.

(g) The provisions regarding composition of indices for debt ETFs / Index Funds as specified in Paragraph 4.4 of this Master Circular, shall apply to the debt component of Hybrid ETFs / Index Funds. Further, debt indices for this purpose shall be only constant duration indices as permitted under Paragraph 20.2 of this Master circular. Similarly, the provisions regarding composition of indices for Equity ETFs / Index Funds under Paragraph 4.3 of this Master Circular shall apply to the Equity component of Hybrid ETFs / Index Funds.

(h) The provisions regarding replication and rebalancing norms as specified in Paragraphs 4.4 and 4.5.5 of this Master Circular for ETF /Index Funds shall apply as per the existing norms for debt and equity components of Hybrid ETF /Index Funds, respectively.

(i) The limit for targeted TD for such funds has been specified by AMFI in consultation with SEBI.

4.5.9. **Disclosure of indicative Net Asset Value (iNAV)**

(a) iNAV of an ETF i.e. the per unit NAV based on the current market value of its portfolio during the trading hours of the ETF, shall be disclosed on a continuous basis on the Stock Exchange(s), where the units of these ETFs are listed and traded and shall be updated in the following manner:

	Type of ETF	Frequency of disclosure
(i)	Equity ETFs	Within a maximum time lag of 15 seconds from underlying market.
(ii)	Debt ETFs and Hybrid ETFs[78]	At least four times a day i.e. opening and closing iNAV and at least two times during the intervening period with minimum time lag of 90 minutes between the two disclosures
(iii)	Gold/ Silver ETFs	Based on the latest available data for Gold/Silver and accordingly may either be static or dynamic depending upon the availability of the underlying price.
(iv)	ETFs on international indices	Based on the latest available data regarding the portfolio of the ETF and accordingly may either be static or dynamic depending on the intersection in trading hours of domestic and overseas markets.

(b) For disclosure of iNAV, AMCs and Stock Exchanges shall develop suitable mechanism for data sharing.

4.5.10. **Disclosure of "Debt Index Replication Factor (DIRF)" in debt oriented passive schemes[79]**

(a) Debt oriented passive schemes shall disclose the "Debt Index Replication Factor (DIRF)" of the portfolio along with the Tracking Error and Tracking Difference on the website of the AMC.

(b) For this purpose, 100% replication at individual issuer level shall be achieved if the portfolio has same issuer in the exact same percentage as is the case for the Index.

(c) In case the weightage of a particular issuer is different in the Index and the portfolio, then lesser of the weightage (subject to assigning 0 replication percentage where the instrument is absent in either index or portfolio) would be considered as replicated ("Individual issuer Replication Factor") and the aggregate of all such replication factors in the portfolio shall give portfolio level replication or DIRF. An illustration is provided below:

[78] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024
[79] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024

Issuer	Index Weight	Portfolio Weight	Replication factor
A	15%	13%	13%
B	13%	15%	13%
C	8%	8%	8%
D	12%	0%	0%
E	0%	12%	0%
F	0%	8%	0%
G- AAA	8%	0%	0%
G-Sec/ T-bills	22%	20%	20%
SDLs	13%	16%	13%
Cash and Cash Equivalents	9%	8%	8%
Total	100%	100%	75%

(d) DIRF shall also be disclosed along with the portfolio disclosure of the debt passive schemes.

4.5.11. **Close ended debt passive schemes**[80]

(a) AMCs shall launch close ended debt passive schemes irrespective of the MF being registered under the extant MF Regulations or the MF Lite framework. Such close ended debt passive funds shall be based only on target maturity indices.

(b) The existing standard framework for construction of index for target maturity indices shall also be applicable for close ended passive schemes subject to compliance with Paragraph 4.4 of this Master Circular. However, the rating of the underlying instruments may go below AAA up to investment grade in case of such funds.

[80] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024

4.6. Mutual Fund schemes for Environmental, Social and Governance ("ESG") Investing[81]

4.6.1. Thematic schemes on ESG Strategies

(a) It has been decided to introduce a separate sub-category for ESG investments under the thematic category of Equity schemes. Any scheme under the ESG category shall be launched with one of the following strategies (details of strategies are at **Annexure 3**) –

(i) Exclusion

(ii) Integration

(iii) Best-in-class & Positive Screening

(iv) Impact investing

(v) Sustainable objectives

(vi) Transition or transition related investments

(b) Asset Allocation:

(i)	Minimum allocation	80% of the total assets under management (AUM) shall be invested in equity & equity related instruments aligned with the scheme's selected ESG strategy
(ii)	Remaining Allocation	The remaining portion (up to 20%) of the investment shall not be in contrast to the ESG strategy of the scheme

Mutual Funds shall endeavour to deploy a higher proportion of the assets towards the selected ESG strategy and make suitable disclosures.

(c) AMCs shall ensure that the ESG schemes launched by Mutual Funds are clearly distinct in terms of asset allocation, investment strategy etc.

[81] SEBI Circular No. CIR/IMD/DF/20/2013 dated November 29, 2013

4.6.2. **Investment criteria for ESG Schemes**

(a) ESG scheme shall invest at least 65% of its AUM in companies which are reporting on comprehensive BRSR and are also providing assurance on BRSR Core disclosures (details on BRSR Core disclosures are as specified vide SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/177 dated December 20, 2024). The balance AUM of the scheme may be invested in companies having BRSR disclosures.

4.6.3. **Disclosure requirements for ESG Schemes**

(a) Scheme strategy to be reflected in scheme name: Mutual Funds shall clearly disclose the name of ESG strategy in the name of the concerned ESG fund/scheme. For eg., XYZ ESG Exclusionary Strategy Fund, ABC ESG Best-in-class Strategy Fund etc.

(b) ESG scores of securities: Mutual Funds shall disclose the following in their monthly portfolio statements of ESG schemes:

(i) Security wise BRSR Core scores {as and when the same is made available by SEBI registered ESG Rating Provider (ERPs)}, along with the BRSR scores.

(ii) Name of the ERPs providing ESG scores for the ESG schemes, along with the ESG scores. In case there is a change in ERP, the reason for such change shall also be disclosed in the next monthly portfolio statements of ESG schemes.

(c) Voting disclosures by ESG schemes:

(i) In addition to the requirements under Paragraphs 7.26.3 and 7.26.4 of this Master Circular and in order to enhance transparency on votes cast by ESG schemes, it has been decided that under the rationale for voting decisions (whether" in favour" or "against"), the AMCs shall categorically disclose whether the resolution has or has not been supported due to any environmental, social or governance reasons.

(ii) The disclosure of voting rationale may be made at the Mutual Fund level. However, in instances where the voting approach for ESG and non-ESG schemes of any Mutual Fund is not same, the details and rationale for votes cast on behalf of ESG schemes and non-ESG schemes shall be disclosed separately.

(d) Annual Fund Manager commentary and disclosure of case studies: A 'Fund Manager Commentary' along with the additional disclosures with respect to engagements undertaken by Mutual Funds for ESG schemes, as required to be disclosed in terms of SEBI letter dated February 08, 2022, shall be provided in the Annual Report of the ESG schemes. The Fund Managers Commentary shall include the following:

(i) Examples on how ESG strategy was applied on the fund, how engagements were carried out, any escalation strategy that the Fund Manager may have applied on the portfolio companies, annual tracking of ESG rating movements in the investee companies etc.

(ii) Case studies where Fund Managers have engaged with investee companies with the clear objective of engagement including those carried out for exercise of voting rights.

(iii) The details on number of engagements carried out in a year, the modes of communication employed, and outcomes, if any achieved in the reporting year. If ESG schemes have a specific objective, then reporting shall be done on engagements and outcomes achieved (if any) in the reporting year based on that objective. Additional areas to be covered in case studies and minimum disclosures has been specified by AMFI in consultation with SEBI.

(iv) Annual tracking of ESG rating / score movements in the investee companies.

(v) Percentage of AUM invested in such companies where there are no BRSR disclosures (investments prior to October 01, 2022) and its impact, if any, on the Fund score.

(vi) In case of change in ERP, reason(s) for such change recorded by AMCs.

(e) <u>Assurance on ESG Schemes</u>

(i) Independent assurance

(I) The AMCs shall obtain an independent reasonable assurance on an annual basis regarding their ESG scheme’s portfolio being in compliance with the strategy and objective of the scheme, as stated in respective SIDs. Such an assurance shall mandatorily be disclosed in the scheme’s annual report.

(II) The Board of AMCs shall ensure that the assurance provider for an ESG scheme has the necessary expertise, for undertaking reasonable assurance.

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(III) The AMCs shall also ensure that there is no conflict of interest with the assurance provider appointed for providing assurance on their ESG schemes. For instance, it shall be ensured that the assurance provider or any of its associates do not sell its products or provide any non-audit / non-assurance related service including consulting services, to the AMC or its group entities.

(ii) Certification by the Board of AMCs

(I) The board of directors of AMCs, based on comprehensive internal ESG audit, shall certify compliance of ESG schemes with the regulatory requirements including disclosures and disclose the same in the annual reports of the schemes.

(II) The aforementioned internal ESG audit shall, inter-alia, include verification of the SIDs, Stewardship Reporting and Responsible Investment Policy of the ESG Funds and any other relevant document, to ensure that the statements made in these documents are factual.

4.7. Infrastructure Debt Schemes[82]

4.7.1. As per Regulation 85(2)(d) any infrastructure debt fund scheme launched by a mutual fund prior to date of notification of these Regulations shall continue to be governed by provisions of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 till such scheme is wound up.

4.7.2. **Placement Memorandum:**

(a) Private Placement to less than 50 investors has been permitted as an alternative to New Fund Offer to the public, in case of Infrastructure Debt Funds (IDF). In case of private placement, the mutual funds would have to file a Placement Memorandum with SEBI instead of a Scheme Information Document and a Key Information Memorandum. However, all the other conditions applicable to IDFs offered through the NFO route like kind of investments, investment restrictions, etc. would be applicable to IDFs offered through private placement.

(b) In terms of Regulation 49-OA of the SEBI (Mutual Funds) Regulations, 1996, the Placement Memorandum shall be filed with the Board as per the prescribed format.

(c) The Asset Management Companies shall ensure that the Placement Memorandum is uploaded on their respective websites after

[82] SEBI Circular No. CIR/IMD/DF/7/2013 dated April 23, 2013

allotment of units, and on the website of such recognized Stock Exchange, where it is proposed to be listed, at the time of listing of the scheme.

4.7.3. **Investments in IDF by FPIs**

(a) The universe of strategic investors in the IDF has been expanded to include, inter alia, FPIs registered with SEBI which are long term investors subject to their existing investment limits.

(b) With reference to Regulation 49L of the SEBI (Mutual Funds) Regulations, 1996 the following categories of FPIs are designated as long term investors only for the purpose of IDF:

(i) Foreign Central Banks

(ii) Governmental Agencies

(iii) Sovereign Wealth Funds

(iv) International/Multilateral Organizations/ Agencies

(v) Insurance Funds

(vi) Pension Funds

(vii) Foreign feeder funds, having at all times, at least 20% of their assets under management held by investors belonging to one of more of the above categories of FPIs[83]

4.7.4. **Investments by the IDF scheme**

(a) With reference to Regulation 49P (1) of the SEBI (Mutual Funds) Regulations, 1996, the investments in bank loans shall be made only through the securitization mode.

[83] SEBI Circular No. CIR/IMD/DF/20/2013 dated November 29, 2013

CHAPTER 5: RISK MANAGEMENT FRAMEWORK[84]

5.1. Risk Management Framework for Mutual Funds

5.1.1. The Risk Management Framework (RMF) provides a set of principles or standards, which inter alia comprise the policies, procedures, risk management functions, roles & responsibilities of the management, the Board of AMC and the Board of Trustees. The detailed RMF for mutual funds is placed at **Annexure 4**.

5.1.2. The elements of RMF, wherever applicable, have been segregated into 'mandatory elements' which should be implemented by the AMCs and 'recommendatory elements' which are in line with other leading industry practices that can be considered for implementation by the AMCs, to the extent relevant to them.

5.1.3. AMCs shall perform a self-assessment of their RMF and practices and submit a report, thereon, to their Board along with the roadmap for implementation of the framework.

5.1.4. Compliance with the RMF should be reviewed annually by the AMC. Reports of such reviews shall be placed before the Board of AMC and Trustees for their consideration and appropriate directions, if any. Trustees shall submit the findings and steps taken to mitigate the risk along with their comments to SEBI in the half-yearly trustee reports.

5.2. Stress Testing of open ended Debt Schemes[85][86]

5.2.1. As a part of risk management framework, Mutual Funds (MFs) shall carry out stress testing of their portfolio, particularly for debt schemes in line with AMFI Best Practice Guidelines on stress testing of Liquid Funds and Money Market Mutual Fund Schemes (MMMFs).

5.2.2. In order to further strengthen the risk management practices, AMCs shall adhere to the following guidelines for conducting stress testing on all open ended Debt Schemes (except Overnight scheme):

(a) AMCs shall have stress-testing policy in place, duly approved by the Board of AMC, which mandates stress testing on all open ended Debt Schemes (except Overnight scheme).

(b) Stress test shall be carried out internally by the AMC at least on a monthly basis, and more frequently, if the market conditions so require.

[84] SEBI Circular No. MFD/CIR/15/19133/2002 dated September 30, 2002 replaced by SEBI Circular No SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630 dated September 27, 2021 with effect from April 1, 2022, Refer SEBI email dated September 13, 2022.
[85] SEBI Circular No. CIR/IMD/DF/03/2015 dated April 30, 2015. Refer SEBI email dated February 27, 2024.
[86] SEBI Circular No.SEBI/HO/IMD/DF3/CIR/P/2020/229 dated November 06, 2020.

(c) The concerned schemes shall be tested on the following risk parameters, in addition to others as deemed necessary by the AMC:

(i) Interest rate risk;

(ii) Credit risk;

(iii) Liquidity & Redemption risk.

5.2.3. While conducting stress test, the impact of various risk parameters on the scheme and its Net Asset Value (NAV) shall be evaluated. The parameters used and the methodology adopted for conducting stress test on such type of scheme, shall be detailed in the stress-testing policy.

5.2.4. Further, in the event the stress test reveals any vulnerability or early warning signal, the same shall be brought to the notice of the Trustees and corrective action as deemed necessary shall be taken to reinforce their robustness. AMC shall also be required to have documented guidelines to deal with the adverse situation effectively.

5.2.5. The stress-testing policy shall be reviewed by the Board of AMC and Trustees, at least on an annual basis and shall cover the following aspects:

(i) Adequacy of the documentation for various elements of the stress testing framework

(ii) Scope of coverage of the stress testing policy and the levels of stress applied

(iii) Integration of the stress testing framework in the day-to-day risk management processes

(iv) Adequacy of the corrective actions and the efficacy of the systems for their activation.

5.2.6. Further, Trustees shall be required to report compliance with provisions of Paragraph 5.2 above and steps taken to deal with adverse situations faced, if any, in the Half Yearly Trustee Report submitted to the Board.

5.3. Restriction on Redemption in Mutual Funds[87]

5.3.1. The AMC shall comply with the following requirements before imposing restriction on redemption of mutual fund units:

(a) Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

[87] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/57 dated May 31, 2016

(i) Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security. AMCs should have in place sound internal liquidity management tools for schemes. Restriction on redemption cannot be used as an ordinary tool in order to manage the liquidity of a scheme. Further, restriction on redemption due to illiquidity of a specific security in the portfolio of a scheme due to a poor investment decision, shall not be allowed.

(ii) Market Failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.

(iii) Operational Issues - when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.

(b) Restrictions on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 calendar days period.

(c) Any imposition of restriction would require specific approval of Board of AMCs and Trustees and the same shall be informed to SEBI immediately.

(d) When restriction on redemption is imposed:

(i) No redemption requests up to INR 2 lakh shall be subject to such restriction.

(ii) When redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

5.3.2. **Disclosure:** The above information regarding the possibility that the right of the investor to redeem may be restricted in such exceptional circumstances and the time limit for which it can be restricted shall be disclosed to the investors prominently and extensively in the scheme related documents.

5.4. Internal Credit Risk Assessment[88]:

[88] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/2016/42 dated March 18, 2016 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/2019/104 dated October 01, 2019.

5.4.1. All AMCs shall have an appropriate policy and system in place to conduct in-house credit risk assessment/ due diligence of debt and money market instruments/ products at all points of time i.e. before investing in such instruments/ products and also on continuous basis in order to have proper assessment of the credit risk of the portfolio.

5.4.2. The internal policy shall have adequate provisions to generate early warning signals (including yield based alerts) on deterioration of credit profile of the issuer. Based on the alerts generated, the AMCs shall take appropriate measures and report the same to trustees.

5.5. *Creation of segregated portfolio in mutual fund schemes*[89][90]

5.5.1. For the purpose of Paragraph 5.5:

(a) The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.

(b) The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.

(c) The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

5.5.2. AMC may create segregated portfolio of debt and money market instruments in a mutual fund scheme, subject to the following:

(a) In case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

(i) Downgrade of a debt or money market instrument to 'below investment grade', or

(ii) Subsequent downgrades of the said instruments from 'below investment grade', or

(iii) Similar such downgrades of a loan rating.

(b) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed at Paragraph 5.5.2.(a) and implemented at the ISIN level.

(c) In case of unrated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such

[89] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2019/22447/1 dated August 29, 2019, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2019/28242/1 dated October 24, 2019

[90] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/127 dated November 07, 2019.

instrument shall be considered as credit event for creation of segregated portfolio of such instruments.

(d) AMCs shall immediately inform AMFI about the actual default by the issuer and subsequently AMFI shall immediately inform the same to all AMCs. Pursuant to such dissemination of information, AMCs may segregate the portfolio of debt or money market instruments of the said issuer.

(e) Creation of segregated portfolio shall be optional and at the discretion of the AMC. It can be created only if the SID of the scheme has enabling provision for segregated portfolio with detailed disclosures made in SAI.[91]

(f) All new schemes shall have the enabling provision included in the SID for creation of segregated portfolio.

(g) AMCs shall have a detailed policy on creation of segregated portfolio and the same shall be approved by the trustees.

5.5.3. [92]Segregation of Portfolio in schemes having investment in instrument with special features:

(a) Debt schemes with investments in instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption (Additional Tier I bonds and Tier 2 bonds issued under Basel III) or debt schemes that have provision to invest in such instruments shall ensure that the SID of the scheme has provisions for segregated portfolio. The provision to enable creation of segregated portfolio in the existing schemes shall be subject to compliance with Regulation 22(9)(c).

(b) In case the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date.

(c) On the said trigger date, AMCs may, at their option, create segregated portfolio in a mutual fund scheme subject to compliance with relevant provisions of Paragraph 5.5 of this Master Circular and any other relevant Regulations/Circulars/Guidelines issued from time to time.

[91] SEBI Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175 dated November 01, 2023.
[92] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021.

(d) Further, AMCs/Valuation Agencies shall ensure that the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings are reflected in the valuation of the securities from the trigger date onwards.

5.5.4. The following process shall be followed for creation of segregated portfolio:

(a) AMC shall decide on creation of segregated portfolio on the day of credit event. Once an AMC decides to segregate portfolio, it shall

(i) seek approval of trustees prior to creation of the segregated portfolio.

(ii) immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. The AMC should also disclose that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.

(iii) ensure that till the time the trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended.

(b) Once trustee approval is received by the AMC:

(i) Segregated portfolio shall be effective from the day of credit event

(ii) AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to the Board.

(iii) An e-mail or SMS should be sent to all unit holders of the concerned scheme.

(iv) The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.

(v) All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.

(vi) No redemption/ subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within

10 business days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.

(c) If the trustees do not approve the proposal to segregate portfolio, AMC shall issue a press release immediately informing investors of the same.

5.5.5. Valuation and processing of subscriptions and redemptions:

(a) Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of MF Regulations and Circular(s) issued thereunder.

(b) All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the provisions on applicability of NAV as under:

(i) Upon trustees' approval to create a segregated portfolio -

(I) Investors redeeming their units shall get redemption proceeds based on the NAV of main portfolio and shall continue to hold the units of segregated portfolio.

(II) Investors subscribing to the scheme shall be allotted units only in the main portfolio based on its NAV.

(ii) In case trustees do not approve the proposal to segregate the portfolio, subscription and redemption applications shall be processed based on the NAV of total portfolio.

5.5.6. Disclosure Requirements:

(a) A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 business days of creation of the segregated portfolio.

(b) Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly portfolio disclosures and in the annual report of the mutual fund and the scheme.

(c) The Net Asset Value (NAV) of the segregated portfolio shall be declared on every business day.

(d) The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.

(e) The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.

(f) The disclosures at Paragraphs 5.5.6.(d) and 5.5.6.(e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.

(g) The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

5.5.7. BER for the Segregated Portfolio:

(a) AMC shall not charge investment and advisory fees on the segregated portfolio. However, BER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.

(b) The BER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in percentage terms) during the period for which the segregated portfolio was in existence.

(c) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum BER limit as applicable to the main portfolio. The legal charges in excess of the BER limits, if any, shall be borne by the AMC.

(d) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

5.5.8. Monitoring by Trustees:

(a) Trustees shall ensure that:

(i) The AMC puts in sincere efforts to recover the investments of the segregated portfolio.

(ii) Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.

(iii) An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio shall be placed in every trustee meeting till the investments are fully recovered/ written-off.

(iv) The trustees shall monitor compliance with the guidelines issued by the Board regarding segregation of portfolio in mutual fund schemes, in respect of every segregated portfolio created and report the same in the half-yearly trustee reports filed with the Board.

(b) To avoid misuse of segregated portfolio, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the scheme.

(c) The existence of the provisions for segregated portfolio shall not encourage the AMCs to take undue credit risk in the scheme portfolio. Any misuse of the provisions of segregated portfolio, shall be considered serious and stringent action shall be taken.

5.6. Risk management framework for liquid and overnight funds[93]

5.6.1. Liquid funds shall hold at least 20% of its net assets in liquid assets. For this purpose, ‘liquid assets’ shall include Cash, Government Securities, T-bills and Repo on Government Securities.

5.6.2. In case, the exposure in such liquid assets falls below 20% of net assets of the scheme, the AMC shall ensure compliance with the above requirement before making any further investments.

5.6.3. Liquid Funds and Overnight Funds shall not park funds pending deployment in short term deposits of scheduled commercial banks.

5.6.4. Liquid Funds and Overnight Funds shall not invest in debt securities having structured obligations (SO rating) and/ or credit enhancements

[93] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/101 dated September 20, 2019.

(CE rating). However, debt securities with government guarantee shall be excluded from such restriction.

5.6.5. Mutual Fund shall levy exit load on investors who exit the Liquid Fund within 7 calendar days of their investment. To ensure uniformity across the industry, the AMCs shall follow the minimum exit load in a liquid and overnight fund on a graded basis as prescribed by AMFI in consultation with the Board.

5.7. Prudential Norms regarding holding of liquid assets in Open ended Debt Schemes[94] :

5.7.1. All open ended debt schemes (except Overnight Fund, Liquid Fund, Gilt Fund and 10-year constant maturity gilt fund) shall hold at least 10% of their net assets in liquid assets. For this purpose, 'liquid assets' shall have same meaning as defined in Paragraph 5.6.1.

5.7.2. The liquid assets specified above shall not be included for determining the scheme characteristics of the open ended debt schemes as specified under Part IV of Chapter 3 of this Master Circular[95]. In this regards it is clarified that–

(a) For all regulatory limit calculations other than Asset Allocation Limits (e.g. for Macaulay Duration, Risk-o-meter, investment restrictions pertaining to issuer, sector and group), the base to be considered is 100% of Net Assets.

(b) For asset allocation limits (applicable for Banking and PSU Debt Fund, Floating Interest Rates Fund, Credit Risk Fund and Corporate Bond Funds scheme categories in terms of Part IV of Chapter 3 of this Master Circular, the base shall be considered as Net assets excluding the extent of minimum stipulated liquid assets i.e. 10%. Illustration is given below –

Category of scheme	**Scheme characteristics**	**Asset allocation limit**
Banking and PSU Debt Fund	Minimum investment in debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds – 80% of total assets	Minimum 72%** allocation to Banking & PSU Assets

[94] SEBI Circular No.SEBI/HO/IMD/DF3/CIR/P/2020/229 dated November 06, 2020. Refer SEBI letter No. SEBI/HO/IMD/IMD-POD-2/P/OW/2023/23603/1 dated June 08, 2023
[95] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/583 dated June 25, 2021

**80% of (100% reduced to the extent of minimum stipulated liquid assets i.e. 10%), i.e. 80% of 90% of Net Assets.

5.7.3. In case, the exposure in such liquid assets / securities falls below the threshold mandated at Paragraph 5.7.1 above, the AMCs shall ensure compliance with the above requirement before making any further investments.

5.7.4. AMCs shall ensure compliance with the framework specified by AMFI, in consultation with the Board, for liquidity risk management for open ended debt schemes (except Overnight Fund, Gilt Fund and 10-year constant maturity gilt fund).

5.8. Swing pricing framework for mutual fund schemes[96]

5.8.1. Swing pricing framework shall be applicable to open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) only for scenarios related to net outflows from the schemes. The same shall be a hybrid framework with:

(a) a partial swing during normal times and

(b) a mandatory full swing during market dislocation times for high risk open ended debt schemes.

5.8.2. Swing pricing during normal times

(a) During normal times:

(i) AMFI shall prescribe broad parameters for determination of thresholds for triggering swing pricing which shall be followed by the AMCs. AMFI shall also prescribe an indicative range of swing threshold to the industry for normal times.

(ii) Additionally, AMC may be allowed to have other parameters, if it desires so, considering the nature and characteristics of the mutual fund scheme.

(iii) During normal times, AMCs shall decide on the applicability of swing pricing and the quantum of swing factor depending on scheme specific issues.

(iv) Provision shall be disclosed by the AMC in SID with detailed disclosures made in SAI[97]

(b) AMCs may, if they desire so, implement the swing pricing framework during normal period, after incorporating clauses pertaining to the

[96] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021 and SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/24 dated February 25, 2022, Refer SEBI letter No. SEBI/HO/ IMD-II/DOF3/ OW/P/2022/5274/1 dated February 08, 2021

[97] SEBI Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175 dated November 01, 2023.

same in their SIDs and the same shall be considered as a Fundamental Attribute Change of the scheme in terms of Regulation 22(9)(c).

5.8.3. Swing pricing during market dislocation

(a) For the purpose of determining market dislocation, AMFI shall develop a set of guidelines/parameters/model for recommending the same to the Board. The Board will determine 'market dislocation' either based on AMFI's recommendation or suo moto. Once market dislocation is declared, it will be notified by the Board that swing pricing will be applicable for a specified period.

(b) Subsequent to the announcement of market dislocation, the swing pricing framework shall be mandated only for open ended debt schemes (except overnight funds, Gilt funds and 10-year constant maturity gilt fund) in terms of Part IV of Chapter 3 of this Master Circular, which:

(i) have High or Very High risk on the risk-o-meter in terms of Paragraph 6.16 of this Master Circular (as of the most recent period at the time of declaration of market dislocation); and

(ii) classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of Paragraph 6.18 of this Master Circular as tabulated below.

(c) A minimum swing factor as under shall be made applicable to the schemes mentioned at Paragraph 5.8.3.(b) above and the NAV will be adjusted for swing factor.

Table			
Minimum swing factor for open ended debt schemes*			
Max Credit Risk of scheme→ Max Interest Rate Risk of the scheme ↓	**Class A (CRV** >=12)**	**Class B (CRV >=10)**	**Class C (CRV <10)**
Class I: (MD<=1 year)	Optional	Optional	1.5%
Class II: (MD<=3 years)	Optional	1.25 %	1.75%

Class III: Any Macaulay duration	1%	1.5 %	2%
*Scheme can levy higher swing factor, based on pre-defined parameters, redemption pressure and current portfolio of the scheme subject to a cap on swing factor to be decided by AMC. **CRV: Credit Risk Value			

5.8.4. **Re-opening of a scheme after announcement of winding-up**[98]

(a) The swing pricing framework shall be applicable upon re-opening of Scheme after announcement of winding up. In this regard, AMCs shall adhere to the guidelines issued by AMFI, in consultation with SEBI.

5.8.5. All the open ended debt schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) mentioned at Paragraph 5.8.3.(b) shall incorporate the provision pertaining to mandatory swing factor as stipulated at Table above in their offer documents. Optional swing factor or levying a swing factor higher than as specified in Table above shall be considered as Fundamental Attribute Change of the scheme in terms of Regulation 22(9)(c).

5.8.6. <u>Other aspects pertaining to swing pricing</u>

(a) When swing pricing framework is triggered and swing factor is made applicable (during normal time or market dislocation, as the case may be), both the incoming and outgoing investors shall get NAV adjusted for swing factor.

(b) All AMCs shall make clear disclosures along with illustrations in the SIDs including information on how the swing pricing framework works, the circumstances under which it is triggered and the effect on the NAV for incoming and outgoing investors.

(c) Swing pricing shall be made applicable to all unitholders at PAN level with an exemption for redemptions upto Rs. 2 lakhs for each mutual fund scheme during both normal times and market dislocation.

(d) AMCs shall put in place policies and procedures pertaining to swing pricing, which shall be approved by board of AMC and Trustee.

(e) The scheme performance shall be computed based on unswung NAV.

[98] Mandated based on recommendation of Group of Experts and Mutual Fund Advisory Committee and AMFI Best Practice Guidelines No. 135/BP/96-B/2024-25 dated November 04, 2024

(f) AMCs shall disclose the NAV adjusted for swing factor along with the performance impact in following format in their SIDs, scheme wise Annual Reports and Abridged summary. The same shall also be disclosed on their website prominently only if swing pricing framework has been made applicable for the said mutual fund scheme:

Sr No.	Period of applicability of swing pricing	Scheme name	Unswung NAV	Swing factor applied	Whether optional or Mandatory

5.9. Borrowings by Mutual Funds[99]

5.9.1. Intraday Borrowings: In terms of Regulation 42(1) and 42(2), the following conditions shall be applicable for intraday borrowings by Mutual Funds:

(a) The policy for use of intraday borrowing facility shall be approved by Board of AMC and Board of Trustees and shall be uploaded on the website of AMC.

(b) Intraday borrowings shall be used only for the purpose of repurchase or redemption of units or payment of interest or Income Distribution cum Capital Withdrawal payout to the unitholders.

(c) The amount of intraday borrowings shall not exceed the guaranteed receivables due on the same day from Government of India, Reserve Bank of India and Clearing Corporation of India Limited. The following receivables on the day of redemption shall be eligible for intraday borrowings:

(i) Maturity proceeds from TREPS

(ii) Proceeds from Reverse Repo

(iii) Maturity proceeds from G-Sec/ T-bill/ SDL/ STRIPS

(iv) Interest on G-Sec/ SDL

(v) Sale proceeds of G-Sec/ T-bill/ SDL/ STRIPS

(d) AMCs shall ensure compliance of clauses 6 and 7 of Fourth Schedule of MF Regulations and Paragraph 17.7 of this Master Circular.

(e) In line with Paragraph 11.10 of this Master Circular, cost of intraday borrowing, if any, shall be borne by the AMC. Further, any loss or cost incurred, on account of any unforeseen event or delay in receiving

[99] SEBI Circular No. HO/(92)2026-IMD-POD-2/I/6961/2026 dated March 13, 2026

the funds from receivables as mentioned at Paragraph 5.4 shall be borne by the AMC.

5.9.2. Borrowing by equity-oriented index funds and equity-oriented ETFs:

(a) SEBI has introduced Closing Auction Session in the equity cash segment of the Stock Exchanges *vide* circular reference no. HO/47/11/11(3)2025-MRD-POD2/I/2765/2026 dated January 16, 2026.

(b) In this regard, the borrowings by equity-oriented index funds and equity-oriented ETFs on account of under execution of sell trades on the Stock Exchange in terms of Regulation 42(1) is permissible only for the purpose of participation by such funds in the Closing Auction Session in the equity cash segment of the Stock Exchanges with effect from the date of applicability of the aforesaid SEBI circular dated January 16, 2026 and in the manner specified therein.

5.10. *Cyber Security and Cyber Resilience Framework for Mutual Funds/ AMCs*[100]

5.10.1. All Mutual Funds/ AMCs shall comply with the applicable provisions of Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs), specified vide SEBI Circular no. SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, including any subsequent circulars/directions in this regard.

5.11. *Technology Committee for Mutual Funds/ AMCs* [101]

5.11.1. In order to deal with various technology related issues, AMCs shall constitute a Technology Committee comprising of experts proficient in technology with at least one independent external expert with adequate experience in the area of technology in Mutual Fund industry / BFSI.

5.11.2. The aforementioned committee shall, inter alia, review the cyber security and cyber resilience framework for Mutual Funds / AMCs in terms of Paragraph 5.10 above and also review the system audit related aspects of AMCs in terms of Paragraph 7.25.3 of this Master Circular on system audit framework for mutual funds / AMCs.

5.12. *Reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by Mutual Funds*[102]

5.12.1. <u>Scope definition</u>

[100] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/12 dated January 10, 2019, Refer SEBI email dated February 17, 2021 & August 04, 2022. Refer SEBI letter No. SEBI/HO/IMD/IMD-TPD-1/P/OW/2023/16538 dated April 19, 2023 & SEBI letter No. SEBI/HO/IMD/IMD-SEC-3/P/OW/2023/22970/1 dated June 06, 2023.

[101] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/058 dated April 11, 2019

[102] SEBI Circular No. SEBI/HO/IMD/DF5/CIR/P/2019/63 dated May 09, 2019

(a) "AI" / "ML" refers to the terms "Artificial Intelligence" and "Machine Learning" used as a part of the product offerings. In order to make the scope of this section inclusive of various AI and ML technologies in use, the scope also covers Fin-Tech and Reg-Tech initiatives undertaken by market participants that involves AI and ML.

(b) Any set of applications / software / programs / executable / systems (computer systems) – cumulatively called application and systems,

(i) that are offered to investors (individuals and institutions) or used internally by Mutual Funds to facilitate investing and trading or for any other purpose, OR

(ii) to disseminate investments strategies and advice, OR

(iii) to carry out compliance / operations / activities,

where AI / ML is portrayed as a part of the public product offering or under usage for compliance or management purposes, is included in the scope of this section.

(c) Technologies that are considered to be categorized as AI and ML technologies in the scope of this section, are explained in **Annexure 5**.

5.12.2. Regulatory requirements

(a) All registered Mutual Funds offering or using applications or systems as defined in the **Annexure 5**:

(i) should participate in the reporting process by completing the AI / ML reporting format as provided under Format No. 9A.

(ii) are required to fill in the form as per the Format No. 9A and make submissions on quarterly basis within 15 calendar days of the expiry of the quarter to AMFI.

(b) AMFI shall consolidate the information on AI / ML applications and systems reported by Mutual Funds on quarterly basis and submit to the Board at email id AIML_MF@sebi.gov.in within 30 calendar days of the expiry of the quarter. AMFI shall ensure that confidentiality is maintained regarding the information received by them from Mutual Funds.

CHAPTER 6: DISCLOSURES & REPORTING NORMS

Part I - DISCLOSURES

6.1. Portfolio Disclosures[103]

6.1.1. Mutual Funds/ AMCs shall disclose portfolio (along with ISIN) as on the last day of the month for all their schemes on their respective website and on the website of AMFI within 10 calendar days from the close of each month in a user-friendly and downloadable spreadsheet format. For debt schemes, such disclosure, including the yield of the instrument, shall be disclosed on fortnightly basis within 5 calendar days of every fortnight. The format for disclosure of portfolios is provided under Format No. 4C.

6.1.2. In case of unit holders whose e-mail addresses are registered, AMCs shall send such monthly/fortnightly statements of scheme portfolio to such unitholders via email within the timelines prescribed above at Paragraph 6.1.1. AMCs shall provide a feature wherein a link is provided to investors to their registered email to enable the investor to directly view/download only the portfolio of schemes subscribed by the said investor, along with the scheme risk-o-meter, name of benchmark and risk-o-meter of benchmark.

6.1.3. AMCs shall declare on their website the hosting of the monthly/fortnightly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unit holder can submit a request for a physical or electronic copy of the statement of scheme portfolio.

6.1.4. AMCs shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unit holder.

6.1.5. AMCs may disclose additional information (such as ratios, etc.) subject to compliance with the Advertisement Code.

6.2. Disclosure of derivatives[104]

6.2.1. For the purpose of uniform disclosure of investments in derivative instruments by AMCs in monthly/fortnightly portfolio disclosure, annual report or in any other disclosures, the format specified at Paragraph 6.1.1 (i.e. Format No. 4C) shall be followed.

[103] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, SEBI/HO/IMD/DF2/CIR/P/2018/92 dated June 05, 2018 and SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/130 dated July 22, 2020, Refer SEBI email dated September 30, 2020, Refer SEBI Email dated November 17, 2022

[104] SEBI Circular Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010

6.2.2. Further, while listing net assets, the margin amounts paid shall be reported separately under cash or bank balances.

6.3. Unaudited Half Yearly Financials[105]

6.3.1. The publication of the unaudited half-yearly results shall be made as per the Format No. 4A[106]. For the purpose of easy reference by the investors, all mutual funds shall display unaudited half yearly results on the respective websites of AMCs and the website of AMFI, in a user-friendly, downloadable and machine readable format, within 1 month after the end of each half year.

6.4. Annual Report[107] *or Abridged Summary*[108]

6.4.1. The scheme wise annual report, in machine readable format, shall be hosted on the website of the AMCs and on the website of AMFI. The AMCs shall display the link prominently on their websites and make the physical copies available to the unit holders, at their registered offices at all times.

6.4.2. The websites of the AMCs shall also be linked with AMFI website so that the investors and analyst(s) can access the annual reports of all mutual funds at one place[109].

6.4.3. AMCs shall send an email/SMS to all unitholders regarding the hosting of scheme wise annual report on their website and on the website of AMFI.

6.4.4. AMCs shall e-mail the scheme annual reports or abridged summary thereof, in machine readable formats, to all such unit holders, whose email addresses are registered with the Mutual Fund, within 4 months from the date of closure of the relevant financial year.[110] The said communication shall also include details of modes such as SMS, telephone, email or written request (letter), etc. through which unit holders can submit a request for a physical copy of the scheme wise annual report or abridged summary thereof.

6.5. Disclosure of large unit holdings[111]

6.5.1. The number of investors holding over 25% of the NAV[112] in a scheme and their total holdings in percentage terms shall be disclosed in the

[105] SEBI Circular MFD/CIR/1/200/2001 dated April 20, 2001 & SEBI Circular No. IMD/CIR No.8/132968/2008 dated July 24, 2008
[106] Regulation 70(2) of SEBI (Mutual Funds) Regulations, 2026
[107] For format of abridged scheme wise report, please refer Format No. 4B under the section on formats
[108] SEBI Circular No. IMD/CIR No.8/132968/2008 dated July 24, 2008, Circular No. Cir/IMD/DF/16/2011 dated September 08, 2011 and SEBI/HO/IMD/DF2/CIR/P/2018/92 dated June 05, 2018, Refer SEBI letter No. SEBI/HO/IMD-II/DoF8/OW/P/05031/2022- dated February 07, 2022
[109] SEBI Cir No – MFD/CIR/15/041/2002 dated March 14,2002
[110] SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/621 dated August 31, 2021
[111] SEBI Circular No. MFD/CIR No.3/211/2001 dated April 30, 2001.
[112] For further details, refer Part II – Scheme Governance in the Chapter 7 on 'Governance Norms'

Statement of Accounts issued after the NFO and also in the Half Yearly and Annual Results[113].

6.6. *Disclosure of Asset Under Management (AUM)*[114]

6.6.1. Whenever an AMC discloses AUM of the schemes of a Mutual Fund, it shall provide:

(a) a bifurcation of the AUM by category (e.g. debt/equity/hybrid/lifecycle/others etc.) and

(b) the geographical distribution of AUM (i.e. percentage of AUM from top 5 cities, next 10 cities, next 20 cities, next 75 cities and others)

Such disclosures shall be made on their respective websites and submitted to AMFI, which in turn shall publish industry wide figures on its website.

6.6.2. AMCs shall disclose the following on a monthly basis on their websites (in spreadsheet format) and furnish the same to AMFI[115] within 7 working days from the end of the month:

(a) Monthly AAUM[116] from different categories of schemes such as equity schemes, debt schemes, etc.

(b) Contribution to Monthly AAUM from B-30[117] cities (i.e. other than top 30 cities as identified by AMFI) and T-30 cities (Top 30 cities).

(c) Contribution to Monthly AAUM from sponsor and its associates.

(d) Contribution to Monthly AAUM from entities other than sponsor and its associates.

(e) Contribution to Monthly AAUM by type of investor (retail, corporate, etc.) across scheme types (equity, debt, ETF, etc.).

(f) Monthly AAUM garnered through sponsor group/ non-sponsor group distributors.

(g) State-wise/Union Territory-wise contribution to Monthly AAUM.

6.6.3. For a comprehensive view, Mutual Fund wise and consolidated data on the above parameters shall also be disclosed on the website of AMFI in the prescribed Format No. 4D.

6.7. *Disclosure of Commission*[118]

[113] Refer Format No. 4A & 4B under the section on Formats
[114] SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011
[115] SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014
[116] SEBI Circular No. CIR/IMD/DF/07/2014 dated April 2, 2014
[117] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/16 dated February 02, 2018, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2019/26551/1 dated October 09, 2019.
[118] SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011

6.7.1. Mutual Funds / AMCs shall disclose on their respective websites, the total commission and expenses paid to distributors who satisfy one or more of the following conditions with respect to non-institutional (retail and HNI) investors: -

(a) Multiple point of presence (More than 20 locations)

(b) AUM raised over Rs.100 crores across industry in the non-institutional category but including high net worth individuals (HNIs).

(c) Commission received of over Rs.1 crore p.a. across industry

(d) Commission received of over Rs.50 lakhs from a single Mutual Fund/AMC.

6.7.2. Mutual Fund / AMCs shall, in addition to the total commission and expenses paid to distributors, make additional disclosures[119] regarding distributor-wise gross inflows (indicating whether the distributor is an associate or group company of the sponsor(s) of the mutual fund), net inflows, average assets under management and ratio of AUM to gross inflows on their respective website on an annual basis.

6.7.3. In case the data mentioned above suggests that a distributor has an excessive portfolio turnover ratio, i.e. more than two times the industry average, AMCs shall conduct additional due-diligence of such distributors.

6.7.4. AMCs shall also submit the data mentioned in Paragraph 6.7.1 and 6.7.2 to AMFI and the consolidated data in this regard shall be disclosed on AMFI website.

6.8. Scheme Related Disclosures[120]

6.8.1. SID and KIM for each MF scheme managed by AMC and SAI shall be made available on MFs / AMCs website.

6.8.2. AMCs shall have a dashboard on their website providing performance and key disclosures pertaining to each scheme managed by the AMC. The information shall be provided in a comparable, downloadable (spreadsheet) and machine readable format and shall include scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance, among others.

6.9. Disclosure of scheme performance[121]

[119] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012.
[120] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016
[121] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018

6.9.1. AMCs shall disclose the performance of all schemes on the website of AMFI in the following manner:

(a) In case of all schemes, the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed in terms of CAGR for various periods viz. 1 year, 3 year, 5 year, 10 year and since inception. Such disclosure of performance (since inception) shall be made since the date of allotment of the units in the scheme[122].

Provided[123] that all schemes that are in existence for less than one year, other than overnight fund, liquid fund, ultrashort duration fund, low duration fund, and money market fund as defined in Part IV of Chapter 3 on of this Master Circular, shall be exempted from the aforesaid disclosure.

(b) In addition to the above, in case of schemes falling in categories such as overnight fund, liquid fund, ultrashort duration fund, low duration fund, and Money Market Fund as defined in Part IV of Chapter 3 of this Master Circular, scheme performance is also to be disclosed for a period of 7 days, 15 days, 1 month, 3 months and 6 months.

(c) The said disclosure shall be made for all plans and shall be updated daily based on previous day NAV.

(d) The said disclosure should be in investor friendly format which can be filtered based on scheme-type, plan-type, etc. and sorted based on return periods.

(e) [124]The disclosure shall include other important fields such as scheme AUM (excluding overnight and liquid scheme) and previous day NAV. In case of AUM of overnight and liquid schemes, the closing AUM and the AAUM of the previous month has to be disclosed on AMFI website on daily basis.

However, the day the AUM movement (both upward and downward) of both overnight and liquid scheme is more than 10% cumulatively from the previous disclosed AUM, the AUM of that day has to be disclosed. Such disclosed AUM becomes the reference AUM for future disclosure of AUM for the month.

Further, it has been decided that an appropriate disclosure regarding the AUM of overnight and liquid schemes disclosed on AMFI website

[122] SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[123] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019
[124] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019

on monthly basis including the trigger limit of 10% is to be made as an explanation through footnote.

(f) Trustees and AMCs shall ensure compliance with the provisions mentioned at Paragraph 6.9 above and trustees shall confirm the same to SEBI in the half yearly trustee report.

6.10. Disclosure of Risk adjusted Return (RAR) - Information Ratio (IR)[125]

6.10.1. In order to bring more transparency in disclosures made by AMCs and aid better decision making by investors, IR shall be disclosed as a financial metric to measure the RAR of a scheme portfolio.

(a) **Disclosure of Information Ratio**

(i) Mutual Funds/ AMCs shall disclose IR of equity schemes' portfolios on their website along with performance disclosures, on a daily basis.

(ii) AMFI shall ensure that such disclosure shall be available on its website in a comparable, downloadable (spreadsheet) and machine readable format.

(b) Methodology for calculation of IR

(i) IR shall be calculated as under:

(Portfolio Rate of Returns less Benchmark Rate of Returns) / Standard Deviation of Excess Return

Excess Return= Portfolio Rate of Returns less Benchmark Rate of Returns

(ii) Benchmark used in the above formula shall be the Tier 1 benchmark currently used by the equity oriented Mutual Fund schemes.

(iii) Volatility/Standard deviation shall be calculated on the basis of daily return values.

(iv) Daily portfolio return shall be calculated using arithmetic function

(c) **Awareness amongst Investors**

(i) Adequate steps shall be undertaken by AMCs and AMFI to educate investors about RAR, IR and their significance in scheme performance evaluation.

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[125] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2025/6 dated January 17, 2025

(ii) An amount shall be earmarked from the budget for investor education, leveraging social/mass media channels to maximize outreach and impact

(d) **Format for disclosure:**

(i) The IR shall be disclosed on the websites of AMCs and AMFI as per Format No. 7H**.**

(ii) In the aforesaid format, a hyperlink to the AMFI website for IR column shall be embedded, providing clear and concise explanation on the following, in easy-to-understand language:

(I) Explaining IR

(II) Formula for calculation of IR

(III) Interpretation of IR with sufficient illustrations covering various scenarios.

(iii) In order to ensure uniformity in explanation of IR across the MF industry, AMCs shall provide a hyperlink in the aforesaid format on their websites, redirecting to the AMFI website providing detailed explanation of IR.

6.11. Annual Report of the AMC[126]

6.11.1. The annual report containing accounts of the AMC shall be displayed in a machine readable format on the website of the mutual fund immediately after approval in Annual General Meeting but not later than four months from the date of closure of the financial year. It shall also be mentioned in the annual report of mutual fund schemes that the unitholders, if they so desire, may request for the annual report of the AMC.

6.12. Submission of bio data of key personnel[127]

6.12.1. AMCs shall submit the bio data of all key personnel as per the Format No. 1F to Trustees and the Board.

6.12.2. [128]The term "Key Personnel" is defined as under:

(a) "*Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Chief Information Security Officer (CISO), Chief Operation Officer (COO), Fund Manager(s), Compliance Officer, Sales Head, Investor Relation Officer(s)*

[126] MFD/CIR/9/120/2000 dated November 24, 2000 and SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[127] IIMARP/CIR /08/845/97 dated May 7,1997, IIMARP/MF/CIR/05/788/97 date April 28,1997
[128] SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

(IRO), heads of other departments, Dealer(s) of the AMC and such other persons as deemed fit and identified as such by the AMC and the Trustees."

6.13. Disclosure Of Executive Remuneration[129]

6.13.1. MFs /AMCs shall make the following disclosures pertaining to a financial year on the MF/AMC website under a separate head – 'Remuneration', within one month from the end of the respective financial year:

(a) Name, designation and remuneration of

(i) Chief Executive Officer (CEO), Chief Investment Officer (CIO) and Chief Operations Officer (COO) or their corresponding equivalent by whatever name called.

(ii) top ten employees in terms of remuneration drawn for that financial year.

(iii) every employee of MF/AMC whose:

(I) Annual remuneration was equal to or above one crore and two lakh rupees for that financial year;

(II) Monthly remuneration in the aggregate was not less than eight lakh and fifty thousand rupees per month, if the employee is employed for a part of that financial year.

(b) The ratio of CEO's remuneration to median remuneration of MF/AMC employees.

(c) MF's total AAUM, debt AAUM and equity AAUM and rate of growth over last three years.

6.13.2. For this purpose, remuneration shall mean remuneration as defined in clause (78) of section 2 of the Companies Act, 2013.

6.14. Disclosure of investor complaints with respect to Mutual Funds[130]

6.14.1. Mutual Funds shall disclose details of investor complaints received by them from all sources, on their websites[131] and on the website of AMFI on a monthly basis as per Format No. 7D, by 7th calendar day of the succeeding month. The same shall be disclosed in their Annual Reports. The said details in the annual report shall be vetted and signed off by the Trustees of the concerned Mutual Fund.

[129] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016 and SEBI/HO/IMD/DF2/CIR/P/2017/35 dated April 28, 2017
[130] SEBI Circular No. Cir /IMD/DF/2/2010 dated May 13, 2010. Refer SEBI letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/10975/1 dated March 19, 2024
[131] SEBI Circular No. SEBI/HO/IMD-II/IMD-II_DOF10/P/CIR/2021/00677 dated December 10,2021

6.14.2. The AMCs shall include the aforesaid report in their annual reports, as part of the Report of the Trustees.

6.14.3. Further, in order to facilitate awareness amongst investors about various activities related to mutual fund investments, the Board has prepared an Investor Charter, provided at Format No. 9D, for Mutual Funds, inter-alia, detailing the services provided to Investors, Rights of Investors, various activities of Mutual Funds with timelines, DOs and DON'Ts for Investors and Grievance Redressal Mechanism.

6.14.4. Mutual Funds shall bring the Investor Charter for Mutual Funds to the notice of their unit holders (existing as well as new unit holders) by disclosing the Investor Charter on their websites, making them available at prominent places in the office, etc.

6.14.5. Further, Mutual Funds shall 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.

6.15. Brokerage and commission paid to associates[132]

6.15.1. Brokerage and commission paid to associates/related parties/group companies of sponsor/AMC shall be disclosed in the unaudited half yearly financial results, the abridged scheme wise annual report and the SAI, as per Format No. 7B.

6.16. Product Labelling in Mutual Funds[133]

6.16.1. All the mutual funds shall 'Label' their schemes on the parameters as mentioned under:

(a) Nature of scheme such as to create wealth or provide regular income in an indicative time horizon (short/ medium/ long term).

(b) A brief about the investment objective (in a single line sentence) followed by kind of product in which investor is investing (Equity/Debt).

(c) The depiction of risk shall be through pictorial meter named "Riskometer" and this meter shall appropriately depict the level of risk in any specific scheme.

(d) Risk-o-meter shall have following six levels of risk for mutual funds [with the given colour scheme[134]

[132] SEBI Circular No. SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010
[133] SEBI Circular No. CIR/IMD/DF/5/2013 dated March 18, 2013
[134] SEBI Circular No. CIR/IMD/DF/4/2015 dated April 30, 2015, Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/197 Dated October 05, 2020 and SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2024/150 dated November 05, 2024

(i) Low risk- Irish Green [#08A04B][135]

(ii) Low to Moderate risk- Chartreuse [#7FFF00]

(iii) Moderate risk- Neon Yellow [#FFFF33]

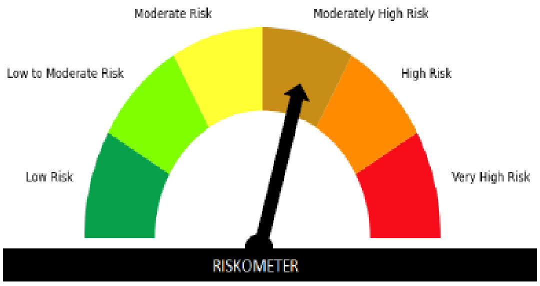
(iv) Moderately High risk-Caramel [#C68E17]

(v) High – risk-Dark Orange [#FF8C00]

(vi) Very High risk.- Red [#F70D1A]

(e) The above given colour scheme of risk-o-meter shall be applicable for all digital and polychrome printed promotion materials/disclosures for the schemes.

(f) Riskometer: Risk level of the scheme shall be depicted by "Risk-o-meter", as given below[136]:



The risk of the scheme/benchmark is [level of risk]

For example, the risk depicted in the above risk-o-meter is Moderately High.

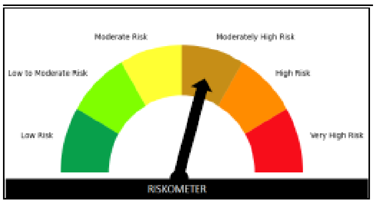
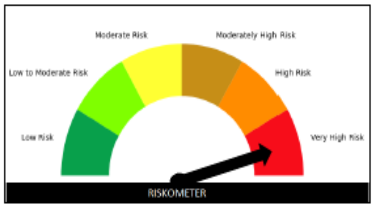
(g) The detailed guidelines for evaluation of risk levels of a scheme along with few examples are provided at **Annexure 10**[137]. Pursuant to calculation of risk value of the scheme portfolio based on the methodology specified in **Annexure 10**, risk level of a scheme as mentioned at Table 11 of **Annexure 10** shall be depicted by risk-o-meter shown above at Paragraph 6.16.1(f).

(h) Based on the scheme characteristics, Mutual Funds shall assign risk level for schemes at the time of launch of scheme/NFO.

(i) Any change in risk-o-meter of the scheme or its benchmark shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular scheme. The

[135] HTML Color Code
[136] SEBI Circular no. SEBI/HO/IMD/PoD1/CIR/P/2024/150 dated November 05, 2024
[137] SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/ 2020/197 dated October 05, 2020, Refer SEBI letter no. SEBI/HO/IMD-II/DOF3/OW/P/2021/1566/1 dated January 19, 2021

format for disclosure of change in Risk-o-meter shall be as under[138]:

Name of the Scheme(s)	**Existing Risk-o-meter of Scheme/Benchmark**	**Revised Risk-o-meter of Scheme/Benchmark**
XXXX Large and Midcap Fund	 The risk of the scheme is moderately high	 The risk of the scheme is very high]

(j) Risk-o-meter shall be evaluated on a monthly basis and Mutual Funds/AMCs shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes on their respective website and on AMFI website within 10 calendar days from the close of each month.

(k) 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.

(l) Mutual Funds shall publish the following table of scheme wise changes in Risk-o-meter in scheme wise Annual Reports and Abridged summary:

Scheme name	**Risk-o-meter level at start of the financial year**	**Risk-o-meter level at end of the financial year**	**Number of changes in Risk-o-meter during the financial year**

(m) A disclaimer shall be given stating that investors should consult their financial advisers if they are not clear about the suitability of the product.

[138] SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2024/150 dated November 05, 2024

6.16.2. Risk value of commodities for risk-o-meter[139]: For evaluation of risk value of commodities in which mutual funds are permitted to invest, in terms of Paragraph 6.16.1(g), investment in commodities by mutual fund schemes shall be assigned a risk score corresponding to the annualized volatility of the price of the said commodity. The annualized volatility shall be computed quarterly based on past 15 years' prices of benchmark index of the said commodity and risk score for the commodity shall be in terms of the following table:

Annualized volatility	Risk value on risk-o-meter (Risk)
<10%	3 (Moderate)
10-15%	4 (Moderately High)
15-20%	5 (High)
>20%	6 (Very high)

Illustration: If price of gold has annualized volatility of 18% based on price of gold of past 15 years, then Gold and gold related instruments will have risk value of 5 (High) on risk-o-meter.

6.16.3. Product label shall be disclosed in:

(a) Front page of initial offering application forms, SID and KIM.

(b) Common application form – along with the information about the scheme.

(c) The product label with respect to Paragraph 6.16.3(a) & 6.16.3.(b) shall be placed in proximity to the caption of the scheme and shall be prominently visible.

(d) Scheme advertisements - placed in a manner so as to be prominently visible to investors.

6.16.4. Change in risk-o-meter shall not be considered as a Fundamental Attribute Change of the scheme in terms of Regulation 22(9)(c).

6.17. Risk-O-Meter related disclosures

6.17.1. [140]Mutual Funds/AMCs shall include the following in all disclosures, including promotional material or any other disclosures stipulated by the Board:

[139] SEBI Circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/49 dated April 11, 2022
[140] SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/621 dated August 31, 2021

(a) risk-o-meter of the scheme wherever the performance of the scheme is disclosed

(b) risk-o-meter of the scheme and benchmark wherever the performance of the scheme vis-à-vis that of the benchmark is disclosed.

6.17.2. AMCs shall disclose risk-o-meter of the scheme and benchmark on:

(a) Front page of initial offering application form, SID and KIM; and

(b) Common application form – along with the information about the scheme[141].

6.17.3. The disclosure requirement of the risk-o-meter of benchmark is applicable for primary benchmark which is specified in the SID.

6.17.4. For international benchmarks, risk-o-meter score may be assigned in line with risk-o-meter score assigned to foreign securities as specified in Paragraph 6.16 of this Master Circular.

6.17.5. AMCs shall enter into arrangements with their selected Index providers to provide the risk-o-meter for their benchmarks to the AMCs latest by the 5th calendar day of the succeeding month.

6.18. Potential Risk Class (PRC) Matrix[142]

6.18.1. All debt mutual fund schemes shall be classified in terms of a PRC matrix consisting of parameters based on maximum interest rate risk (measured by Macaulay Duration (MD) of the scheme) and maximum credit risk (measured by Credit Risk Value (CRV) of the scheme).

6.18.2. While the AMCs shall continue to retain the same category of their schemes as per Part IV of Chapter 3 of this Master Circular they shall have full flexibility to place single/multiple schemes in any cell of the PRC.

6.18.3. Each scheme shall be placed in one of the 9 cells specified at table under Paragraph 6.18.10 below, while retaining their existing scheme category as per Part IV of Chapter 3 of this Master Circular.

6.18.4. Once a PRC cell selection is done by the scheme, any change in the positioning of the scheme into a cell resulting in a risk (in terms of credit risk or duration risk) which is higher than the maximum risk specified for the chosen PRC cell, shall be considered as a fundamental attribute change of the scheme in terms of Regulation 22(9)(c).

[141] Inserted by SEBI Circular No. SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175 dated November 01, 2023
[142] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021

6.18.5. Further, the Mutual Funds 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.

6.18.6. The thresholds for the values of the interest rate risk and the credit risk dimensions would progress in a flexible manner for drawing out the categorization matrix. The thresholds across the matrix would determine the maximum interest rate risk and the maximum credit risk which the scheme would be permitted to take but the scheme would have the flexibility to move downwards on the risk scale. The thresholds in this regard are given below:

(a) Maximum Weighted Average Interest Rate Risk of the scheme (measured in terms of Macaulay Duration):

(i) Class I: MD<= 1 year;

(ii) Class II: MD<=3 years;

(iii) Class III: Any Macaulay duration

(b) Maximum Weighted Average Credit Risk of the scheme (measured in terms of Credit Risk Value as specified Table under Paragraph 6.18.8 below):

(i) Class A: CRV >=12

(ii) Class B: CRV >=10

(iii) Class C: CRV <10[143]

6.18.7. The Credit Risk Value of the scheme shall be the weighted average of the credit risk value of each instrument in the portfolio of the scheme, the weights based on their proportion to the AUM. Similarly, Macaulay Duration at the scheme level shall be the weighted average of the Macaulay Duration of each instrument in the portfolio with the weights being based on their proportion to the AUM. The value of the debt instrument to be considered for calculating AUM shall include the accrued interest i.e. dirty price of the instrument.

6.18.8. The debt securities of schemes are to be assigned a value for credit risk in the following manner:

[143] Investments by mutual funds are permitted only in investment grade securities in terms of regulation 41(1) read with Schedule VI of SEBI Mutual Fund Regulations, 2026

Instrument	CREDIT RISK VALUE (CRV)
G-Sec/ State development loans/ Repo on Government Securities/TREPS / Cash	13
AAA	12
AA+	11
AA	10
AA-	9
A+	8
A	7
A-	6
BBB+	5
BBB	4
BBB-	3
Unrated	2
Below investment grade	1

6.18.9. For investment by mutual funds in instruments having short term ratings, the credit risk value shall be based on the lowest long term rating of an instrument of the same issuer as shown above (in order to follow a conservative approach) across credit rating agencies. However, if there is no long term rating of the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.

6.18.10. For the purpose of nomenclature, the 3 x 3 matrix shall have the following syntax for each matrix cell:

Max Credit Risk of scheme→ Max Interest Rate Risk of the scheme ↓	Class A(CRV >=12)	Class B (CRV >=10)	Class C (CRV <10)
Class I: (MD<=1 year)	Relatively Low Interest Rate Risk and Relatively Low Credit Risk	Relatively Low interest rate risk and moderate Credit Risk	Relatively Low interest rate risk and Relatively High Credit Risk
Class II: (MD<=3 years)	Moderate interest rate risk and Relatively Low Credit Risk	Moderate interest rate risk and moderate Credit Risk	Moderate interest rate risk and Relatively High Credit Risk
Class III: Any Macaulay duration	Relatively High interest rate risk and Relatively Low Credit Risk	Relatively High interest rate risk and moderate Credit Risk	Relatively High interest rate risk and Relatively High Credit Risk

6.18.11. For example, if an open ended Short Duration Fund wants to invest in securities such that its Weighted Average Macaulay Duration is less than or equal to 3 years and its Weighted Average Credit Risk Value is 10 or more, it would be classified as a scheme with 'Moderate Interest Rate Risk and Moderate Credit Risk'. The position of the scheme in the matrix shall be displayed by the AMCs as under:

Potential Risk Class			
Credit Risk → **Interest Rate Risk↓**	**Relatively Low (Class A)**	**Moderate (Class B)**	**Relatively High (Class C)**
Relatively Low (Class I)			

Moderate (Class II)		B-II	
Relatively High (Class III)			

6.18.12. The maximum interest rate risk which the aforesaid scheme can take would be in terms of the Weighted Average Macaulay Duration of the scheme and the same shall be ≤ 3 years. The maximum Weighted Average Credit Risk which the aforesaid scheme can take would have Credit Risk Value of 10 or more. Both the maximum interest rate risk and maximum credit risk would be reflected in the above matrix. By virtue of its placement in this position, the scheme would have the flexibility to take interest rate risk and credit risk below the maximum risk as stated above in table under Paragraph 6.18.10 above.

6.18.13. The type of the scheme shall be modified to include the above cell selection. For the above example, it shall be as under:

An open ended short term debt scheme investing in instruments with Macaulay duration between 1 year and 3 years (please refer to page no.__) #. A moderate interest rate risk and moderate Credit Risk.

6.18.14. For a scheme placing itself in Class I (i.e. MD <=1 year), the maximum residual maturity of each instrument held by the scheme shall be three years. For a scheme placing itself in Class II (i.e. MD <=3 years), the maximum residual maturity of each instrument held by the scheme shall be seven years. A scheme placing itself in Class III can invest in instruments of any maturity. For securities issued by central government and state governments, the cap pertaining to maximum residual maturity of each instrument for Class I and Class II shall not be applicable.

6.18.15. With regards to existing holding of perpetual bonds by debt schemes as on June 07, 2021, (including debt instruments with special features viz. subordination to equity which absorbs losses before equity capital and /or convertible to equity upon trigger of a pre-specified event for loss absorption, for instance Additional Tier I bonds issued under Basel III framework), it has been decided that AMCs shall:

(a) Reckon such bonds as having residual maturity as outlined in Paragraphs 5.5.3, 10.4 & Item No. 9 under Paragraph 13.1.

(b) Grand-father existing investments in such instruments with the following provision:

(i) Calculation of Macaulay Duration of the scheme to follow the guidelines in terms of Paragraphs 5.5.3, 10.4 & Item No. 9 under Paragraph 13.1.

(ii) If the scheme places itself in Class I or II, and the MD exceeds the stipulated level, then it would be treated as a passive breach and a suitable period may be permitted for regularizing the passive breach. Until regularization, the scheme cannot make any investments that would effectively increase the MD of the portfolio. Calculation of MD for this purpose shall be post exclusion of such instruments having special features. To clarify, if a scheme AUM is INR 100 crores, of which INR 10 crores is in such instruments with special features, the base for calculation of MD for the purpose of PRC will be INR 90 crores. The scheme will continue to maintain the threshold of the cell in which it is positioned on INR 90 crores in line with Class I &/or Class II categorization in line with these provisions.

6.18.16. AMCs shall update their SIDs to reflect the fact that placement of the scheme in one of the cells of PRC matrix does not reflect the scheme holdings pertaining to the aforementioned perpetual bonds with respect to the MD and maturity thresholds specified above, till the time such bonds are held by the scheme, for pre-existing holding of aforementioned perpetual bonds by debt schemes as on June 07, 2021.

6.18.17. Fresh investments in perpetual bonds (including Additional Tier 1 bonds) shall only be made in schemes that are in Class III.

6.18.18. For the debt instruments with call / put options, the deemed maturity will be in terms of Paragraph 10.3. For instruments with interest rate reset dates, the interest rate reset date shall not be treated as deemed maturity.

6.18.19. Mutual Funds shall publish the aforesaid matrix in their scheme wise Annual Reports and Abridged Summary.

6.18.20. The aforesaid matrix along with the mark for the cell in which the scheme resides shall be disclosed on:

(a) front page of initial offering application form, SID and KIM

(b) common application form – along with the information about the scheme.

(c) the PRC matrix with appropriate mark with respect to Paragraphs 6.18.20(a) & 6.18.20(b) above shall be placed in proximity to the caption of the scheme and shall be prominently visible and in bold.

(d) Scheme advertisements – placed in manner by the Mutual Fund and its distributors so as to be prominently visible to investors.

6.19. Separate disclosures for Regular and Direct plans[144]

6.19.1. For all other regulatory disclosures where expenses, expense ratio, returns and/or yield of the schemes are required to be disclosed, separate disclosures shall be made for both regular and direct plans.

[144] SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2024/150 dated November 05, 2024

Part II - REPORTS

6.20. Monthly Cumulative Report (MCR)[145]

6.20.1. Date and Mode of Submission:

(a) MCR shall be submitted to the Board as per Format No. 3D by 3rd working day of each month by way of an email (to email ID: mfdata@sebi.gov.in).

(b) In case of Mutual Fund scheme investing (i.e. investing scheme) certain percentage of its AUM in schemes of same Mutual Fund or other Mutual Funds (i.e. investee schemes), the investing scheme shall exclude the investments in investee schemes while reporting the data on AUM in the MCR[146].

6.20.2. Other Guidelines:

(a) Details of the new schemes launched shall be reported in the MCR for the month in which the allotment is done. For example, if an NFO closes in the month of July and the allotment is done in the month of August, then, the details of the new scheme shall be reported in the MCR for the month of August that is to be submitted to the Board by 3rd of September.

(b) Further, additional report on overseas investment[147] by Mutual Funds in ADRs/GDRs, foreign securities and overseas exchange traded funds (ETFs) shall also be provided as Format No. 3I.

(c) Compliance officers of AMCs shall take due care while submitting the MCR data to the Board and shall confirm that the data submitted is correct and does not require any revision.

6.21. New Scheme Report (NSR)[148]

6.21.1. All Mutual Funds shall submit the NSR to the Board, complete in all respects as per the Format No. 3A, within 10 working days from the date of allotment. Mutual funds shall confirm compliance with the provisions of Regulation 24(4) while filing the NSR[149].

[145] SEBI circular MFD/CIR/07/206/2001 dated July 19, 2001, SEBI circular No IMD/Cir No.15/87045/2007 dated February 22, 2007, SEBI circular SEBI/IMD/CIR No 3/124444/08 dated April 30, 2008, SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016, SEBI/HO/IMD/DF3/CIR/P/2019/020 dated January 22, 2019 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

[146] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2019/020 dated January 22, 2019

[147] SEBI Circular No. SEBI/IMD/CIR NO 15/87045/07 dated February 22,2007

[148] SEBI Circular No. SEBI/IMD/CIR NO 13/118899/08 dated February 29, 2008, SEBI Circular No MFD/CIR/12/16588/2002 dated August 28, 2002, SEBI Circular No. MFD/CIR/09/247/2002 dated July 23, 2002, SEBI Circular No. IIMARP/10772/93 dated July 14,1993,

[149] SEBI Circular No. SEBI/IMD/CIR No.9/74364/06 dated August 14, 2006

6.22. Quarterly Compliance Test Reports (CTR)[150]

6.22.1. The CTRs, as per Format No. 3B, shall be submitted by the AMC to the Board on a quarterly basis, by 21st calendar day of succeeding month for each calendar quarter. AMCs are advised to incorporate the modifications/additions under the relevant sections of the format, based on amendments to the MF Regulations/circulars/guidelines issued from time to time.

6.23. Half Yearly Trustee Report by Trustees (HYTR)[151]

6.23.1. The Trustees shall submit HYTR to the Board, as per Format No. 3C, within two months from the end of each half-year (i.e. September and March). The Trustees shall also submit corrective steps taken with respect to the non-compliance reported in the HYTR.

6.24. Quarterly Report by AMC to Trustees (QR)[152]

6.24.1. The AMC shall submit QR to the trustees, as required in Regulation 7(a)(i) of MF Regulations, on its activities and the compliance with MF Regulations and various circulars issued thereunder as per Format No. 3G. The same shall be submitted by AMC to Trustees by 21st calendar day of succeeding month for each calendar quarter.

6.25. Annual Statistical Report (ASR)[153]

6.25.1. AMC shall submit the annual statistical report to the Board, as per Format No. 3E, by 30th of April each year. The ASR shall be submitted to the Board through email (to email ID: mfdata@sebi.gov.in)[154].

6.26. Daily Transaction Report[155]

6.26.1. All Mutual Funds shall submit details of transactions in secondary market (i.e. total purchases/ sales of equity/ debt and not of each scrip) to the Board on daily basis as per Format No. 3F. Accordingly, AMCs shall make necessary arrangements with their custodians for the submission of aforesaid report. Further, the information on total purchases/sales of sensitive index scrips need not be included in the report.

6.26.2. Compliance officers of the custodians as well as that of AMCs shall ensure that the information submitted is correct and reaches the Board by 3.00 p.m. on the following working day (T+1).

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[150] SEBI Circular No. SEBI/IMD/CIR NO 6/98057/07 dated July 5, 2007, SEBI Circular No MFD/CIR/11/36222/2005 dated IIMARP/MF/CIR/10/1076/97 dated March June 16, 2005, 05,1997 SEBI Circular No & SEBI Circular No.MFD/CIR/5/360/2000 dated July 4, 2000, Refer SEBI email dated July 09, 2021
[151] SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550 dated April 12, 2021
[152] SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550 dated April 12, 202
[153] IIMARP/CIR /08/845/97 dated May 7,1997, MFD/CIR/02/110/02 dated April 26,2002
[154] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[155] SEBI Circular No. MFD/CIR/07/384/99 dated December 17, 1999 and MFD/CIR/08/23026/99 dated December 23, 1999

6.27. Responsibilities of AMC(s) and Trustees[156]

6.27.1. All information and documents relating to the compliance process shall be authenticated and/or adopted by the Board of the AMC(s) to strengthen the compliance mechanism.

6.27.2. The Trustee(s) shall also review all information and documents received from the AMC(s) as required under the compliance process.

6.27.3. AMC(s) shall develop a suitable Management Information System for reporting to the Trustees. The report shall contain specific comments on all issues related to the operation of the Mutual Fund as undertaken by the AMC including those provided in the Format No. 3G for reporting by AMC to Trustees.

6.27.4. The HYTR[157] shall cover all issues mentioned in the Format No. 3C as well as any other issue relevant to the operation of the Mutual Fund. The Trustees may mention in their report, if they so desire, that they have relied on the reports obtained from the independent auditor or internal/ statutory auditors or the Compliance Officer as the case may be. The report shall mention that the Trustees have satisfied themselves about the adequacy of compliance systems in the Mutual Fund.

6.27.5. AMC(s) and the Trustees shall update the reporting formats including relevant provisions of amendments made to the MF Regulations/circulars/guidelines issued by the Board and shall specifically comment on their compliance.

6.27.6. To comply with the requirement of Regulation 22(7)(b)(iii), the AMC shall file with trustees the details of securities transactions by key personnel of the AMC, whether made in their own name or in the name of the AMC, on a quarterly basis[158].

6.28. Filing of Annual Information Return by Mutual Funds[159]

6.28.1. Mutual funds are required to submit the Annual Information Return (AIR) under section 285 BA of the Income Tax Act, 1961, and various guidelines notified by Central Board of Direct Taxes (CBDT). 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 through electronic medium to Income Tax Department giving PAN of the transacting parties in the AIR.

[156] SEBI Circular No. MFD/CIR/09/014/2000 dated January 5, 2000
[157] Regulation 12(4)(f)(i) of SEBI (Mutual Funds) Regulations, 2026
[158] SEBI Circular No- IIMARP/MF/CIR/01/294/98 dated February 4, 1998, SEBI Circular No- SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/550 dated April 12, 2021
[159] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

6.29. Reporting of offsite inspection data

6.29.1. As part of the off-site inspection and surveillance of Mutual Funds and to monitor the compliance of the MF Regulations and circulars issued therein, the Board has framed the data structures. Accordingly, all MF/AMCs along with RTAs associated with them shall furnish the data, as per formats under Format No. 10, to the Board.

6.29.2. Mutual Funds shall submit the daily data in monthly file as per the aforesaid formats on quarterly basis within 15 calendar days[160] from end of each calendar quarter. RTAs shall submit the said data on an ongoing basis.

6.29.3. Details of the requirements prescribed under various Paragraphs of this Master Circular which are covered through the reporting formats, as mentioned in the Paragraph 6.29.1 above, are specified under Section D of Format No. 10.

6.29.4. Any change in the prescribed formats shall be communicated by the Board from time to time.

[160] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/38 dated March 28, 2025

CHAPTER 7: GOVERNANCE NORMS

PART I – FUND GOVERNANCE

7.1. Formation of Audit and Valuation Committees by the Trustees and/or AMC[161]

7.1.1. **Audit Committee of Trustees**

Trustees shall constitute an audit committee, comprising of the Trustees and chaired by an Independent Trustee to review the internal audit systems and recommendations of the internal and statutory audit reports and ensure that the rectifications as suggested by internal and external auditors are acted upon.

7.1.2. **Audit Committee of AMCs[162]:**

AMCs of mutual funds shall be required to constitute an Audit Committee. The role, responsibility, membership and other features of the Audit Committee of AMC are –

(a) **Role:** The Audit Committee of the AMC shall be responsible for oversight of financial reporting process, audit process, company's system of internal controls, compliance with laws and regulations and other related process, with specific reference to operation of its Mutual Fund business. In this regard, the Audit Committee shall, inter-alia, have the following mandates:

(i) To review the financial reporting processes, the system of internal controls and the audit processes for the Mutual Fund operations of the AMC;

(ii) To ensure that the rectifications, if any, suggested by internal and external auditors, etc. are acted upon.

(b) **Membership:**

(i) The Audit Committee of AMC shall have minimum three directors as members, who shall be appointed by the Board of AMC

(ii) At least two-third members of the Audit Committee 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.

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[161] SEBI Circular No. MFD/CIR No.010/024/2000 dated January 17, 2000.

[162] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/17 dated February 09, 2022 which is applicable from August 1, 2022.

(iii) All members of Audit Committee shall be persons with ability to read and understand the financial statement and at least one member shall have experience and background in finance and accounts.

(iv) The Chairperson of the Committee shall be an independent director, with adequate experience in the areas of finance and financial services.

(c) **Meetings:**

(i) The Chairperson of the Audit Committee shall call the meeting as and when required. However, at least four meetings shall be called in a financial year and not more than one hundred and twenty days shall elapse between two meetings.

(ii) The quorum for meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two independent directors. If one-third of the total strength results into fraction, then higher number after rounding up shall be considered for the quorum.

(d) **Reporting:**

(i) The internal auditor shall submit its report to the Audit Committee of AMC and the Board of AMC;

(ii) The Audit Committee of AMC shall forward their observations on internal audit report, if any, to the Trustees.

(e) **Powers and Responsibility:**

(i) Financial Reporting

(I) Oversight of the Mutual Fund Schemes' and AMC's financial reporting process.

(II) Considering and recommending for approval of AMC Board, all accounting policy issues for the Schemes and the AMC, including any proposed changes to the accounting policies and practices for transactions with related parties, etc.

(III) Review of audit opinion issued by the statutory auditors.

(IV) Considering and recommending to the AMC Board, adoption of financial statements including half yearly unaudited financial results prepared for the Scheme and the financial statements of the AMC.

(V) Any other relevant matters.

(ii) Audit (Internal and Statutory) and Internal Controls

(I) Considering and recommending for approval, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor of the Mutual Fund, Internal Auditor of the Mutual Fund, etc. and the fixation of fees for audit and any other services rendered by the Statutory Auditors with respect to the Mutual Fund.

(II) Reviewing the scope of Internal Auditors and recommending for approval of the Board of AMC.

(III) Reviewing the Internal Audit Reports of the Schemes of Mutual Fund (Including Internal Audit Report of critical activities outsourced by the AMC such as Custodian, Fund Accounting, the Registrar and Transfer Agent activity, etc.).

(IV) Discussions with internal and statutory auditors on any significant findings and follow up there on.

(V) Reviewing the findings of any internal investigations by the AMC / internal auditors into matters where there are suspected fraud or irregularity or material failure of internal control systems or issues highlighted or referred through whistle blower complaints, etc.

(VI) Reviewing Regulatory Inspection Reports.

(VII) Reviewing implementation status of all outstanding action points arising out of Internal Audit Reports, Statutory Audit Reports, Systems Audit Reports, Inspection Reports etc.

(VIII) Reviewing the adequacy of the internal control systems, including defining metrics for measuring internal controls, seeking comments of the internal auditors about Internal Control Systems, etc. and the steps taken towards improving the effectiveness of internal control system including through automation.

(IX) Interacting with the statutory and internal auditors of the Mutual Fund, at least once annually without engagement of management of the AMC. Besides the mandatory requirement specified, such interactions may be held whenever felt necessary by the independent directors of the Audit Committee.

(X) The Audit Committee of the AMC shall interact with the Audit Committee of the Trustees at least once annually.

(iii) Regulatory Compliance and other Functions

(I) Evaluating various internal control measures in terms of applicable MF Regulations and various circulars issued thereunder.

(II) Reviewing periodic report on compliance with applicable laws and regulations, including the details of non-compliance along with the corrective actions, as applicable.

(III) Reviewing the Annual Compliance Report in relation to the "Policy on Prohibition of Insider Trading" of the AMC.

(IV) Assess that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.

(iv) In addition to the above responsibilities, AMC Board from time to time may also assign such other responsibilities to the Audit Committee, as deemed fit.

(f) The Audit Committee of AMC shall comply with these guidelines in addition to the requirements of The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.

7.1.3. Valuation Committee of AMC

The AMC shall constitute an in-house valuation committee consisting of senior executives including personnel from accounts, fund management and compliance departments. This committee shall, on a regular basis review the systems and practices of valuation of securities.

7.2. Review and Reporting of Transactions[163]

7.2.1. Reporting of transactions

[163] SEBI Circular No. MFD/CIR/09/014/2000 dated January 5, 2000, SEBI Circular No. MFD/CIR No.010/024/2000 dated January 17, 2000, SEBI Circular No. SEBI/MFD/CIR/10/039/2001 dated February 9, 2001.

(a) Transaction(s) by directors of the AMC: Directors of the AMC shall file with the trustees on a quarterly basis details of transactions in securities exceeding INR 1 lakh[164].

(b) Transaction(s) by Trustee(s) Directors: Trustees shall report to Mutual Funds transactions in securities that exceed[165] INR 5 lakh in value[166], within one month from the end of respective calendar quarters.

7.2.2. **Review of transactions with associates**

(a) Trustees shall review all transactions of the Mutual Fund with the associates on a regular basis and ensure that Regulations[167] are complied with.

7.3. Independent Director on the Board of the AMC and Independent Trustees[168] [169]

7.3.1. **Tenure:**

(a) An independent trustee and independent director shall hold office for a maximum of 2 terms with each term not exceeding a period of 5 consecutive years.

(b) However, independent trustee or independent director who have held office for two consecutive terms, shall be eligible for re-appointment after a cooling-off period of 3 years. During the cooling-off period, such individuals shall not be associated with the concerned MF, AMC & its subsidiaries and / or sponsor of AMC.

7.3.2. For the purpose of appointment of independent director(s) on the Board of AMC/Trustee Company, an 'associate' shall have following meaning:

(a) Relatives[170] of Sponsor(s) or directors of the Sponsor Company or relatives of Associate Directors of the AMC(s) and Trustee.

(b) Persons providing any type of professional service to the Mutual Funds, the AMC and the Trustees and the Sponsor(s). Also, persons having a material pecuniary relationship with the above mentioned entities that may, in the judgment of the Trustees, affect their independence.

[164] SEBI Circular No. SEBI/MFD/CIR/10/039/2001 dated February 9, 2001.
[165] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021.
[166] SEBI Circular No. MFD/CIR/09/014/2000 dated January 5, 2000.
[167] Regulations 12(2)(b) of SEBI (Mutual Funds), Regulations, 2026
[168] SEBI Circular No. MFD/CIR/11/354/2001 dated December 20, 2001, SEBI Circular No. MFD/CIR/13/16799/2002 dated August 29, MFD/CIR/17/21105/2002 dated October 28, 2002.
[169] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2017/125 dated November 30, 2017.
[170] As defined under Section 2(77) of the Companies Act 2013

(c) Nominees of the companies who are stakeholders in the Sponsor company or AMC(s) (even if they are not deemed sponsors by virtue of holding less than 40% of net worth of AMC(s)).

7.3.3. **Cooling off Period**: An "associate"[171] as defined above cannot be appointed as Independent Director even after he/she ceases to be an "associate" unless a cooling off period of three years has elapsed from the date of his disassociation. Illustration- Suppose an employee of the sponsor or their associate companies or AMC or trustee company resigns on December 1, 2025, then he cannot be appointed as an independent director till December 1, 2028. During this intervening period, he can be appointed only as associate director. However, once he is appointed as an associate director, say on December 2, 2025, he cannot be considered as "independent" from December 2, 2028. There must be a cooling off period of 3 years from the date he ceases to be an associate director.

7.3.4. In case the composition of the directors does not meet the requirements stipulated in Regulation 11(5) and Regulation 16(2)(c), Mutual Funds shall inform the Board along with the steps proposed to ensure compliance.

7.3.5. AMC(s)/Trustees shall appoint Independent Directors in place of the resigning director(s) within a period of 3 months from the date of resignation. Where Mutual Funds are unable to meet this time limit, they shall report to the Board explaining the reasons for non-compliance. Mutual Funds may maintain a panel of eligible persons who can be appointed as Independent Directors as and when required. They may also consider appointing more than the required minimum number of Independent Directors to enhance the standards of corporate governance and also to meet the regulatory requirements in case of resignation of an independent director.

7.3.6. In terms of applicable MF Regulations, for appointments of directors of AMC/Trustee Company, MF/AMCs shall submit bio-data of such directors to the Board as per the Format No. 1E.

7.4. Statutory Auditors of Mutual Funds[172]:

7.4.1. The auditor of a mutual fund, appointed in terms of Regulation 69(1) shall be a firm, including a limited liability partnership, constituted under the LLP Act, 2008[173].

7.4.2. **Period of appointment:**

[171] Regulation 2(d) of the SEBI (Mutual Funds) Regulations, 2026
[172] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2017/125 dated November 30, 2017.
[173] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

(a) 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.

(b) Further, during the cooling-off period of five years, the incoming auditor may not include:

(i) Any firm that has common partner(s) with the outgoing audit firm

(ii) Any associate[174] firm(s) of the outgoing audit firm which are under the same network of audit firms wherein the term "same network" includes the firms operating or functioning, hitherto or in future, under the same brand name, trade name or common control.

7.5. Internal Auditors of Mutual Funds

7.5.1. The Internal auditors of Mutual funds shall be appointed in terms of SEBI letter no. SEBI/HO/IMD/IMD-SEC-4/P/OW/2024/32093/1 dated October 10, 2024 and other clarifications/ guidelines/ letters issued in this regards as amended from time to time.

7.6. Investment and/or Trading in Securities by the employees of the AMC(s) and Trustee(s)[175]

7.6.1. The guidelines enumerated below specify the minimum requirements that have to be followed. The AMC(s) and Trustees are free to set more stringent norms for investment and/or trading in securities by their employees. The Board of the AMC and Trustees shall ensure compliance with these Guidelines on a continuous basis and shall report any violations and remedial action taken by them in the periodical reports submitted to the Board[176]. This Paragraph shall not be applicable for investments and redemption of mutual fund units. For mutual funds units, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, shall be followed strictly by the Trustees, Asset Management Companies and their employees and directors[177].

7.6.2. **Guidelines for Investment and/or Trading in Securities by Employees of AMC(s) and Trustees:**

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[174] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

[175] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/654 dated October 28, 2021 modified provisions of SEBI Circular No. MFD/CIR No.4/216/2001 dated May 8, 2001, SEBI Cir MFD/CIR/05/432/2002 June 20, 2002, SEBI Circular No. SEBI/IMD/CIR No.7/13391/03 dated July 11, 2003, SEBI Circular No. SEBI / IMD / CIR No 14 / 187175/ 2009 dated December 15,2009, SEBI/IMD/DF/10/2014 dated May 22, 2014, SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/124 dated November 17, 2016 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021. SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/654 dated October 28, 2021

[176] Regulation 12(4)(c) of SEBI (Mutual Funds) Regulations, 2026

[177] SEBI Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144 dated October 22, 2024

(a) Applicability

(i) These Guidelines shall be applicable to all employees of AMC(s) and Trustees and shall form a part of the Code of Conduct for employees adopted by the AMC(s) and/or Trustees. New employees shall be bound by these Guidelines from the date of joining the AMC(s) and/or Trustees.

(ii) These Guidelines shall cover the sale or purchase of securities made:

(I) In the name of employees, either individually or jointly,

(II) In the name of the employees' spouse,

(III) As a member of HUF,

(IV) In the name of parent, sibling or child of the employee or of the spouse of such employee, any of whom is either dependent financially on such employee or spouse of employee, or consults such employee or spouse of employee in taking decisions relating to trading in securities.

(b) The objectives and principles of these Guidelines are:

(i) To ensure that all transactions in securities made by employees in their personal capacity are conducted in consonance with these Guidelines and in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.

(ii) To ensure that the employees of AMC(s), Board members of AMC(s) and Board members of Trustees, including Access Persons shall not take undue advantage of any sensitive information that they may have about any company or its securities or about the AMC's schemes or its units.

(iii) **Explanation:** Access Person for the purpose of these Guidelines shall mean the Head of the AMC (designated as CEO/Managing Director/President or by any other name), Executive Directors, Chief Investment Officer, Chief Risk Officer, Chief Operation Officer, Chief Information Security Officer, Fund Managers, Dealers, Research Analysts, all employees in the Fund Operations Department, Compliance Officer and Heads of all divisions and/or departments, or any other employee as decided by the AMC(s) and/or Trustees. Non-Executive Directors of the AMC/trustee company or trustees who are in possession of / have access to any non-public information which could materially impact the price of the securities, NAV of the schemes or interest of the unitholders shall also be deemed as Access Persons. The trustee resource person appointed under Paragraph 7.12.1 shall also be treated as access person.

(iv) To guide employees of AMC(s) and Trustees in maintaining a high standard of probity that one would expect from an employee in a position of responsibility.

7.6.3. **General**

(a) Investments Covered:

(i) These Guidelines cover the purchase or sale of securities such as shares, debentures, bonds, warrants, derivatives[178].

(ii) These Guidelines do not apply to the following investments by the employees:

(I) Investments in fixed deposits with banks/financial institutions/companies, life insurance policies, provident funds (including public provident fund) or Investment in savings schemes such as National Savings Certificates, National Savings Schemes, Kisan Vikas Patra, or any other similar investment.

(II) Investments of a non-financial nature such as gold etc., where there is no likely conflict between the Mutual Fund's interest and the employees' interest.

(III) Investments in government securities, overnight schemes and schemes floated by other Mutual Funds.

(IV) Investments in units of schemes floated by mutual funds /AMCs where the concerned persons (in terms of the applicability stated at Paragraph 7.6.2(a)(i) above are employed[179].

(b) No employee shall pass on information to anybody inducing him/her to buy/sell securities which are being bought and/or sold by the Mutual Fund of which the AMC is the investment manager.

(c) Prior approval of personal investment transactions:

[178] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144 dated October 22, 2024
[179] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144 dated October 22, 2024

(i) All access persons except Compliance Officer shall apply in the form prescribed by the AMC(s) and/or Trustees to the Compliance Officer for prior approval of transactions for sale or purchase of securities other than those expressly stated to be exempt under these guidelines. The Compliance Officer shall apply to the Head of the AMC(s). The decision of the Compliance Officer shall be final and binding on the employee.

(ii) In these Guidelines, in the case of the Compliance Officer's own transactions for purchase or sale of securities or disclosure or any other related matter, the term "Compliance Officer" wherever it appears, shall be read as "Head of the AMC."

(iii) The Compliance Officer may coordinate with the Fund Management Department of the Mutual Fund, wherever necessary, to clear requests of investment and/or trading in securities by the employees.

(iv) The approval of Compliance Officer for carrying out a transaction of sale or purchase of a security by the access person shall not be valid for more than 7 trading days from the date of approval.

(v) If a transaction approved by Compliance Officer has not been effected within 7 trading days from the date of its approval, the access person shall be required to obtain approval once again from Compliance Officer prior to effecting the transaction.

(vi) All employees shall refrain from profiting from the purchase and sale or sale and purchase of any security within a period of 30 calendar days from the date of their personal transaction. However, in cases where it is done, the employee shall provide a suitable explanation to the Compliance Officer, which shall be reported to the Board of the AMC and the Trustees at the time of review[180].

7.6.4. **Investments in Shares/Debentures/Bonds/ Warrants/ Derivatives**

(a) Investments in securities shall broadly be classified into investments through

(i) primary markets; and

[180] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144 dated October 22, 2024

(ii) secondary markets.

(iii) An employee including access person is permitted to apply to a public issue of shares / debentures /bonds /warrants of any company, as long as the application is made in the normal course of the public issue. Such an application may be made without seeking the clearance from the Compliance Officer. Employees of AMC(s) and Trustees are prohibited from applying in any reserved quota such as promoters' quota, employees' quota etc. Employees may participate in private placement of equity by any company subject to there being no conflict with the interest of investors of the mutual fund and disclosure of such investments to the Compliance Officer immediately.

(b) <u>Investments through the primary markets:</u>

(i) Notwithstanding anything stated in Paragraph 7.6.4(a)(iii) above, an employee of an AMC(s) and/or Trustees may apply for shares / debentures /bonds /warrants in a preferential offer, in cases where such a preferential offer is being made by a company that belongs to the same industrial group as the company in which the employee already has an investment, provided that such a preferential offer is made to all shareholders and/or debenture holders of such companies. Details of such applications made shall be intimated to the Compliance Officer.

(ii) The employees of the AMC(s) and/or Trustees including access person may apply for any rights offer of any company in which they are already shareholders. Applications for additional rights (over and above the normal rights entitlement) shares may be made by the employees including access person without getting the clearance from the Compliance Officer. An employee including access person may also sell and/or renounce his rights entitlement without getting the clearance from the Compliance Officer. However, if an access person wishes to purchase the "Rights renunciations" he shall get the clearance of the Compliance Officer for the same. Such purchases shall be done only at market prices. Details of any applications made in any rights issue, whether in the normal course, or through purchase of rights renunciations, shall be intimated to the Compliance Officer.

(iii) The employees of AMC and Trustees may avail discretionary Portfolio Management Services (PMS) subject to compliance with all applicable SEBI Regulations and circulars. AMCs and Trustees shall adhere to the guidelines issued by AMFI in this regard.

(c) <u>Investments through the secondary markets:</u>

(i) An access person who wishes to make a secondary market transaction shall submit a written application to that effect to the Compliance Officer specifying the name of the company whose securities the employee wishes to buy and/or sell, type of security, and the number of shares / debentures /bonds /warrants/ derivatives that the access person wishes to buy/sell.

(ii) The Compliance Officer shall clear these requests if the following conditions are met:

(I) If the shares / debentures /bonds /warrants of the company or derivatives specified by the access person are not held by any scheme of the Mutual Fund of which the AMC is the investment manager;

(II) If the shares / debentures /bonds /warrants of the company or derivatives specified by the employee are held by any Scheme of the Mutual Fund of which the AMC is the investment manager, there should be a "cooling off" period of 15 calendar days. The Compliance Officer shall ensure that the last transaction in that particular security was done by the Mutual Fund at least 15 calendar days prior to the date of the written application by the access person. In other words, an application for a purchase /sale transaction on a personal basis would be cleared only if the Mutual Fund has not transacted in that particular security for at least 15 calendar days.

(III) However, trades executed pursuant to a trading plan submitted by the employees in terms of SEBI (PIT) Regulations, 2015, shall be exempt from the requirement of a “cooling off” period, provided that such trading plan:

(A) is in compliance with the norms prescribed in SEBI (PIT) Regulations, 2015.

(B) is publicly disclosed on the website of the concerned Mutual Fund

(IV) The Compliance Officer shall also properly monitor trades of the MF scheme and that of the access person, as per the trading plan, in order to ensure that such trading plan does not entail trading in securities for market abuse.

(V) Provisions of the “cooling off” period may be relaxed by Compliance Officer for maximum 2 times in a financial year per Access Person, for sale of securities, held by the Access Person for a period of one year or more, subject to the following:

(A) Access Person may apply anytime during the financial year for such relaxation to the Compliance Officer. Compliance Officer shall decide on the said application within 5 calendar days of receipt of such application.

(B) Access Person may sell the securities within 10 trading days from the date of clearance by the Compliance Officer.

(C) Roll over of unexecuted portion, if any, shall not be allowed. However, a second request can be made within the financial year as stated above.

(D) The Access Person shall ensure that from the time of making an application under Paragraph (A) above till the conclusion of the sale of the concerned securities, he/she is not in possession of / does not have access to any non-public information which could materially impact the price of the concerned securities. Compliance Officer shall not grant clearance for such transaction, where the AMC is in possession of / has access to any non-public information which could materially impact the price of the concerned securities.

(E) The Compliance Officer shall carry out all other regulatory checks and obtain necessary undertakings from the Access Person.

(VI) In case of pre-existing pledges / encumbered arrangements (i.e., securities pledged prior to becoming an Access Person), the provisions of “cooling off” period shall not be applicable in the event of sale of securities by lenders due to shortfall of margin, subject to the following:

(A) Access person shall, on the date of applicability of these provisions or on the date of joining the AMC or on the date of being designated as such, declare to the Compliance Officer

(1) details of all the pre-existing pledges / encumbered arrangements in which the securities held by him/her are pledged or encumbered and

(2) details of ESOPs bought with borrowed funds, along with the agreement with such lender.

(B) Any instances of sale of securities by lender shall be promptly intimated to the Compliance Officer. The Access Person shall ensure the following and submit a self-declaration to the following effect that:

(1) the Access Person has not engaged directly or indirectly in front-running, self-dealing, trading while in possession of non-public information which could materially impact the price of the concerned securities or any other prohibited activities.

(2) the sale by the lender was due to shortfall of margin as per the terms of agreement with the lender and he had not entered into any other arrangement with the lender in this regard.

(C) Access Person shall also submit the margin notice received for the said shortfall of margin to the compliance officer.

(iii) The Compliance Officer shall keep a track of the transactions of the employees and transactions of the Mutual Fund to ensure that there is no conflict of interest between them i.e. the Compliance Officer should track whether the Mutual Fund has transacted in the same securities either before or after the employee's transaction(s).

(iv) The Compliance Officer shall maintain a record of all requests for pre clearance regarding the purchase or sale of a security, including the date of the request, the name of the access person, the details of the proposed transaction and whether the request was approved or denied and waivers given, if any, and its reasons.

(v) No employee shall purchase any security (including derivatives) on a "Carry Forward" basis or indulge in "Short Sale" of any security (including derivatives) i.e. employees who effect any purchase transaction(s) shall ensure that they take delivery of the securities purchased, before selling them.

(vi) Any transaction of Front Running by any employee directly or indirectly is strictly prohibited. For this purpose, "Front Running" means any transaction of purchase and/or sale of a security carried by any employee whether for self or for any other person, knowing fully well that the AMC also intends to purchase and/or sell the same security for its Mutual Fund operations. To ascertain that the employee had no prior knowledge of the Mutual Fund's intended transactions, the Compliance Officer may take a declaration in this regard from the employee. Such declaration may be included in the application form itself.

(vii) Any transaction of self-dealing by any employee either directly or indirectly, whether alone or in concert with another person is prohibited. For this purpose, "Self-Dealing" means trading in the securities based on price sensitive information to which the employee has access by virtue of his office. Declaration to this effect may be taken from the employee while clearing the proposals for investment.

(viii) The employees shall not insist or suggest to the concerned brokers to charge reduced brokerage, or accept any contract with a clause on reduced brokerage charge.

7.6.5. **Periodic Disclosures:**

(a) All access persons shall submit, in the form prescribed by the Mutual Fund of which the AMC is the investment manager, details of their personal transactions of purchase or sale of securities to the Compliance Officer. The details to be submitted are as follows:

(i) Details of transactions effected for purchase and/or sale of securities including transactions in rights entitlements through the secondary market within 7 calendar days from the date of transaction;

(ii) Details of allotment received against application for public and rights issues within 7 calendar days from the date of receipt of the allotment advice;

(iii) A statement of holding in securities as on March 31 within 30 calendar days from the end of every financial year ending March 31.

(b) All employees other than access persons shall submit, in the form prescribed by the Mutual Fund, to the Compliance Officer:

(i) Details of each of their transactions for purchase or sale of securities including allotment in public and rights issues within 7 calendar days.

(ii) A statement of holding in securities as on March 31 within 30 calendar days from the end of every financial year ending March 31.

(iii) A declaration shall also be included in the reporting form on the lines of Paragraph 7.6.4(c)(vi) and 7.6.4(c)(vii) regarding Front Running and Self-Dealing.

7.6.6. **Review by the Board of Directors of AMC and the Trustee(s)**

The Board of the AMC and the Trustees shall review the compliance of these Guidelines in their periodic meetings. They shall review the existing procedures and recommend changes in procedures based on the AMCs experience, industry practices and/or developments in applicable laws and regulations. They shall report compliance and any violations and remedial action taken by them in their reports submitted to the Board.

7.6.7. **Applicability of Insider Trading Regulations**

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 shall be followed strictly by the Trustees, Asset Management Companies and their employees and directors.

7.7. Responsibilities of AMC & Trustees[181]

7.7.1. For effective discharge of their responsibilities under the MF Regulations, the AMC(s) shall provide infrastructure and administrative support to the Trustees. The Trustees of Mutual Funds may decide to appoint independent auditors and/or may have separate full-fledged administrative set up. However, the expenditure incurred in this regard shall be within the limits as specified in Regulation 66(7). AMC(s) shall

[181] MFD/CIR/09/014/2000 dated January 5, 2000

place the correspondence and reports submitted to the Board before the Trustees.

7.8. Core responsibilities of the Trustees[182]

7.8.1. In terms of the said Regulation 12(6), the Trustees shall exercise independent due diligence on certain “core responsibilities”, which are specified as under:

(a) The Trustees shall ensure the fairness of the fees and expenses charged by the AMCs.

(b) The Trustees shall review the performance of AMC in its schemes vis-a-vis performance of peers or the appropriate benchmarks.

(c) The Trustees shall ensure that the AMCs have put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMCs.

(d) The Trustees shall ensure that operations of AMCs are not unduly influenced by the AMCs Sponsor, its associates and other stakeholders of AMCs.

(e) The Trustees shall ensure that undue or unfair advantage is not given by AMCs to any of their associates/group entities.

(f) The Trustees shall be responsible to address conflicts of interest, if any, between the shareholders/stakeholders/associates of the AMCs and unitholders.

(g) The Trustees shall ensure that the AMC has put in place adequate systems to prevent misconduct including market abuse/misuse of information by the employees, AMC and connected entities of the AMCs.

7.8.2. The Trustees shall take steps to ensure that there are system level checks in place at AMCs’ end to prevent fraudulent transactions including front running by employees, form splitting/ mis-selling by distributors etc. The Trustees shall review such checks periodically.

7.8.3. The Trustees and their resource persons shall independently evaluate the extent of compliance by AMCs vis-à-vis the identified key areas and not merely rely on AMCs’ submissions /external assurances.

7.8.4. The Trustees shall ensure that suitable mechanisms/systems are put in place by the AMCs to generate system based information/data/reports for evaluation and effective due diligence by the Trustees. The Trustees shall also ensure that the AMCs periodically review such systems.

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[182] Inserted by SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117 dated July 07, 2023

7.8.5. AMCs shall submit exception reports/analytical information to the Trustees, that add value to the process of exercising their oversight role. AMCs shall also provide alerts based automated reports to the Trustees as may be required by the Trustees. The Trustees shall evaluate the nature and adequacy of the alerts and the manner of dealing with such alerts by AMCs.

7.8.6. The Trustees shall require the AMCs to furnish, in a true and fair manner, reports and alerts based on pre-decided parameters including but not limited to the areas specified as core responsibilities at Paragraph 7.8.1 above, for taking appropriate action.

7.8.7. The Trustees shall periodically review the steps taken by AMCs for folios which do not contain all the Know Your Client (KYC) attributes / updated KYC attributes and ensure that the AMCs take remedial steps necessary for updating the KYC attributes especially pertaining to bank details, PAN, mobile phone number.

7.9. Third Party Assurances[183]

7.9.1. For responsibilities other than the core responsibilities mentioned at Paragraph 7.8, the Trustees may rely on professional firms such as Audit Firms, Legal Firms, Merchant Bankers, etc. (collectively referred to as “third party fiduciaries”) for carrying out due diligence on behalf of the Trustees.

7.9.2. The responsibilities other than core responsibilities, for which the Trustees may avail services of third party fiduciaries, include the following:

(a) Overseeing that AMCs manage the operations of Mutual Fund schemes independently from other activities.

(b) Discharging their role as a custodian of assets on behalf of unitholders in accordance with MF Regulations and the trust deed.

(c) Reviewing the net worth of the AMC on a periodic basis to ensure compliance with prescribed threshold.

(d) Ensuring that the transactions of the Mutual Funds are in accordance with the provisions of the trust deed.

7.10. Unit Holder Protection Committee (UHPC)[184]

7.10.1. The UHPC, constituted by AMC under Regulation 22(8)(d)(i), shall be responsible for:

[183] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117 dated July 07, 2023
[184] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117 dated July 07, 2023

(a) protection of interest of unit holders of Mutual Fund schemes in relation to all products and services offered by the AMC.

(b) 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.

(c) compliance with laws and regulations and other related processes with specific reference to operation of the Mutual Fund business.

7.10.2. The UHPC 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 complaint handling procedures.

7.10.3. The UHPC shall report its findings to the board of directors of AMC along with recommendations for action.

7.10.4. The UHPC shall make recommendations relating to protection of interest of investors as well as monitor its implementation.

7.10.5. The detailed guidelines regarding UHPC are specified at **Annexure 6** to this master circular. AMC shall ensure that UHPC is constituted and operates in compliance with the said guidelines.

7.10.6. In addition to the above functions and responsibilities, the board of directors of AMCs, from time to time may also assign such other responsibilities to the UHPC, as deemed fit.

7.11. Meetings between the Trustee Company and the AMC[185]

In terms of Regulation 23, the board of directors of the AMCs and the board of directors of the Trustee Company shall meet at least once a year to discuss the issues concerning the Mutual Fund, if any, and future course of action, wherever required.

7.12. Resources for Trustees of Mutual Funds[186]:

7.12.1. Trustees shall appoint a dedicated officer as employee of Trustees and reporting directly to Trustees, having professional qualification and minimum 5 years of experience in finance and financial services related field. The scope of the work of the said officer shall be specified by the

[185] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117 dated July 07, 2023
[186] SEBI Cir. No. SEBI/HO/IMD/DF4/CIR/P/2020/151 dated August 10, 2020, SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2020/178 dated September 23, 2020.

Trustee from time to time to support the role and responsibilities of the Trustees. The officer shall accordingly assist the Trustees and discharge the activities assigned to him.

7.12.2. Further, Trustees shall have standing arrangements with independent firms for special purpose audit and/or to seek legal advice in case of any requirement as identified and whenever considered necessary.

7.12.3. The expenditure incurred for the above shall be charged under "fees and expenses of trustees" under Regulation 66(5)(d).

7.12.4. Notwithstanding the above, the Trustees shall however continue to be liable for discharge of various fiduciary responsibilities as cast upon them in the MF Regulations.

7.13. [187][188]Alignment of interest of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes

7.13.1. In terms of Regulation 22(3)(a), AMCs shall invest minimum amount as a percentage of AUM in their scheme(s), based on the risk value assigned to the scheme(s) in terms of Paragraph 6.16 of this Master Circular, in the manner provided below –

Risk Value	**Risk Level as Per Risk-O-Meter**	**Minimum percentage of AUM to be invested in scheme**
≤ 1	Low	0.03
> 1 to ≤ 2	Low to Moderate	0.05
> 2 to ≤ 3	Moderate	0.07
> 3 to ≤ 4	Moderately High	0.09
> 4 to ≤ 5	High	0.11
> 5	Very High	0.13

7.13.2. For the above purpose,

[187] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2020/100 Dated June 12, 2020 – provisions stand rescinded in terms of SEBI Circular SEBI/HO/IMD/IMD-IDOF5/P/CIR/2021/624 dated September 2, 2021, Refer SEBI letter No. SEBI/HO/IMD/DF5/OW/P/2021/24745/1 dated September 20, 2021

[188] SEBI Circular SEBI/HO/IMD/IMD-IDOF5/P/CIR/2021/624 dated September 2, 2021.

(a) The risk value of the scheme as per the risk-o-meter of the immediate preceding month shall be considered.

(b) The investment shall be maintained at all points of time till the completion of tenure of the scheme or till the scheme is wound up.

(c) AMCs shall, except in case of close ended scheme(s), conduct a quarterly review to ensure compliance with the requirement of investment of minimum amount in the scheme(s) which may change either due to change in value of the AUM or in the risk value assigned to the scheme. Further, based on review of quarterly average AUM, shortfall in value of the investment in scheme(s), if any, shall be made good within 7 calendar days of such review. AMC shall have the option to withdraw any excess investment than what is required pursuant to such review.

(d) AMCs may invest from their net worth or the sponsor may fund the AMC to fulfil the aforesaid obligations, if required. However, the AMCs shall be required to make good the shortfall in the minimum net worth to comply with the requirement of the MF Regulations in case of sustenance of temporary Mark to Market loss for two consecutive quarters. AMC shall ensure that the temporary nature of the Mark to Market loss is certified by the statutory auditor.

7.13.3. AMCs shall not be required to invest in ETFs, Index Funds, Overnight Funds, Funds of Funds scheme(s) and close ended funds where the subscription period has closed as on 02 May 2022.

7.13.4. The mandatory contribution already made by the AMCs in compliance with the applicable MF Regulations shall not be withdrawn. However, such contribution can be adjusted against the investment required to be made by the AMC as per Paragraph 7.13 of this Master Circular.

7.13.5. Compliance with Paragraph 7.13 of this Master Circular shall be ensured by the AMCs and monitored by the Trustees. Any non-compliance in this regard, shall be reported in the Quarterly CTR and HYTR.

7.13.6. Details of investment by AMCs in each of their mutual fund scheme(s) shall be disclosed on the website of AMCs and AMFI.

7.14. [189]Alignment of interest of [190]Designated Employees of AMCs with the Unitholders of the Mutual Fund Schemes:

7.14.1. Designated Employees of the AMCs shall include:

(a) Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Chief Information Security Officer (CISO), Chief Operation Officer (COO), Fund Manager(s), Compliance Officer, Sales Head, Investor Relation Officer(s) (IRO), heads of other departments, Dealer(s) of the AMC;

(b) Direct reportees to the CEO (excluding Personal Assistant/Secretary);

(c) Fund Management Team and Research team;

(d) Other employees as identified & included by AMCs and Trustees

7.14.2. In terms of Regulation 22(3)(b), a minimum slab wise percentage of the salary/ perks/ bonus/ non-cash compensation (gross annual CTC) net of income tax and any statutory contributions (i.e. PF and NPS) of the Designated Employees of the AMCs shall be mandatorily invested in units of Mutual Fund schemes in which they have a role/oversight. The manner for such investments shall be as under:

(a) The slabs based on gross annual CTC shall be as under:

Slabs based on gross annual CTC	**Minimum percentage required to be invested (including Employee Stock Ownership Plan (ESOPs), if any)**	**Minimum percentage required to be invested (excluding ESOPs)**
Option	**Option A**	**Option B**
Slab 0 **(Gross CTC less than or equal to 25 lakhs)**	Nil	Nil

[189] SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/553 Dated April 28, 2021, Refer SEBI Letter No. SEBI/HO/IMD/DF5/OW/P/2021/24745/1 dated September 20, 2021, Refer SEBI letter No. SEBI/HO/IMD/DF5/OW/P/2021/30715/1 dated October 29, 2021

[190] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated March 21, 2025, SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/629 Dated September 20, 2021 read with SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/582 dated June 25, 2021.

Slab 1 **(Gross CTC above 25 lakhs but less than or equal to 50 lakhs)**	10% of gross annual CTC net of income tax and any statutory contributions.	12.5% of gross annual CTC net of income tax, any statutory contributions and ESOPs.
Slab 2 **Gross CTC above 50 lakhs but less than or equal to 1 crore**	14% of gross annual CTC net of income tax and any statutory contributions.	17.5% of gross annual CTC net of income tax, any statutory contributions and ESOPs.
Slab 3 (Gross CTC above 1 crore)	18% gross annual CTC net of income tax and any statutory contributions	22.5% of gross annual CTC net of income tax, any statutory contributions and ESOPs.
AMC shall have the option to adopt Option A or Option B for its Designated Employees. Designated Employee with no ESOP component as part of their CTC shall be covered under Option A.		

(b) The slabs applicable to a Designated Employee at point (a) above shall also be decided based on the role of the Designated Employee in the AMC in the following manner[191]:

Category	Employees	Slab applicable
Category A	• Chief Executive Officer (CEO) • Chief Investment Officer (CIO) • Fund Managers • Investment Research team • Dealers • Chief Risk Officer (CRO)	Slab applicable based on the CTC of the employee as per Paragraph 7.14.2.(a) above.

[191] Refer SEBI Letter No. SEBI/HO/IMD/POD-1/OW/P/2025/20427/1 dated July 30, 2025

	• Compliance Officer • Members of the Investment Committee	
Category B	• Direct reportees to the CEO (excluding Personal Assistant / Secretary and Category A employees) • Chief Information Security Officer (CISO) • Chief Operation Officer (COO) • Sales Head • Investor Relation Officer(s) (IRO) • Heads of departments other than investment and risk functions	Slab 0 or Slab 1, irrespective of the CTC, as decided by AMC based on the activity being performed by the employee. AMCs, while deciding the suitable slabs, shall ensure that the employee who is directly or indirectly related to investment function, is considered under Slab 1.

7.14.3. For dedicated Designated Employees associated with liquid fund schemes, Slab 1 at Paragraph 7.14.2(a) above shall be considered even if the Designated Employee falls in either Slab 2 or Slab 3 based on the CTC. For Designated Employees associated with other schemes in addition to liquid fund scheme, Slabs based on the CTC of the employee shall be applicable[192].

7.14.4. For designated employees, who do not fall under either Category A or Category B, slabs may be decided by the AMC based on the role of the employee.

7.14.5. The contribution of the Designated Employees in close ended schemes launched on or after October 1, 2021 shall be made in the units of any open ended schemes having (a) risk value equivalent to or higher than and (b) underlying portfolio of similar nature as, the mandated close ended schemes.

7.14.6. Similarly, for interval schemes, schemes having restrictions on individual investments or lump-sum investments or having temporary suspensions on subscription or schemes having lock-in period of more than 3 years, investments required under the relevant provisions of

[192] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated March 21, 2025. Also, refer SEBI Letter No. SEBI/HO/IMD/POD-1/OW/P/2025/20427/1 dated July 30, 2025

Paragraph 7.14 above shall be made in the units of any open ended schemes having (a) risk value equivalent to or higher than and (b) underlying portfolio of similar nature as, the aforesaid schemes.

7.14.7. The compensation mandatorily invested in units, as mentioned above, shall be:

(a) proportionate to the AUM of the schemes in which the Designated Employee has a role/oversight. For this purpose, Exchange Traded Funds (ETFs), Index Funds, Overnight Funds, Fund of Funds schemes investing only in a single ETF and existing (i.e. as on September 30, 2021) close ended schemes, shall be excluded.

(b) paid proportionately over 12 months on the date of payment of such salary/ perks/ bonus/ non-cash compensation. In all cases of deferred compensation including Employee Stock Options, the AMC shall decide whether the required deduction of such deferred compensation (perquisite value less taxes), should be on the date of grant or exercise. However, the policy should be same for all Designated Employees of the AMC, in a given financial year.

(c) locked-in for a minimum period of 3 years or tenure of the scheme whichever is less.

(d) invested in 'Growth option' of the mutual fund schemes. For schemes where growth option is not available, the investment shall be made in the 'Reinvestment of Income Distribution cum capital withdrawal option'. For schemes where both the above options are not available, investment shall be made in the 'Payout of Income Distribution cum capital withdrawal option'[193].

7.14.8. Further, with a view to allow the Designated Employees to diversify their unit holdings, in case of dedicated fund managers managing only a single scheme / single category of schemes, 50% of the aforementioned compensation shall be by way of units of the scheme/category managed by the fund manager and the remaining 50% can, if they so desire, be by way of units of those schemes whose (a) risk value as per the risk-o-meter is equivalent or higher than and (b) whose underlying portfolio is of similar nature as, the scheme managed by the fund manager. This is also applicable to dedicated fund managers of overseas funds.

7.14.9. Provided that for Designated Employees managing liquid fund schemes, up to 75 percent of the minimum investment amount required to be invested in liquid fund schemes may be invested in schemes, managed by the AMC, with higher risk as compared to liquid fund schemes. This

[193] Refer SEBI Letter No. SEBI/HO/IMD/DF5/OW/P/2021/30715/1 dated October 29, 2021 and SEBI Letter No. SEBI/HO/IMD/DF5/OW/P/2021/24745/1 dated September 20, 2021

shall be applicable for Designated Employees associated with only liquid fund scheme and also for Designated Employees associated with other schemes in addition to liquid fund scheme, only with respect to the quantum required to be invested in liquid fund schemes. For this purpose, the risk value based on the risk-o-meter of the immediate preceding month shall be considered.[194]

7.14.10. The previous month's closing AUM shall be taken for apportioning the investment across eligible schemes.

7.14.11. All non-cash benefits and perks shall be accounted for in CTC at the perquisite value as per the Form 16 under Income Tax Act, 1961. However, superannuation benefits and Gratuity paid at the time of death/retirement, shall not be included in the CTC[195].

7.14.12. The perquisite value of interest on loan availed by the Designated Employees against the units from the AMC as specified in Paragraph 7.14.16(a) of this Master Circular shall not be included in the CTC.

7.14.13. Any unconditional compensation in any form which was granted before April 28, 2021, but is unpaid as on April 28, 2021 shall not be included in the CTC.

7.14.14. Designated Employees may set off their existing investments as on July 01, 2021, if any, against the fresh investments as required in the same schemes.

7.14.15. Designated Employees may set off their units, for which the required lock-in period of 3 years is expired, against the fresh investments required to be made in the same schemes as per Paragraph 7.14 of this Master Circular. In such cases, AMC shall ensure that such units are locked in for the further period of 3 years or tenure of the scheme, whichever is less.

7.14.16. **Redemption of units**:

(a) No redemptions of the said units shall be allowed during the lock-in period. However, AMC may decide to have a provision of borrowing from the AMC by Designated Employees against such units in exigencies such as medical emergencies or on humanitarian grounds, as per the policy laid down by the AMC.

(b) In case of retirement on attaining the superannuation age as defined in the AMC service rules, the units shall be released from the lock-in and the Designated Employee shall be free to redeem the units, except for the units in close ended schemes where the

[194] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated March 21, 2025
[195] Refer SEBI Letter No. SEBI/HO/IMD/DF5/OW/ P/2021/ 30715/1 dated October 29, 2021

units shall remain locked in till the tenure of the scheme is over. However, on resignation or retirement of the Designated Employee from the AMC before attaining the age of superannuation as defined in the AMC service rules, the lock-in period, for the investments made under Paragraph 7.14 of the Master Circular, shall be reduced to 1 year from the end of the employment or completion date of 3 year lock-in period, whichever is earlier, except for the units in close ended schemes where the units shall remain locked in till the tenure of the scheme is over.[196]

(c) Open Ended Schemes: After the expiry of the mandatory lock-in period, Designated Employee can redeem their units in open ended schemes, subject to compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. Such redemption transactions shall also be subject to the restriction on trade in closure period and the requirement of pre-clearance from compliance officer when closure period is not applicable, in terms of Clause 6 of Schedule B1 of SEBI (Prohibition of Insider Trading) Regulations, 2015.

(d) For mandatory subscription/investment in the units of mutual funds under Paragraph 7.14 of this Master Circular, the requirements specified under Clause 6 of Schedule B1 of SEBI (Prohibition of Insider Trading) Regulations, 2015 shall not be applicable.[197]

7.14.17. In the Fund of Funds schemes, only Fund Managers of such schemes shall be required to invest.

7.14.18. Units, allotted in terms of the Paragraph 7.14 of this Master Circular, shall be released from the mandatory lock-in period in case of death of the Designated Employee.

7.14.19. AMC shall ensure that necessary audit trail is maintained to verify compliance with the provisions of Paragraph 7.14 of this Master Circular.

7.14.20. **Clawback:**

(a) Units allotted to the Designated Employees shall be subject to clawback in the event of violation of Code of Conduct, fraud, gross negligence by them, as determined by the Board. Upon clawback, the units shall be redeemed and amount shall be credited to the scheme.

[196] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated March 21, 2025
[197] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated March 21, 2025

(b) In the event of violation of Code of Conduct under the MF Regulations, fraud, gross negligence by Designated Employees, the Nomination and Remuneration Committee of AMC or an equivalent body under the Board of AMC (in case of AMCs where the Nomination and Remuneration Committee has not been constituted), shall undertake the preliminary examination and provide recommendations to the Board for consideration, after approval of the Trustees.[198]

7.14.21. **Oversight:**

(a) The compliance with Paragraph 7.14 of this Master Circular shall be ensured by the AMCs and monitored by the Trustees. Any non-compliance in this regard, shall be reported in the quarterly CTR and HYTR.

(b) For the purpose of Paragraphs 7.14.5, 7.14.6, and 7.14.8, the risk value based on the risk-o-meter of the immediate preceding month shall be considered. Further, AMCs and Trustees shall have a policy in place to ensure that such open ended schemes are similar to the mandated scheme in terms of the nature of the underlying portfolio.

7.14.22. Every scheme shall disclose the 'compensation, in aggregate, mandatorily invested in units for the Designated Employees', under the provisions of this Master Circular, on the website of Stock Exchanges. The disclosure shall be at quarterly aggregate level showing the total investment across all relevant employees in a specific scheme. The disclosure shall be made within 15 calendar days from the end of each quarter.[199]

7.14.23. These provisions shall not be applicable to Designated Employees having role/ oversight only over ETFs, Index Funds, Fund of Funds schemes investing only in a single ETF, Overnight Funds and existing (i.e. as on September 30, 2021) close ended schemes.

7.15. Trade execution and allocation:

7.15.1. AMCs shall put in place a written down policy which inter-alia, detail the specific activities, role and responsibilities of various teams engaged in fund management, dealing, compliance, risk management, back-office etc. with regard to order placement, execution of order, trade allocation amongst various schemes and other related matters.

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[198] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36 dated March 21, 2025
[199] SEBI Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/107 dated August 05, 2024

7.15.2. The aforesaid 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 and they shall ensure compliance with following:

7.15.3. For orders pertaining to equity and equity related instruments:

(a) AMCs shall use an automated Order Management System (hereinafter referred to as 'OMS'), wherein the orders for equity and equity related instruments of each scheme shall be placed by the fund manager(s) of the respective schemes. However, a fund manager may authorise an employee of the AMC for order placement on his behalf, subject to adherence to the following:

(i) The order instructions to such employee by the fund manager shall be through electronic mode i.e. either through e-mail or other electronic utility, wherein scheme wise audit trail of such orders starting from the instruction of the fund manager is maintained along with time stamping of each stage of the process.

(ii) The employee placing the order shall be bound by the same requirements of maintaining confidentiality and the code of conduct as applicable to the fund manager in this regard i.e. in respect of order placement.

(b) Further, the orders in case of arbitrage transactions, stock lending and borrowing transactions, passive schemes (such as Index Funds and ETFs) and schemes investing primarily based on pre-defined rules and models, where the discretion of the fund manager is not required for placement of order, is not mandated to be placed through OMS, subject to the following:

(i) The AMC shall document and demonstrate that no judgement and discretion of the fund manager is required for placement of such orders;

(ii) The AMCs shall ensure that orders in breach of applicable regulatory limits and allocation limits as specified in SIDs, shall not be placed and executed;

(iii) The fund manager shall provide the scheme wise details as required for order placement such as value of transaction(s), nature of transaction(s), etc. to the dealer;

(iv) The scheme wise audit trail of placement of orders (including the information provided by the fund manager), order execution and trade allocation shall be maintained along with time stamping of each stage of the process.

(c) At all points of time, the responsibility associated with order placement shall continue to vest with the fund manager.

(d) In case a fund manager is managing multiple schemes, the fund manager shall necessarily place scheme wise order.

(e) All regulatory limits and allocation limits as specified in SID shall be in-built in the OMS to ensure that orders in breach of such limits are not accepted by the OMS. AMCs may further place soft limits for internal control and risk management based on its internal policy. Further, any change in limits specified in OMS shall be subject to the approval of Compliance and Risk Officer.

(f) All orders of fund manager(s) shall be received by dedicated dealer(s) responsible for order placement and execution. However, in case of order(s) for arbitrage transactions, stock lending and borrowing transactions, passive schemes (such as Index Funds and ETFs) and schemes investing primarily based on pre-defined rules and models, the requirement of a dedicated dealer shall not be mandatory.

(g) The internal policy of AMC may also provide certain scenarios within the regulatory limits, wherein, prior approval of Compliance or Risk Officer would be required through OMS before the order is received by the dealer.

7.15.4. <u>Requirements with respect to investment in all instruments</u>

(a) AMC shall ensure that the dealing desk is suitably staffed and comply with the following:

(i) All conversations of the dealer shall be only through the dedicated recorded telephone lines.

(ii) No mobile phones or any other communication devices other than the recorded telephone lines shall be allowed inside the dealing room.

(iii) Restricted access to internet facilities on computers and other devices inside the dealing room which shall be used for activities related to trade execution only.

(iv) No sharing of information by dealer through any mode, except for trade execution under the approved internal policy.

(b) Orders by dealer can be placed either for each scheme individually or pooled on the basis of orders from multiple schemes. The trade allocation policy of the AMCs shall inter-alia detail (i) specific situations (not generic) wherein the orders by dealers shall be placed for each scheme individually or pooled from multiple schemes, (ii) the timeline to be considered for pooling of orders in case of multiple schemes.

(c) In case of pooled orders, post allocation of trades shall be on pro-rata basis as per the size of the order placed. The said allocation shall be based on weighted average price. The policy shall clearly include scenarios / situations (e.g. redemption pressure) in which deviation from the allotment of units on pro-rata basis would be permissible, if at all. Further, the deviations shall be on account of exigency only and require prior written approval of Chief Investment Officer, Risk Officer and the Compliance Officer with detailed rationale for such deviation.

(d) In case of scenarios, wherein, the mutual funds are required to place certain margins /collaterals in order to execute certain transactions, the policy shall include details on how such margins / collaterals shall be segregated / placed from amongst various schemes, without affecting the interest of investors of any scheme.

7.15.5. Monitoring of Compliance:

(a) AMC shall have a system based monitoring mechanism to ensure compliance with the requirements under Paragraphs 7.15.3 and 7.15.4 above.

(b) Audit trail of activities as detailed in Paragraph 7.15.3 above related to order placement, trade execution and allocation shall be available in the system. Further, there shall be time stamping with respect to order placed by fund manager (or the order placed by the employee of the AMC authorized by the fund manager), order placed by dealer, order execution and trade allocation in the OMS. The audit trail and time stamping of all other orders (including orders through RFQ platform) not placed through OMS shall also be adequately maintained.

(c) Any non-compliance and all material information in this regard shall be reported to trustees on quarterly basis. Trustees shall inform the same to the Board in their HYTR.

7.16. Recording of Investment Decisions

7.16.1. AMC(s) shall exercise due diligence and care in all investment decisions as would be exercised by other persons engaged in the same business. AMC(s) shall maintain records in support of each investment decision which will indicate data, facts and opinion leading to that decision. While broad parameters for investments can be prescribed by the Board of the AMC, the basis for taking individual scrip wise investment decision in equity and debt securities shall be recorded. A detailed research report analyzing various factors for each investment decision taken for the first time shall be maintained and the reasons for subsequent purchase and sales in the same scrip shall also be recorded. The contents of the research reports may be decided by the AMC(s) and the Trustees.

7.16.2. The Board of the AMC shall develop a mechanism to verify that due diligence is being exercised while making investment decisions especially in cases of investment in unlisted and privately placed securities, unrated debt securities, securities classified as below investment grade or default, transactions where associates are involved and instances where the performance of the scheme(s) is poor.

7.16.3. AMC(s) shall report compliance with these requirements in their periodical reports to the Trustees and the Trustees shall report the same to the Board in the HYTR. Trustees shall also check compliance with these Guidelines through independent auditors or internal and/or statutory auditors or other systems developed by them.

7.17. Institutional mechanism by Asset Management Companies for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities[200]

7.17.1. In terms of Regulation 22(8)(b), the institutional mechanism established by AMCs shall comply with the following requirements:

(a) Accountability:

(i) The Chief Executive Officer or Managing Director or such other person of equivalent or analogous rank and Chief Compliance Officer of the asset management company shall be responsible and accountable for implementation of the institutional mechanism.

(b) Alert-based surveillance mechanism:

(i) AMCs shall develop and implement systems and procedures to generate and process alerts in a timely manner.

(c) **Processing of alerts:**

[200] SEBI Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/107 dated August 05, 2024

(i) During the processing of alerts, AMCs shall consider and review all recorded communications including chats, emails, access logs of dealing room and CCTV footage (if available).

(ii) AMCs shall also maintain and monitor entry logs to the AMCs' premises.

(d) Standard operating procedures:

(i) The AMCs shall formulate written policies and procedures for conducting examination and taking action in case of potential market abuse including front-running and fraudulent transactions in securities by its employees and connected entities.

(ii) Such policies/procedures shall be approved by Board of AMCs.

(e) Action on suspicious alerts:

(i) AMCs shall take suitable action upon becoming aware of any potential market abuse by its employees or brokers / dealers, including suspension or termination of such persons/entities.

(f) Escalation process:

(i) AMCs shall have an escalation process to promptly inform Board of AMC and Trustees, regarding instances of potential market abuse, if any, and results of the examination conducted by the AMCs.

(g) Whistle blower policy:

(i) AMCs shall have a documented whistle blower policy in line with Regulation 22(8)(c).

(h) Periodic review:

(i) AMCs shall ensure that the procedures and/or systems put in place are reviewed and updated at appropriate periodic intervals.

7.17.2. Trade related information from exchanges:

(a) For effective functioning of the institutional mechanism, the stock exchanges and depositories have developed systems, in consultation with AMFI, to enable data sharing with AMCs.

7.17.3. **Reporting to the Board:**

(a) In reference to alerts generated by AMCs as mentioned under Paragraph 7.17.1(b) above, AMCs shall report all examined alerts to the Board along with action taken, in the CTR and the Half-HYTR submitted to the Board, in the following format:

Sr. No.	**Alert type and description**	**Observations made from the alert**	**Actions taken by the AMC**

7.17.4. The detailed implementation standards issued by AMFI on Institutional Mechanism, in consultation with the Board, shall mandatorily be followed by all AMCs.

7.18. Prohibition of insider trading in units of mutual funds[201]

7.18.1. In terms of Regulation 5(E)(1) of PIT Regulations, AMCs shall disclose the details of the holdings of Designated Persons of AMCs, trustees and their immediate relatives on aggregate basis within 10 calendar days from the end of each calendar quarter as per the Format No. 8A.

7.18.2. In terms of Regulation 5(E)(2) of PIT Regulations, details of all the transactions in the units of its own mutual funds, above the threshold amount which aggregates to a value in excess of INR 15 Lakhs, in one transaction or a series of transactions over any calendar quarter, per PAN across all schemes excluding the exempted schemes, executed by the Designated Persons of asset management company, trustees and their immediate relatives shall be reported by the concerned person to the Compliance Officer of AMC within two business days from the date of transaction.

7.18.3. In terms of Regulation 5(E)(3) and 5(E)(4) of PIT Regulations, the transactions reported under Regulation 5(E)(2) of PIT Regulations shall be disclosed as per the Format No. 8B.

7.18.4. In terms of Clause 12 of Schedule B1 and Clause 11A of Schedule C of PIT Regulations, the observed violations of PIT Regulations shall be disclosed as per the Format No. 8C.

[201] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144 dated October 22, 2024

PART II – SCHEME GOVERNANCE

7.19. Minimum Number of investors[202]

7.19.1. **Applicability for an open-ended scheme**

(a) The Scheme/Plan shall have:

(i) a minimum of 20 investors and

(ii) no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s).

(b) If either/both of such limit(s) is/are breached during the NFO of the Scheme, it shall be ensured that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions.

(c) In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 36(2)(c) shall become applicable automatically without any reference from the Board and accordingly the Scheme / Plan(s) shall be wound up and the units shall be redeemed at applicable NAV.

(d) The average net assets of the scheme shall be calculated daily and any breach of the 25 % holding limit by an investor shall be determined. At the end of the quarter, the average of daily holding by each such investor is computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month shall be allowed and thereafter the investor who is in breach of the rule shall be given 15 calendar days' notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 calendar days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th calendar day of the notice period.

(e) The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by the Board.

7.19.2. **Applicability for a Close ended scheme/Interval scheme**

[202] SEBI Circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, SEBI Circular No. SEBI/IMD/CIR No.1/42529/05 dated June 14, 2005.

(a) The Scheme(s) and individual Plan(s) under the Scheme(s) shall have:

(i) A minimum of 20 investors and

(ii) No single investor shall account for more than 25% of the corpus of the Scheme(s)/Plan(s).

(b) These conditions shall be complied with immediately after the close of the NFO itself i.e. at the time of allotment.

(c) In case of non-fulfilment with the condition of minimum 20 investors, the Scheme(s)/Plan(s) shall be wound up in accordance with Regulation 36 (2)(c) automatically without any reference from SEBI.

(d) In case of non-fulfilment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit shall be liable to be rejected and the allotment shall be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits shall be refunded within 6 weeks of the date of closure of the NFO.

(e) For interval scheme the aforesaid provision shall be applicable at the end of NFO and specified transaction period.

(f) Requisite disclosure in this regard shall be made in the SID.

7.19.3. **Determination of breach:**

(a) The average shall be calculated, at the end of each quarter, on the basis of number of investors at the end of the business hours of the scheme on a daily basis.

(b) To determine breach of 25% holding limit by an investor, net assets under the scheme shall be calculated daily and the daily holding limit shall be determined accordingly. At the end of the quarter, average daily holding by each investor shall be calculated and any breach of the 25% holding limit will be accordingly determined.

7.19.4. **Applicability:**

(a) These Guidelines are applicable at the Portfolio level.

(b) These Guidelines are not applicable to ETFs.

7.19.5. **Redemptions:** Redemptions effected pursuant to these Guidelines shall be completed within 10 calendar days from the day of winding up of the scheme(s) and/or plan(s).

7.19.6. **Reporting to the Board**: Compliance with these Guidelines shall be reported in CTRs and HYTRs.

7.20. Minimum Assets under Management (AUM)[203]

7.20.1. The minimum subscription amount for different categories of schemes shall be as under:

Sr. No.	Scheme category	Minimum subscription amount at the time of NFO (INR)
(a)	Debt Schemes and Debt Oriented Hybrid Schemes	20 crores
(b)	Debt ETFs/ Index Funds	10 crores
(c)	Other ETFs/ Index Funds	5 crores
(d)	All other schemes	10 crores

7.20.2. In case of open ended debt oriented schemes, an average AUM of 20 crores on half yearly rolling basis shall be maintained.

7.20.3. In case of breach of Paragraph 7.20.2 above, the AMC shall scale up the AUM of such scheme within a period of six months, failing which the provisions of Regulation 36(2)(c) shall become applicable[204].

7.20.4. The confirmation on compliance of the above shall be reported to the Board in the HYTR.

7.20.5. In case of ETFs, alternative to launch of NFO, the AMC may contribute the initial fund for unit creation. Subsequently, the AMC may transfer the units of such ETFs to Market Makers or other investors, subject to compliance with all applicable provisions for launch of ETFs[205].

7.21. Scheme Performance Review

7.21.1. AMCs and Trustees shall review the performance of their schemes on periodic basis[206]. Such review can take place by comparing the performance of the schemes with benchmark indices and with the performance of the entire Mutual Funds industry by relying on data published from time to time by independent research agencies and financial newspapers and journals. Corrective action if required may be

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[203] SEBI Circular No. Cir/IMD/DF/15/2014 dated June 20, 2014
[204] SEBI Circular No. SEBI Circular No. Cir/IMD/DF/15/2014 dated June 20, 2014
[205] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022
[206] SEBI Circular No. dated July 27, 2000 & SEBI Cir 16/400/02 dated March 26, 2002.

taken in case of unsatisfactory performance. The compliance of the same shall be reported in the CTR and HYTR[207] (while reporting compliance of Regulation 22(1)(b) on exercise of due diligence in investment decisions).

7.22. Benchmarks for Mutual Fund Schemes[208][209]

7.22.1. The following are the broad guidelines for selection of benchmarks:

Type of scheme	**Guidelines to select benchmark**
Equity Schemes	Appropriately select any of the indices available, (e.g. BSE (Sensitive) Index, S&P CNX Nifty, BSE 100, BSE 200 or S&P CNX 500 etc.) depending on the investment objective and portfolio of the scheme(s).
Debt Schemes[210]	Benchmarks developed by research and rating agencies shall be used.
Sector or Thematic schemes	Any sectoral index as published by the Stock Exchanges and other reputed agencies.

7.22.2. There shall be a two-tiered structure for benchmarking of schemes for certain categories of schemes. The first tier benchmark shall be reflective of the category of the scheme, and the second tier benchmark shall demonstrate the investment style / strategy of the Fund Manager within the category.

7.22.3. AMFI shall publish:

(a) Benchmarks intended to be used by AMCs as first tier benchmarks

(b) Benchmarks intended to be used as first tier benchmark as per the Potential Risk Class Matrix by AMCs for open ended debt schemes.

7.22.4. The second tier Benchmark is optional and shall be decided by the AMCs according to Investment Style/Strategy of the Index.

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[207] SEBI Circular No. dated July 27, 2000 & SEBI Cir 16/400/02 dated March 26, 2002.
[208] SEBI Circular No. MFD/CIR/16/400/02 dated March 26, 2002, SEBI Circular No. MFD/CIR/01/071/02 April 15, 2002
[209] SEBI Circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, SEBI circular no. SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 dated October 27, 2021. Refer SEBI letter No. SEBI/HO/IMD/POD-II/P/OW/2023/50162/1 dated December 14, 2023
[210] SEBI Circular No. MFD/CIR/01/071/02 April 15, 2002

7.22.5. The following are the guiding principles for selection of first and second tier benchmarks:

Type of scheme	**First tier benchmark**	**Second Tier benchmark**
Equity Schemes	One Broad Market Index per Index Provider for each category e.g.: BSE 100 Index or NSE 100 Index for Large Cap Fund Category	Bespoke according to Investment Style/Strategy of the Index e.g.: Nifty 50 Index
Debt Schemes	One Broad Market Index per Index Provider for each category that is a representative of the fund's portfolio. e.g.: NIFTY Ultra Short Duration Debt Index or CRISIL Ultra Short Term Debt Index for Ultra Short Duration Fund Category In case of money market/ liquid funds, Suitable Money Market Instrument or a combination of such instruments.	Bespoke according to Investment Style/Strategy of the Index e.g.: AAA Bond Index
Hybrid Schemes	There would be a single benchmark, i.e., Broad Market Benchmark wherever available or bespoke to be created for schemes, which would then be applicable across industry. In case of Hybrid Schemes (with equity investments of 40%-60%), Tailored index having 50% of its weight selected from any	

	equity index as above and the other 50% from an appropriate bond return index.
Thematic / Sectoral schemes	There would be a single benchmark as characteristics of the schemes are already tapered according to the theme/sector.
Index Funds and Exchange Traded Funds (ETFs):	There would be a single benchmark as these schemes replicate an underlying index.
Fund of Funds Schemes (FoFs):	Similar to Index Fund and ETFs, if a FoF scheme is investing in a single fund, then benchmark of the underlying scheme shall be used for corresponding FoF. However, in case a FoF scheme invests in multiple schemes, the benchmark prescribed[211] by the Board, Framework for Fund of Fund schemes with multiple underlying funds, shall apply.
For Other Schemes:	Depending on underlying asset allocation, Broad Market benchmark may be arrived at.

7.22.6. The benchmark indices for the MF Scheme(s) may be decided by the AMC(s) and Trustees. Any change at a later date in the benchmark index shall be recorded and reasonably justified[212].

7.23. Benchmarking of Scheme's performance to Total Return Index[213]

7.23.1. Total Return variant of an Index (TRI) takes into account all dividends/ interest payments that are generated from the basket of constituents that make up the index in addition to the capital gains. Hence, TRI is more appropriate as a benchmark to compare the performance of mutual fund schemes.

7.23.2. With an objective to enable the investors to compare the performance of a scheme vis-a-vis an appropriate benchmark, it has been decided that -

[211] SEBI Circular No HO/24/13/15(2)2026-IMD-RAC4/I/5764/2026 dated February 26, 2026
[212] SEBI Circular No. MFD/CIR/16/400/02 dated March 26, 2002.
[213] SEBI circular no. HO/IMD/IMD-I DOF2/P/CIR/2021/550 dated April 12, 2021

(a) Selection of a benchmark for the scheme of a mutual fund shall be in alignment with the investment objective, asset allocation pattern and investment strategy of the scheme.

(b) The performance of the schemes of a mutual fund shall be benchmarked to the Total Return variant of the Index chosen as a benchmark as stated in Paragraph 7.23.2(a) above.

(c) Mutual funds shall use a composite CAGR figure of the performance of the PRI (Price Return Index) 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).

7.23.3. Illustration of calculation of composite CAGR:

(a) ABC scheme had been launched on August 2, 1995. The benchmark PRI values are available from the date of inception of the fund. The benchmark TRI values are available from June 30, 1999. The calculation of a composite benchmark performance return in CAGR terms would be as given below:

$$\left[\frac{\text{Benchmark PRI value as on date of introduction of TRI value}}{\text{Benchmark PRI value as on date of inception of the scheme}} \times \frac{\text{Benchmark TRI value as on last day of the month preceding the date of advertisement}}{\text{Benchmark TRI value as on date of introduction of TRI value}}\right]^{\left[\frac{1}{\text{(Time period from the last day of the month preceding the date of advertisement – date of inception of the scheme)}}\right]}$$

(b) The aforesaid is explained with an example:

Example: Consolidated Benchmark CAGR (PRI and TRI)		
Date	Benchmark PRI values	Benchmark TRI values

02/08/1995	1007.57	
30/06/1999	1187.70	1256.38
30/11/2017	10226.55	13966.58
CAGR	12.20%	

(c) Thus, in the above example (for advertisements in the month of December, 2017 the last of the preceding month would be November 30, 2017),

CAGR= [(1187.70/1007.57) * (13966.58/1256.38) ^ (1/22.3452)]-1

[1 year= 365 days]

CAGR= 12.20%

7.23.4. Mutual funds shall use the composite CAGR as explained above, subject to making the following disclosure:

*As TRI data is not available since inception of the scheme, benchmark performance is calculated using composite CAGR of XYZ (name of the benchmark index) PRI values from date.... to date... and TRI values since date...."

7.24. Timelines for deployment of funds collected by AMCs in NFO as per asset allocation of the scheme[214]

7.24.1. AMCs shall ensure the following in respect of deployment of funds collected in an NFO:

(a) The AMC shall specify achievable timelines in the SID of a scheme regarding the deployment of the funds as per the specified asset allocation of the scheme and garner funds during the NFO accordingly.

(b) The AMC shall deploy the funds garnered in an NFO within 30 business days from the date of allotment of units.

(c) In an exceptional case, if the AMC is not able to deploy the funds in 30 business days, reasons in writing, including details of efforts taken to deploy the funds, shall be placed before the Investment Committee of the AMC.

(d) The Investment Committee may extend the timeline by 30 business days, while also making recommendations on how to

[214] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/23 dated February 27, 2025

ensure deployment within 30 business days going forward and monitoring the same. The Investment Committee shall examine the root cause for delay in deployment before granting approval for part or full extension. The Investment Committee shall not ordinarily give part or full extension where the assets for any scheme are liquid and readily available.

(e) Trustees shall monitor the deployment of funds collected in NFO and take steps, as may be required, to ensure that the funds are deployed within a reasonable timeframe

(f) In case the funds are not deployed as per the asset allocation mentioned in the SID within the aforesaid mandated plus extended timelines, AMC shall:

  (i) not be permitted to receive fresh flows in the same scheme till the time the funds are deployed as per the asset allocation mentioned in the SID.

  (ii) not be permitted to levy exit load, if any, on the investors exiting such scheme(s) after 60 business days of not complying with the asset allocation of the scheme.

  (iii) inform all investors of the NFO, about the option of an exit from the concerned scheme without exit load, via email, SMS or other similar mode of communication

  (iv) report deviation, if any, to Trustees at each of the above stages.

(g) The above provisions shall be applicable to all NFOs.

(h) To effectively manage the fund flows in NFO, the fund manager may extend or shorten the NFO period (except for ELSS schemes), based on his view of the market dynamics, availability of assets and his ability to deploy funds collected in NFO. However, the same shall be subject to compliance with Paragraph 1.7.1 of this Master Circular.

7.24.2. To discourage mis-selling of mutual funds schemes by Mutual Fund Distributors, in terms of Regulation 66(6), in case of switch transaction to NFO of a regular plan of mutual fund scheme from an existing scheme managed by the same AMC, the AMC shall ensure that the distribution commission paid is lower of the commissions offered under the two schemes of switch transaction. The detailed guidelines in this regard have been specified by AMFI, in consultation with the Board.

PART III – SYSTEMS AUDIT FRAMEWORK FOR MUTUAL FUNDS/AMCs[215]

7.25. Systems audit framework for Mutual Funds/ AMCs

7.25.1. Considering the importance of systems audit in technology driven asset management activity and to enhance and standardize the systems audit, guidelines in this regard are placed at **Annexure 7**. These guidelines are indicative and not exhaustive in nature.

7.25.2. The aforementioned audit shall encompass audit of systems and processes, inter alia, related to integration of front office system with the back office system, fund accounting system for calculation of net asset values, financial accounting and reporting system, Unit-holder administration and servicing systems for customer service, funds flow process, system processes for meeting regulatory requirements, prudential investment limits and access rights to systems interface.

7.25.3. Trustees of Mutual Fund / AMCs are advised to conduct systems audit on an annual basis by an independent CISA / CISM qualified or equivalent auditor to check compliance with the provisions of Paragraph 7.25.1 of this Master Circular.

7.25.4. AMCs are further advised to take necessary steps to put in place systems for implementation of these provisions. The exception report as per the Format No. 9B provided shall 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 shall be communicated to the Board within 6 months of the respective financial year. Further, System Audit Reports shall be made available for inspection.

[215] SEBI Circular No SEBI/HO/IMD/DF2/CIR/P/2019/57dated April 11, 2019

PART IV - ROLE OF MUTUAL FUNDS IN CORPORATE GOVERNANCE OF PUBLIC LISTED COMPANIES[216]

7.26. Role of Mutual Funds in Corporate Governance of Public Listed Companies:

7.26.1. MFs/AMCs should play an active role in ensuring better corporate governance of listed companies.

7.26.2. AMCs shall disclose their general policies and procedures for exercising the voting rights in respect of shares held by them on the website of the respective AMCs as well as in the annual report distributed to the unit holders[217].

7.26.3. [218]All Mutual Fund schemes, including in respect of passive investment schemes like Index Funds, ETFs etc., shall cast votes compulsorily in respect of all resolutions of investee companies.

7.26.4. AMCs are required to disclose on the website of the respective AMC as well as in the annual report distributed to the unit holders the actual exercise of their proxy votes in the AGMs/EGMs of the investee companies in respect of the following matters:

(a) Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions;

(b) Changes to capital structure, including increases and decreases of capital and preferred stock issuances;

(c) Stock option plans and other management compensation issues;

(d) Social and corporate responsibility issues;

(e) Appointment and removal of directors;

(f) Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular.

7.26.5. Related party transactions of the investee companies (excluding own group companies). For this purpose, “Related Party Transactions” shall have same meaning as assigned to them in clause (zc) of Sub-Regulation (1) of Regulation (2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

[216] SEBI Circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, Refer SEBI Letter No. SEBI/HO/IMD-II/IMD-II_DOF11/P/OW/2022/52316/1 dated October 14, 2022
[217] Refer SEBI emails dated June 23, 2011
[218] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021

7.26.6. AMCs shall be required to record and disclose specific rationale supporting their voting decision (for, against or abstain) with respect to each vote proposal[219].

7.26.7. AMCs shall additionally be required to publish summary of the votes cast across all its investee company and its break-up in terms of total number of votes cast in favor, against or abstained from.

7.26.8. [220]AMCs shall be required to make disclosure of votes cast on their website (in machine readable spreadsheet format) on a quarterly basis, within 10 working days from the end of the quarter as per the Format No. 7C. A detailed report in this regard along with summary thereof shall also be disclosed on their website as per the Format No. 7C. Further, AMCs shall provide a web link in their annual reports regarding the disclosure of voting details.

7.26.9. Further, AMCs shall be required to obtain certification on the voting reports being disclosed by them on an annual basis. Such certification shall be obtained from a "scrutinizer" in terms of Rule 20 (3) (ix) of Companies (Management and Administration) Rules, 2014 and any future amendment/s to the said Rules thereof. The same shall be submitted to the trustees and also disclosed in the relevant portion of the Mutual Funds' annual report & website[221].

7.26.10. Board of AMCs and Trustees shall review and ensure that AMCs have voted on all decisions that may affect the interest of investors and the rationale recorded for the voting decision is prudent and adequate. The confirmation on the same, along with any adverse comments made by auditors, shall be reported to the Board in the HYTR.

7.26.11. In case of the Mutual Funds having no economic interest on the day of voting, it may be exempted from compulsorily casting of votes.

7.26.12. The vote shall be cast at Mutual Fund Level. However, in case Fund Manager/(s) of any specific scheme has strong view against the views of Fund Manager/(s) of the other schemes, the voting at scheme level shall be allowed subject to recording of detailed rationale for the same.

7.26.13. Fund Managers/Decision makers shall submit a declaration on quarterly basis to the Trustees that the votes cast by them have not been influenced by any factor other than the best interest of the unit holders. Further, Trustees in their HYTR to the Board, shall confirm the same.

[219] SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014
[220] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/024 dated March 04, 2021
[221] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016

7.26.14. All Mutual Funds shall mandatorily follow the Stewardship Code as placed at **Annexure 8**, in relation to their investment in listed equities[222].

[222] SEBI Circular No. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/55 dated March 30, 2020.

CHAPTER 8: SECONDARY MARKET ISSUES

8.1. Non Applicability of Listing Deposit[223]

8.1.1. The requirement of collecting listing deposit as specified under Circular No. SE/2936 dated April 6, 1992 shall not be applicable to Mutual Funds in respect of the schemes floated by them for public subscription which are sought to be listed on the stock exchanges.

8.2. Listing of Mutual Fund Schemes under process of winding up[224]*:*

8.2.1. The units of Mutual Fund schemes which are in the process of winding-up in terms of Regulation 36(2) shall be listed on recognized stock exchange, subject to compliance with listing formalities as stipulated by the stock exchange.

8.2.2. Trading on stock exchange mechanism will not be mandatory for investors, rather, if they so desire, may avail an optional channel to exit provided to them.

8.2.3. Initially, trading in units of such a listed scheme that is under the process of winding up, shall be in dematerialised form.

8.2.4. AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA) / unit certificates.

8.2.5. The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up. The compliance of the same shall be monitored both by the Board of AMC and Trustee.

8.2.6. Detailed operational modalities for trading and settlement of units of MF schemes that are under the process of winding up, have been finalized by the Stock Exchanges, where units of such schemes are being listed, in consultation with SEBI. Such operational modalities include the following:

(a) Mechanism for order placement, execution, payment and settlement;

(b) Enabling bulk orders to be placed for trading in units;

(c) Issue related to suspension of trading, declaration of date for determining the eligibility of unitholders etc. in respect of payments to be made by the AMC as part of the winding up process;

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[223] SEBI Circular No. SMD-II(N)/2113/94 dated April 12, 1994. Further, in this regard, circulars issued by SEBI from time to time may be considered.

[224] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/086 dated May 20, 2020

(d) Disclosures to be made by AMCs including disclosure of NAV on daily basis and scheme portfolio periodically etc.

8.2.7. The stock exchange shall develop a mechanism along with RTA for trading and settlement of such units held in the form of SoA / Unit Certificate.

8.3. Payment of Margins[225]

8.3.1. Mutual funds shall, for the purpose of executing transactions in securities market, maintain and remit margins in accordance with the regulatory guidelines prescribed by SEBI and the directives issued by the Stock Exchanges from time to time.

8.4. Unique Client Codes[226]

8.4.1. Mutual Funds are not permitted to operate in the securities market without furnishing a valid Unique Client Code (UCC)[227].

8.4.2. Mutual Funds shall obtain UCC from the Bombay Stock Exchange Ltd. (BSE) or National Stock Exchange Ltd. (NSE) whenever a new scheme(s) or plan(s) (wherever the portfolio of the plans is different) is launched[228].

8.4.3. Such UCC shall be obtained before commencing the trading on behalf of the scheme(s)/plan(s).

8.4.4. At the time of order entry, the UCC pertaining to the parent Mutual Fund shall be provided by AMC and the allocation of trades to individual schemes shall be done during the post-closing session[229].

8.4.5. The UCC shall be shared with the unit holders to facilitate tax benefits linked to payment of Securities Transaction Tax (STT).

8.5. Trading in Derivatives Contracts[230][231]

8.5.1. Mutual Fund schemes are permitted to participate in derivatives market, subject to compliance with the regulatory guidelines and exposure limits specified by the board in this regard from time to time.

8.5.2. Mutual Fund schemes are also permitted to undertake transactions in Forward Rate Agreements and Interest Rate Swaps with banks, Primary

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[225] SEBI Circular No. MFD/CIR/9/230/2001 dated August 14, 2001

[226] SEBI Circular No. MFD/CIR No.8/290/01 dated July 30, 2001, SEBI Circular No. SEBI/SMD/SE/11/2003/31/03 dated March 31, 2003, SEBI Circular No. SEBI/IMD/CIR No.01/1756/04 dated January 27, 2004, SEBI Circular No. MRD/DoP/SE/Cir-35/2004 dated October 26, 2004, SEBI Circular No. SEBI/IMD/CIR No.2/46603/05 dated August 10, 2005. Further, in this regard, circulars issued by SEBI from time to time may be considered

[227] SEBI Circular No. SMDRP/Policy/Cir-39/2001 dated July 18, 2001.

[228] SEBI Circular No. SEBI/IMD/CIR No.01/1756/04 dated January 27, 2004.

[229] SEBI Circular No. MRD/DoP/SE/Cir-35/2004 dated October 26, 2004.

[230] SEBI Circular No. DNPD/Cir-29/2005 dated September 14, 2005; SEBI Circular No. DNPD/Cir-30/2006 dated January 20, 2006, SEBI Circular No. SEBI/DNPD/Cir-31/2006 dated September 22, 2006.

[231] SEBI Circular No. SEBI/MFD/CIR No.03/158/03 dated June 10, 2003.

Dealers & Financial Institutions as per applicable RBI Guidelines[232]. Further, mutual fund schemes are permitted to trade in interest rate derivatives through the Stock Exchanges subject to requisite disclosures in the SID[233].

8.5.3. Appropriate disclosures shall be made in the offer document regarding

(a) the extent and manner of participation of the schemes of the Mutual Funds in derivative instruments and

(b) the risk factors, which shall be explained by suitable numerical examples.

8.5.4. Existing schemes of Mutual Funds, whose SIDs do not envisage investments in derivatives, may participate in derivatives market subject to the following conditions[234]:

(a) The extent and the manner of the proposed participation in derivatives shall be disclosed to the unit holders.

(b) The risks associated with such participation shall be disclosed and explained by suitable numerical examples.

(c) Prior to commencing participation in derivatives, the scheme shall comply with the provisions of Regulation 22(9)(c).

8.6. Position limits for derivative instruments

8.6.1. 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 shall be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs[235].

8.6.2. The following position limits[236] 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.

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[232] RBI Circular dated November 1, 1999.
[233] SEBI Circular No. SEBI/MFD/CIR No.03/158/03 dated June 10, 2003.
[234] Please refer SEBI Circular No SEBI/HO/IMD/DF2/CIR/P/2017/13 dated February 20, 2017 'Participation in derivatives market by Mutual Funds.'
[235] SEBI Circular No. DNPD/Cir-29/2005 dated September 14, 2005.
[236] SEBI Circular No. CIR/MRD/DRMNP/26/2014 dated September 15, 2014

8.6.3. Positions limits as specified by the Board for Mutual Funds and its schemes from time to time shall be applicable[237].

[237] For position limits, please refer SEBI Master Circular for Stock Exchanges and Clearing Corporations, SEBI Circular No DNPD/Cir – 29/2005 Dated September 14, 2005 and subsequent circulars issued in this regard from time to time.

CHAPTER 9: NET ASSET VALUE[238]

9.1. Methodology of Computation of NAV

9.1.1. [239]Mutual Funds/AMCs shall disclose the methodology adopted for the computation of NAV of mutual fund schemes. Further, the methodology for determining the sale and repurchase price of units shall be explained by way of simple numerical illustration. These disclosures shall be maintained at all relevant places, including the respective websites of the AMC and AMFI, as well as within the Scheme Information Documents.

9.1.2. The NAV of mutual fund units scheme shall be computed as prescribed below:

$$\text{NAV (in Rs. terms)} = \frac{\text{Market or Fair Value of Scheme's investments + Current Assets - Current Liabilities and Provision}}{\text{Number of Units outstanding under Scheme on the Valuation Date}}$$

9.1.3. Rounding of NAVs[240]:

(a) AMCs shall round off NAV up to four decimal places for index funds and all types of debt oriented schemes.

(b) For all other schemes, AMCs shall round off NAVs up to two decimal places. However, Mutual Funds can round off the NAVs up to more than two decimal places, if they so desire. Relevant disclosure in this regard shall be made in the SID/SAI.

9.2. Sale and Repurchase price of MF units

9.2.1. [241]The formula for the determination of sale and repurchase price of mutual fund units shall be as follows:

(a) Sale Price = Applicable NAV

(b) Repurchase Price = Applicable NAV × (1 – Exit Load, if any)

9.2.2. [242]Exit loads shall be charged as a percentage of the NAV. Specifically, the repurchase price shall be determined by subtracting the applicable exit load, calculated as a percentage of the NAV, from the prevailing

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[238] Regulation 43 of SEBI (Mutual Funds) Regulations, 2026
[239] SEBI/HO/IMD/DF2/CIR/P/2018/92 dated June 05, 2018
[240] SEBI Circular No. MFD/CIR/08/514/2002 dated July 22, 2002, SEBI Circular No. MFD/CIR/11/16159/2002 dated August 22, 2002
[241] SEBI Circular No. MFD/CIR/08/514/2002 dated July 22, 2002 & SEBI Circular No. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009
[242] Refer SEBI email dated July 07, 2010

NAV. [243]The provisions of Regulation 44(4) applies on all open ended mutual fund schemes wherever exit load is applicable.

9.2.3. All expenses and incomes accrued upto the date of valuation shall be incorporated into the computation of net asset value. For this purpose, while major expenses like management fees and other periodic expenses shall be accrued on a day-to-day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

9.2.4. Any changes in securities and in the number of units be recorded in the books of accounts no later than the first valuation date following the date of the transaction. If this is not possible given the frequency of the NAV disclosure, the recording may be delayed upto a period of 7 calendar days following the date of the transaction, provided that as a result of the non-recording, the NAV calculations shall not be affected by more than 1%.

9.2.5. In case the NAV of a scheme differs by more than 1%, due to non-recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:

(a) If the investors are allotted units at a price higher than NAV or are given a price lower than NAV at the time of sale of their units, they shall be paid the difference in amount by the scheme.

(b) If the investors are charged lower NAV at the time of purchase of their units or are given higher NAV at the time of sale of their units, asset management company shall pay the difference in amount to the scheme. The AMC may recover the difference from the investors.

9.3. Frequency of Computation and Disclosure of NAVs[244] [245]

9.3.1. [246]AMCs shall calculate NAV for each calendar day for their liquid fund & overnight fund schemes and plans. For all other schemes, AMCs shall calculate NAV for each business day.

9.3.2. Mutual Funds/ AMCs shall ensure that NAVs of all schemes are prominently disclosed under a separate head on their respective website and on the website of AMFI.

[243] SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021.
[244] SEBI Circular No. IIMARP/MF/CIR/07/844/97 dated May 5, 1997, SEBI Circular No. MFD/CIR No.11/171/01 dated February 9, 2001, SEBI Circular No. MFD/CIR/13/087/2001 dated March 28, 2001; SEBI Circular No. SEBI/IMD/CIR No.5/63714/06 dated March 29, 2006, SEBI Circular No. SEBI/IMD/CIR No.5/96576/2007 dated June 25, 2007, SEBI Cir No. SEBI/IMD/Cir No.12/147132/08 dated December 11,2008 and SEBI/HO/IMD/DF2/CIR/P/2018/92 dated June 05, 2018
[245] SEBI Circular No. SEBI/IMD/CIR No.5/63714/06 dated March 29, 2006 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019.
[246] SEBI Circular No. SEBI/IMD/CIR No. 11/78450/06 dated October 11, 2006

9.3.3. Mutual Funds/ AMCs shall extend facility of sending latest available NAVs to unit holders through SMS, upon receiving a specific request in this regard.

9.3.4. [247]The timeline for declaration of NAV for different category of schemes, depending on investment objective and asset allocation of the scheme, shall be as follows:

(Timelines in Business Days)

Sr. No	Type of Scheme	Timeline
1	All Mutual Fund schemes except for ones mentioned below	11 PM on T day
2	For schemes having exposure to ETCDs	9 AM on T+1 day
3	Fund of Fund (FOFs) Schemes	10 AM on T+1 day
4	Schemes including Index funds and ETFs investing atleast 80% of total assets in permissible overseas investments	10 AM on T+1 day
5	Schemes unable to disclose NAV as per timeline mentioned above due to inability in capturing same day valuation of underlying investments	Such time as per disclosure made in SID along with reasons for such delayed disclosure

9.3.5. While complying with the timelines mentioned above, AMCs shall ensure that NAV of schemes is disclosed based on the value of underlying securities/ Funds as on the T day (i.e. date of investment in MF units in India).

9.3.6. Delay, if any, in disclosure of NAVs beyond the timeline specified at Paragraph9.3.4 above shall be explained in writing to AMFI and reported in the quarterly CTR[248]. The reporting shall include the number of days when mutual funds were not able to adhere to the above mentioned time limit for uploading their NAVs on the AMFI website with reasons thereof, the corrective action taken by the AMC to reduce the number of such occurrences[249].

247 SEBI Circular No. SEBI/HO/IMD/IMD-I POD2/P/CIR/2023/48 dated March 29, 2023
248 For format of CTR, please refer to Format No. 3B under the section on formats
249 SEBI Circular No. SEBI/IMD/CIR No.5/63714/06 dated March 29, 2006

9.3.7. In case NAVs are not disclosed before the commencement of business hours on the following day due to any reason, Mutual Funds shall issue a press release giving reasons for the delay and explain when they would be able to publish the NAVs[250].

9.4. Guidelines for Cut off Timings for applicability of NAV of Mutual Fund scheme(s) and/ or plan(s)[251]

9.4.1. Definitions:

(a) 'Cut-off Timing', in relation to an investor making an application to a Mutual Fund for purchase or sale of units, shall mean, the outer limit of timing within a particular day which is relevant for determination of the NAV applicable for his transaction;

(b) 'International scheme' means a Mutual Fund scheme having substantial investments in foreign securities valued as per time zones other than Indian Standard Time zone;

(c) 'Liquid fund & Overnight fund schemes and plans' shall mean the schemes and plans of a Mutual Fund as specified in the guidelines issued by the Board in this regard[252].

(d) 'sweep' transactions shall be treated as purchase transactions of investors and 'reverse sweep' transactions shall be treated as sale transactions of investors i.e. repurchase transactions of AMC.

(e) Similarly, 'switch in' transactions shall be treated as if it were purchase transactions of investors and 'switch out' transactions shall be treated as if they were sale transactions of investors i.e. repurchase transaction for AMC.

(f) In case of 'switch' transactions from one scheme to another, the allocation amount for 'switch in' shall be equal to the redemption payouts from 'switch out' transaction.

9.4.2. Fixation of uniform Cut-off Timings:

(a) AMCs shall determine the cut-off timings for their mutual fund schemes and plans in compliance with these provisions, and the cut-off timings shall be applied uniformly to all investors.

(b) Funds for the entire amount of subscription/purchase of mutual fund units as per the applications, including subscription amount received through payment instruments, shall be credited to the

250 SEBI Circular No. SEBI/IMD/CIR No.5/63714/06 dated March 29, 2006.
251 SEBI Circular No. SEBI/IMD/CIR No. 11/78450/06 dated October 11, 2006.
252 SEBI Circular No.SEBI/IMD/CIR No.13/150975/09 dated January 19, 2009 & SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017

bank account of the respective scheme/plan expeditiously before the cut-off time.

(c) AMCs shall compensate any loss occasioned to any investor or to the scheme and/or plan on account of non-compliance with Paragraph 9.4.2(b) above.

(d) The funds shall be available to the respective schemes for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise.

(e) The NAV shall be assigned if both the application of purchase, including application of switch in and sweep, is received and the funds are credited to the respective scheme's bank account and are available for utilization by the scheme before the cut-off time.

(f) An AMC shall reckon only prospective NAV, in respect of all their schemes and plans i.e. for other than liquid fund & overnight fund schemes and plans.

9.4.3. Cut-off Timings for determining the applicable NAV[253] [254]

(a) The following cut-off timings shall be observed by an AMC in respect of purchase of units:

Applicable cut-off timing for purchase transactions (including purchase through switch transactions)				
Sr. No	**Scheme type**	**Application receipt time**	**Cut-off time for credit of fund in bank account of respective scheme**	**Applicable Closing NAV**
1	Liquid and Overnight Fund Schemes and their plans	Upto 1.30 p.m. on the business day	Upto 1:30 p.m. on the business day	Day immediately preceding the day of receipt of application
2	Liquid and Overnight Fund Schemes and their plans	After 1:30 p.m. on the business day	Upto 1:30 p.m. on the business day	Day immediately preceding the next business day

[253] SEBI Circular No SEBI/IMD/DF/19/2010 dated November 26, 2010, SEBI Circular No SEBI/HO/IMD/DF2/CIR/P/2019/101 dated September 20, 2019
[254] SEBI Circular No. SEBI/IMD/DF/19/2010 dated November 26, 2010

3	Liquid and Overnight Fund Schemes and their plans	On business day	After 1:30 on the business day	Day immediately preceding the day on which the funds are available for utilization
4	All schemes and plans other than Liquid and Overnight Fund Schemes and their plans	Closing NAV of the day on which the funds are available for utilization shall be applicable irrespective of the size and time of receipt of such application[255]. For this purpose, the cut-off time for credit of funds to bank account of respective scheme shall be 3:00 pm.		

(b) The following cut-off timings shall be observed by an AMC in respect of sell of units by investors i.e. repurchase of units by AMCs:

Applicable cutoff timing for sell transactions (including sell through switch transactions)[256]			
Sr. No	**Scheme type**	**Application receipt**	**Applicable Closing NAV**
1	Liquid and Overnight Fund Schemes and their plans	upto 3:00 p.m. of a business day upto 7:00 p.m. of a business day, in case application is received through online mode for overnight fund schemes	Day immediately preceding the next business day
2	Liquid and Overnight Fund Schemes and their plans	after 3:00 pm of a business day after 7:00 p.m. of a business day, in case application is received through online mode for overnight fund schemes	Next business day

[255] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/2020/175 dated September 17, 2020
[256] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2025/56 dated April 22, 2025

3	All schemes and plans other than Liquid and Overnight Fund Schemes and their plans	upto 3:00 p.m. on business day	Application day
4	All schemes and plans other than Liquid and Overnight Fund Schemes and their plans	Any time on a non-business day or anytime after 3:00 p.m. of a business day	Next business day

(c) The Cut off Timings for applicability of NAV shall be applicable to all schemes and plans of Mutual Funds except:

(i) International schemes and

(ii) Transactions in Mutual Fund units undertaken on a recognized Stock Exchange.

9.4.4. Intra-day NAV for transacting in units of ETFs directly with AMCs[257]

(a) For transactions in units of ETFs by Authorized Participants / large investors directly with the AMCs, intra-day NAV based on the executed price at which the securities representing the underlying index or underlying commodity(ies) are purchased / sold, shall be applicable.

(b) Appropriate disclosure in this regard shall be provided in the SID, KIM and Common application form.

9.4.5. Business day: "Business Day" does not include a day on which the Money Markets are closed or otherwise not accessible[258].

9.4.6. Time Stamping

(a) Application from investors shall be received by Mutual Funds only at official points of acceptance, addresses of which shall be disclosed in the SID and on Mutual Funds' websites.

(b) Cut off timings as prescribed under Paragraphs 9.4.3 of this Master Circular shall apply with reference to the point of time at which the applications are time stamped at such official points of acceptance.

[257] SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/0606 dated July 30, 2021
[258] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2025/56 dated April 22, 2025

(c) Time stamping machines at all official points of acceptance shall be in compliance with the requirements mentioned in Paragraph 9.4.8 below.

9.4.7. Compliance Reporting

(a) Status of compliance with these guidelines shall be reported to the Board in the CTR(s)[259] of the AMC(s) and the HYTR[260].

(b) The HYTR shall contain a declaration on whether the Trustees are satisfied with the systems and procedures of the Mutual Fund designed for the purpose of compliance with these Guidelines.

(c) Further, the substance of these Guidelines shall be disclosed to investors in the SID or in any addendum thereto.

9.4.8. Requirements with respect to time stamping machines for applicability of NAV[261]

(a) For every machine, running serial number shall be stamped from the first number to the last number as per its capacity before repetition of the cycle.

(b) Every application for purchase shall be stamped on the face and the corresponding payment instrument shall be stamped on the back indicating the date and time of receipt and running serial number. The application and the payment instrument shall contain the same serial number.

(c) Every application for redemption shall be stamped on the face thereof and on the investor's acknowledgment copy (or twice on the application if no acknowledgment is issued) indicating the date and time of receipt and running serial number.

(d) Different applications shall not be bunched together with the same serial number.

(e) Blank papers shall not be time stamped. Genuine errors, if any, shall be recorded with reasons and the corresponding applications requests shall also be preserved.

(f) The time stamping machine shall have a tamper proof seal and the ability to open the seal for maintenance or repairs shall be limited to vendors or nominated persons of the AMCs, to be entered in a proper record.

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[259] For CTR format, please refer Format No. 3B under the section on formats.
[260] For Trustee report, please refer Format No. 3C under the section on formats
[261] SEBI Circular No. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006

(g) Breakage of seal and/or breakdown of the time stamping process shall be duly recorded and reported to the Trustees.

(h) Every effort shall be made to ensure uninterrupted functioning of the time stamping machine. In case of breakdown, the AMCs shall take prompt action to rectify the situation. During the breakdown period, AMCs 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.

(i) Any alternate mode of application that does not have any physical or electronic trail shall be converted into a physical piece of information and time stamped in accordance with these Guidelines.

(j) AMCs shall maintain and preserve all applications/ requests, duly time stamped as aforesaid, at least for a period of eight years[262] to be able to produce them as and when required by the Board or auditors appointed by the Board.

[262] Regulation 72(5) of SEBI (Mutual Funds) Regulations, 2026

CHAPTER 10: VALUATION[263]

10.1. Definitions[264]

10.1.1. Traded Securities[265]

(a) A money market or debt security shall be considered as traded when, on the date of valuation, there are trades (in marketable lots) in that security on any recognized Stock Exchange or there are trades reported (in marketable lots) on the trade reporting platform of recognized stock exchanges or CCIL. In this regard, the marketable lots have been defined by AMFI, in consultation with the Board.

(b) When a security (other than Government Securities, money market and debt securities) is traded on any Stock Exchange on the valuation date or during a period of 30 calendar days prior to the valuation date, the scrip shall be treated as a traded security.

10.1.2. Thinly Traded equity/ equity related securities:[266]

(a) When trading in an equity and/or equity related security (such as convertible debentures, equity warrants etc.) in a month is **both** less than Rs. 5 lakhs **and** the total volume (i.e. trades on all recognized stock exchanges in India) is less than 50,000 shares, the security shall be considered as thinly traded security and valued accordingly.

(b) Where a Stock Exchange identifies the thinly traded securities by applying the above parameters for the preceding calendar month and publishes or provides the required information along with the daily quotations, the same may be used by the Mutual Funds.

(c) If the shares are not listed on the Stock Exchanges which provide such information, then AMCs 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.

10.1.3. Below investment grade and default[267]:

(a) A money market or debt security shall be classified as "below investment grade" if the long term rating of the security issued by

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[263] Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/2020/12151/1 dated July 31, 2020 read with Email dated August 12, 2020

[264] SEBI Circular No. MFD/CIR/8/92/2000 dated September 18, 2000, SEBI Circular No. MFD/CIR/14/088/2001 dated March 28, 2001, SEBI Circular No. MFD/CIR/14/442/2002 dated February 20, 2002 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019.

[265] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, SEBI Circular No. MFD/CIR/8/92/2000 dated September 18, 2000 & SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019.

[266] SEBI Circular No. MFD/CIR/14/088/2001 dated March 28, 2001.

[267] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3.

(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, AMCs shall promptly inform 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.

10.2. Valuation of Securities[268]

10.2.1. Traded Securities (other than money market and debt securities):

(a) The securities shall be valued at the last quoted closing price on the stock exchange.

(b) When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. It would be left to the AMC to select the appropriate stock exchange, but the reasons for the selection shall be recorded in writing. There shall, however, be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded.

(c) Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the AMC.

(d) When on a particular valuation day, a security has not been traded on the selected stock exchange, the value at which it is traded on another stock exchange may be used.

(e) When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than 30 calendar days prior to the valuation date.

10.2.2. Non-Traded /and/or Thinly Traded Equity Securities:[269]

[268] SEBI Circular No. MFD/CIR/14/442/2002 dated February 20, 2002 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

[269] SEBI Circular No. MFD/CIR/8/92/2000 dated September 18, 2000 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

(a) When a security is not traded on any stock exchange for a period of 30 calendar days prior to the valuation date, the scrip shall be treated as a 'non-traded' scrip.

(b) Non-traded securities shall be valued "in-good faith" by the AMC on the basis of appropriate valuation methods based on the principles approved by the Board of the AMC. Such decision of the Board of the AMC shall be documented in the Board minutes and the supporting data in respect of each security so valued shall be preserved. The methods used to arrive at values "in-good faith" shall be periodically reviewed by the trustees and reported upon by the auditors as "fair and reasonable" in their report on the annual accounts of the fund. For the purpose of valuation of non-traded securities, the following principles shall be adopted:

(i) equity instruments shall generally be valued on the basis of capitalization of earnings solely or in combination with the net asset value, using for the purposes of capitalization, the price or earning ratios of comparable traded securities and with an appropriate discount for lower liquidity;

(ii) in respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component shall be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari-passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional shall also be factored in;

(iii) in respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures as referred to in Paragraph (ii) above shall be deducted to account for the period which must elapse before the warrant can be exercised;

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(c) AMCs shall value non traded and/or thinly traded securities “in good faith” based on the Valuation norms prescribed below:

(d) Based on the latest available Balance Sheet, Net Worth shall be calculated as follows:

(i) Net Worth per share = [Share Capital+ Reserves (excluding Revaluation Reserves) – Miscellaneous expenditure and Debit Balance in Profit and Loss Account] / Number of Paid up Shares.

(ii) Average Capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25%. Of the industry average P/E shall be taken as Capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose.

(iii) The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.

(iv) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

(v) In case where the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

(vi) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it shall be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs shall be compared on the date of valuation.

(vii) In case trading in an equity security is suspended up to 30 calendar days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than 30 calendar days, then the AMC(s) or Trustees shall decide the valuation norms to be followed and such norms shall be documented and recorded.

(e) In respect of rights, until they are traded, the value of the "rights" shares shall be calculated as:

$$\text{Value of Rights} = \frac{\text{Number of Rights Offered}}{\text{Number of Original Shares}} \times (\text{Ex-right price} - \text{Rights offer price})$$

Where the rights are not treated pari-passu with the existing shares, suitable adjustment shall be made to the value of rights. Where it is decided not to subscribe to the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

10.2.3. Debt and Money Market Securities[270]

(a) Valuation:

(i) All money market and debt securities including floating rate securities shall be valued at average of security level prices obtained from valuation agencies.

(ii) In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued at purchase yield/price on the date of allotment / purchase.

(iii) The AMC shall take into consideration prices of trades of same security or similar security reported at all available public platforms.

(b) Methodology[271]: For arriving at security level pricing, a waterfall approach shall be followed for the valuation of money market and debt securities.

(i) AMFI shall ensure that valuation agencies have a documented waterfall approach for valuation of money market and debt securities. The said waterfall approach has been documented in consultation with the Board.

[270] SEBI Circular No. SEBI/HO/IMD/IMD-I PoD-1/P/CIR/2024/163 dated November 26, 2024, Refer SEBI letter No. SEBI/HO/IMD/DF4/OW/P/2019/24760 dated September 20, 2019, SEBI Circular No. SEBI/IMD/CIR No.16/ 193388/2010 dated February 02, 2010 Cir/IMD/DF/4/2010 dated June 21, 2010, SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012, SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, SEBI Circular No. SEBI/IMD/CIR No.16/ 193388/2010 dated February 02, 2010, Cir/IMD/DF/4/2010 dated June 21, 2010, SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012, SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, SEBI Circular No. SEBI/HO/IMD/IMD-I PoD-1/P/CIR/2024/163 dated November 26, 2024

[271] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, Refer SEBI letter No. SEBI/HO/IMD/DF4/OW/P/2019/29520 dated November 07, 2019

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(ii) The following broad principles shall be adopted as part of the aforesaid waterfall approach, for arriving at the security level prices:

(I) All traded securities shall be valued on the basis of traded yields, subject to identification of outlier trades by the valuation agencies.

(II) Volume Weighted Average Yield (VWAY) for trades in the last one hour of trading shall be used as the basis for valuation of Government Securities (including T-bills). Valuation of all other money market and debt securities (including Government securities not traded in last one hour) shall be done on the basis of VWAY of all trades during the day.

(III) An indicative list of exceptional events shall form part of the documented waterfall approach mentioned above. In case of any exceptional events on a day, only VWAY of trades post such event may be considered for valuation. Further, all exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.

(IV) All trades on stock exchanges and trades reported on trade reporting platforms till end of the trade reporting time (excluding Inter-scheme transfers), shall be considered for valuation on that day. Towards this end, the timing for disclosure of NAV on website of respective AMCs and AMFI shall be as per Paragraph 9.3.4 of this Master Circular.

(V) Considering the importance of polling in the valuation process, guidelines have been issued by AMFI on polling by valuation agencies and on the responsibilities of Mutual Funds in the polling process, as part of the aforesaid waterfall approach. These guidelines inter-alia includes the following:

(A) Valuation agencies shall identify the Mutual Funds which shall participate in the polling process on a particular day, taking into account factors such as diversification of poll submitters and portfolio holding of the Mutual Funds. Mutual Funds which are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund does not participate in the polling process, detailed reason for the same shall be recorded and made available during inspections by the Board.

(B) The minimum number of polls to be considered for valuation along-with the operational modalities of polling, shall be specified.

(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.

(D) AMCs shall ensure that participation in the polling process is not mis-used to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling in terms of Paragraph (C) above, shall also be personally liable for any mis-use of the polling process.

(E) AMCs shall maintain an audit trail for all polls submitted to valuation agencies.

(iii) The aforesaid waterfall approach shall form part of the valuation policy of individual AMCs which shall be uploaded on their respective websites. AMFI shall ensure that the said waterfall approach is also available on the website of the valuation agencies.

(c) <u>Deviation from valuation guidelines:</u> [272]

(i) In case an AMC decides to deviate from the valuation price given by the valuation agencies, the detailed rationale for each instance of deviation shall be recorded by the AMC.

(ii) The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price as per the valuation agencies and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.

(iii) The rationale for deviation along-with details as mentioned under Paragraph (ii) above shall be disclosed immediately

[272] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

and prominently, under a separate head on the website of AMC.

(iv) Further, while disclosing the total number of instances of deviation in the monthly portfolio statements, AMCs shall also provide the exact link to their website for accessing the information mentioned at Paragraph (iii) above.

(d) <u>Valuation of money market and debt securities which are rated below investment grade</u>[273]:

(i) All money market and debt securities which are rated below investment grade shall be valued at the price provided by valuation agencies.

(ii) Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts provided by these agencies. These indicative haircuts shall be applied on the date of credit event i.e. migration of the security to sub-investment grade and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts.

(iii) Consideration of traded price for valuation:

(I) In case of trades during the interim period between date of credit event and receipt of valuation price from valuation agencies, AMCs shall consider such traded price for valuation if it is lower than the price post standard haircut. The said traded price shall be considered for valuation till the valuation price is determined by the valuation agencies.

(II) In case of trades after the valuation price is computed by the valuation agencies as referred above and where the traded price is lower than such computed price, such traded price shall be considered for the purpose of valuation and the valuation price may be revised accordingly.

(III) The trades referred above shall be of a minimum size as determined by valuation agencies.

[273] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

(iv) AMCs may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:

(I) The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.

(II) The rationale for deviation along-with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.

(III) The rationale for deviation along-with details as mentioned at Paragraph (II) above shall also be disclosed to investors. In this regard, all AMCs shall immediately disclose instances of deviations under a separate head on their website. Further, the total number of such instances shall also be disclosed in the monthly portfolio statements for the relevant period along-with an exact link to the website wherein the details of all such instances of deviation are available.

(v) Treatment of accrued interest, future interest accrual and future recovery[274]:

(I) The indicative haircut that has been applied to the principal shall be applied to any accrued interest.

(II) In case of securities classified as below investment grade but not default, interest accrual may continue with the same haircut applied to the principal. In case of securities classified as default, no further interest accrual shall be made.

(vi) The following shall be the treatment of how any future recovery shall be accounted for in terms of principal or interest:

[274] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019. Further, the Guidelines for Identification and Provisioning for Non-Performing Assets (Debt Securities) have been deleted vide SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019.

(I) Any recovery shall first be adjusted against the outstanding interest recognized in the NAV and any balance shall be adjusted against the value of principal recognized in the NAV.

(II) Any recovery in excess of the carried value (i.e. the value recognized in NAV) shall then be applied first towards amount of interest written off and then towards amount of principal written off.

10.3. Valuation of securities with Put/Call Options[275]:

10.3.1. The option embedded securities shall be valued as follows:

(a) <u>Securities with call option</u>

(i) The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity date and call option date. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date shall be taken as the value of the instrument.

(ii) In line with the recommendation of NFRA, since market practice for AT-1 bonds has been observed to usually trade at or quote prices closer to Yield to Call (YTC), AT-1 Bonds shall be valued on Yield to Call basis (adjusted with appropriate risk spreads), consistent with the principles of market-based measurement under Ind AS 113[276].

(iii) NFRA, in its report, has further stated that the above recommendation on YTC methodology is confined only to the interpretation of Ind AS 113 with reference to the valuation of AT-1 bonds and the issue of deemed maturity date for other purposes is outside NFRA's remit.

(b) <u>Securities with Put option</u>

(i) The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity date and put option date. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date shall be taken as the value of the instruments.

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[275] SEBI Circular No. MFD/CIR/8/92/2000 dated September 18, 2000 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

[276] SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2024/106 dated August 05, 2024

(c) <u>Securities with both Put and Call option on the same day</u>

(i) Only securities with put / call options on the same day and having the same put and call option price, shall be deemed to mature on such put / call date and shall be valued accordingly. In all other cases, the cash flow of each put / call option shall be evaluated and the security shall be valued on the following basis:

(I) Identify a 'Put Trigger Date', a date on which 'price to put option' is the highest when compared with price to other put options and maturity price.

(II) Identify a 'Call Trigger Date', a date on which 'price to call option' is the lowest when compared with price to other call options and maturity price.

(III) In case no Put Trigger Date or Call Trigger Date ('Trigger Date") is available, then valuation shall be done to maturity price. In case one Trigger Date is available, then valuation shall be done as to the said Trigger Date. In case both Trigger Dates are available, then valuation shall be done to the earliest date.

10.3.2. If a put option is not exercised by a Mutual Fund while exercising such put option would have been in favour of the scheme, the justification for not exercising the put option shall be provided to the Board of AMC and Trustees.

10.3.3. In respect of valuation of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, if the put option is not exercised by a Mutual Fund, while exercising the put option would have been in favour of the scheme;

(a) A justification for not exercising the put option shall be provided by the Mutual Fund to the Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period.

(b) The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security.

10.3.4. The put option shall be considered as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield/coupon rate by 30 basis points.

10.4. Valuation of Perpetual Bonds[277]*:*

10.4.1. Valuation of bonds with call and/or put options shall be in line with Paragraph 10.3 above irrespective of the nature of issuer.

10.4.2. The deemed maturity of all perpetual bonds shall be treated as 100 years from the date of issuance of the bond for the purpose of valuation.

10.4.3. AMFI has issued detailed guidelines with respect to valuation of bonds issued under Basel III framework.

10.5. Valuation of Government Securities[278]

10.5.1. Irrespective of the residual maturity, Government Securities (including T-bills) shall be valued on the basis of security level prices obtained from valuation agencies.

10.6. Valuation of other money market / debt securities, short-term deposits with banks (pending deployment) and OTC derivatives[279]*:*

10.6.1. The valuation of bills purchased under rediscounting scheme shall be as per the guidelines mentioned for valuation of money market instruments, at Paragraphs 10.2.3 above, as the case may be.

10.6.2. Investments in short-term deposits with banks (pending deployment) shall be valued on cost plus accrual basis[280].

10.6.3. In order to have uniformity in valuation methodology, prices for all OTC derivatives and market linked debentures shall be obtained from valuation agencies.

10.7. Illiquid Securities

10.7.1. Aggregate value of “illiquid securities” under a scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

10.7.2. All AMCs shall disclose the scheme wise total illiquid securities in value and percentage of the net assets while disclosing monthly 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.

[277] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/034 dated March 22, 2021, Refer SEBI letter No. IMD/DoF4/OW/P/6697/1 dated March 22, 2021

[278] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated February 20, 2002, SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

[279] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

[280] SEBI Circular No. SEBI/HO/IMD/IMD-I PoD-1/P/CIR/2024/163 dated November 26, 2024

10.7.3. AMC of Mutual Fund shall not be allowed to transfer illiquid securities among their schemes.

10.8. Investment in Unlisted Equity Shares[281]

10.8.1. Unlisted equity shares of a company shall be valued "in good faith" based on the valuation norms prescribed below:

(a) Based on the latest available audited balance sheet, Net Worth shall be calculated as the lower of point (1) and (2) below:

(i) Net Worth per share = [Share Capital + Free Reserves (excluding revaluation reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares.

(ii) After taking into account the outstanding warrants and options, Net Worth per share shall again be calculated and shall be = [Share Capital + consideration on exercise of Option and/or Warrants received/receivable by the Company + Free Reserves (excluding Revaluation Reserves) - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares plus Number of Shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.

(b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which shall be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75 per cent. i.e. only 25 per cent of the industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts shall be considered for this purpose.

(c) The value as per the Net Worth value per share at Paragraph (a) above and the capital earning value calculated at Paragraph (b) above shall be averaged and further discounted by 15 per cent for illiquidity so as to arrive at the fair value per share.

10.8.2. The above valuation methodology shall be subject to the following conditions:

(a) All calculations shall be based on audited accounts.

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[281] SEBI Circular No. MFD/CIR/03/526/2002 dated May 9, 2002

(b) If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

(c) If the Net Worth of the company is negative, the share shall be marked down to zero.

(d) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

(e) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation.

10.8.3. At the discretion of the AMCs and with the approval of the Trustees, unlisted equity shares may be valued at a price lower than the value derived using the aforesaid methodology.

10.8.4. Due Diligence:

(a) 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 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.

(b) The Board of the AMC and Board of Trustees shall lay down the parameters for investing in unlisted equity shares. They shall pay specific attention as to whether due diligence was exercised while making such investments and shall review the performance of such investments in their periodical meetings[282].

10.8.5. Reporting of Compliance:

(a) Compliance with these guidelines shall be reported by the AMCs and Trustees in their CTRs[283] and HYTRs[284] filed with the Board.

10.9. Valuation of Gold and Silver[285]:

[282] SEBI Circular No. MFD/CIR/6/73/2000 dated July 27, 2000.
[283] SEBI Circular No. MFD/CIR/6/73/2000 dated July 27, 2000.
[284] For Half Yearly Reports, please refer to Format No. 3C under the section on formats
[285] SEBI Circular No. HO/(68)2026-IMD-POD-2/I/5780/2026 dated February 26, 2026

10.9.1. The mutual funds shall value physical Gold and Silver by using the polled spot prices published by the recognized stock exchanges which are used for settlement of physically delivered Gold and Silver derivatives contracts. The spot polling mechanism shall comply with the spot polling guidelines as specified by the Board from time to time.

10.9.2. In this regard, AMFI in consultation with the Board has prescribed a uniform policy.

10.10. Valuation by Fund of Funds (FoFs) investing in ETFs[286]

10.10.1. The closing price of the units of ETFs on Stock Exchange shall be used for valuation by FoFs investing in such ETFs**.**

10.11. Valuation of securities not covered under the current valuation policy[287]*:*

10.11.1. In case the securities purchased by AMCs do not fall within the current framework of the valuation of securities then such AMCs 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.

10.11.2. AMFI has been advised that the valuation agencies shall ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from the mutual fund.

10.11.3. In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the AMCs shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.

10.12. Use of own trade for valuation[288]

10.12.1. Mutual Funds shall not use their own trades for valuation of debt and money market securities and for Inter-scheme transfers.

10.13. Inter-scheme transfers (IST)[289]*:*

10.13.1. AMCs shall seek prices for IST of any money market or debt security (irrespective of maturity), from the valuation agencies.

10.13.2. AMFI, in consultation with valuation agencies shall decide a turn-around-time (TAT), within which IST prices shall be provided by the agencies.

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[286] SEBI Circular No.: SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022
[287] SEBI/IMD/CIR No.16/193388/2010 dated February 02, 2010 and Cir/IMD/DF/4/2010 dated June 21, 2010
[288] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019
[289] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

10.13.3. If prices from the valuation agencies are received within the pre-agreed TAT, an average of the prices so received shall be used for IST pricing.

10.13.4. If price from only one valuation agency is received within the agreed TAT, that price may be used for IST pricing.

10.13.5. If prices are not received from any of the valuation agencies within the agreed TAT, AMCs may determine the price for the IST, in accordance with Paragraph 13.19.1 of this Master Circular.

10.14. Changes in Terms of Investment [290]

10.14.1. While making any change to terms of an investment, AMCs shall adhere to the following conditions:

(a) Any changes to the terms of investment, including extension in the maturity of a money market or debt security, shall be reported to valuation agencies and SEBI registered Credit Rating Agencies (CRAs) immediately, along-with reasons for such changes. [291]

(b) 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.

(c) 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.

(d) 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 shall be considered for valuation.

10.15. Dissemination of information:

10.15.1. All AMCs 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.

10.15.2. The AMCs shall also disclose all details of debt and money market securities transacted (including inter scheme transfers) in its schemes portfolio on its website and the same shall be forwarded to AMFI for consolidation and dissemination as per Format No. 3J. These disclosures shall be made settlement date wise on daily basis with a time lag of 15 calendar days. The above disclosure shall be in a

[290] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019
[291] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/126 dated November 06, 2019

comparable, downloadable (spreadsheet) and machine readable format[292].

10.15.3. All AMCs 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 Format No. 3K to the agency recommended by AMFI[293].

10.16. Valuation and disclosure of upfront fees[294]:

10.16.1. Guidelines for valuation of any upfront fee (or any other consideration, by whatever name called) received in a Mutual Fund scheme, has been issued by AMFI, in consultation with the Board.

10.17. Guidelines for investments in partly paid debentures[295]

10.17.1. Guidelines for investment by Mutual Funds in partly paid debentures has been issued by AMFI, in consultation the Board.

10.18. Guidelines to be issued by AMFI [296]:

10.18.1. The guidelines to be issued by AMFI, in consultation with SEBI under Paragraphs 10.1.1(a), 10.2.3(b)(i), 10.4.3, 10.16 and 10.17 above shall necessarily be followed by all Mutual Funds / AMCs. Any future changes to these guidelines shall be made by AMFI in consultation with the Board, prior to implementation.

10.19. Consistency

10.19.1. All AMCs shall ensure that similar securities held under its various schemes are valued consistently.

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[292] SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2020/163 dated September 01, 2020
[293] SEBI Circular No. MFD/CIR.No 23 / 066 /2003 dated March 7,2003
[294] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, Refer SEBI letter No. SEBI/HO/IMD/DF4/OW/P/2019/29520 dated November 07, 2019
[295] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019, Refer SEBI letter No. SEBI/HO/IMD/DF4/OW/P/2019/29520 dated November 07, 2019
[296] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

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CHAPTER 11: LOADS, FEES, CHARGES AND EXPENSES

11.1. Limits on fees and expenses charged to schemes[297]

11.1.1. AMC of Mutual Fund may charge certain expenses to a scheme, as specified under Regulations. Apart from these expenses, any other expense as may be approved by the Board under Regulation 66(5)(o) may 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 66(7).

11.2. Disclosure of Total Expense Ratio (TER) [298]

11.2.1. Trustees and AMCs are advised to take proper care and exercise due diligence to ensure that all expenses charged to the scheme are clearly identified and disclosed in the offer document and they are strictly in conformity with the MF Regulations[299].

11.2.2. AMCs shall prominently disclose on a daily basis, the TER (scheme-wise, date-wise) of all schemes except infrastructure debt fund (IDF) schemes under a separate head –"Total Expense Ratio of Mutual Fund Schemes" on their website and on the website of AMFI in a downloadable spreadsheet format, as per Format No. 7E.

11.2.3. Each item of expenditure accounting for more than 10% of total expenditure shall be disclosed in the accounts or the notes thereto of the schemes.

11.2.4. The disclosure shall strictly be in the format given at Format No. 7E and shall be in a downloadable spreadsheet and a machine readable format. The formula for TER shall be as follows:

(a) *TER = Base Expense Ratio (BER) + Brokerage Cost + Transaction Cost incurred for the purpose of execution of trade + Statutory levies (including GST)*

11.3. Transparency in expenses charged to investors[300]

11.3.1. The following expenses shall not be charged to the schemes of Mutual Funds[301]:

[297] SEBI Circular No. IIMARP/MF/CIR/01/428/97 dated February 28, 1997, SEBI Circular No. IIMARP/MF/CIR/07/826/98 dated April 15, 1998, SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, Refer SEBI letter No. SEBI/IMD/DF2/OW/P/2020/11099/1 dated June 29, 2020

[298] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/18 dated February 5, 2018, SEBI/HO/IMD/DF2/CIR/P/2018/91 dated June 05, 2018 and SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2018/13813/1 dated May 09, 2018, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2018/22825/1 dated August 13, 2018

[299] SEBI Circular No. IIMARP/MF/CIR/01/428/97 dated February 28, 1997

[300] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018. Refer SEBI letter No. SEBI/HO/IMD/SEC4/OW/P/2024/1451/1 dated January 11, 2024

[301] SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000

(a) Penalties and fines for infraction of laws.

(b) Interest on delayed payment to the unit holders.

(c) Legal, marketing, publication and other general expenses not attributable to any scheme(s).

(d) Fund Accounting Fees.

(e) Expenses on investment management/general management.

(f) Expenses on general administration, corporate advertising and infrastructure costs.

(g) Depreciation on fixed assets and software development expenses.

(h) Such other costs as may be prohibited by the Board.

11.3.2. The expenditure and/or fee payable by Mutual Funds to the Depositories may either be capitalized or included as part of recurring expenditure within the limits prescribed under Regulation 66(7).

11.3.3. All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of the AMC, its associate, sponsor, trustee or any other entity through any route.

Provided[302] that the expenses that are very small in value but high in volume may be paid out of AMC's books. Such expenses can be paid out of AMC's books at actuals or not exceeding 2 bps of respective scheme AUM, whichever is lower. A list of such miscellaneous expenses has been provided by AMFI in consultation with the Board. Such expenses incurred by AMC shall be properly recorded in the books of account of AMC and audited at year end.

11.3.4. Training sessions and programmes conducted for distributors shall not be misused for providing any reward or non-cash incentive to the distributors.

11.3.5. All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan.

11.4. Change in Base Expense Ratio

11.4.1. Any change in the BER in comparison to previous base BER charged to any scheme/plan shall be communicated to investors of the

[302] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019

scheme/plan through notice via email or SMS at least three working days prior to effecting such change. (For example, if changed BER is to be effective from January 8, 2026, then notice shall be given latest by January 2, 2026, considering at least three working days prior to effective date). Further, the notice of change in BER shall be updated in the aforesaid section of website at least three working days prior to effecting such change.

11.4.2. Provided that any change in BER in a mutual fund scheme due to change in AUM or any decrease in BER in a mutual fund scheme due to various other regulatory requirements shall not require issuance of any prior notice to the investors.

11.4.3. The above change in the BER in comparison to previous BER charged to the scheme shall be intimated to the Board of AMC along with the rationale recorded in writing.

11.4.4. The changes in BER shall also be placed before the Trustees on quarterly basis along with rationale for such changes.

11.5. Distribution Commission

11.5.1. MFs/ AMCs shall adopt full trail model of commission in all schemes, without payment of any upfront commission or upfronting of any trail commission, directly or indirectly, in cash or kind, through sponsorships, or any other route. However, upfronting of trail commission will be allowed only in case of inflows through Systematic Investment Plans (SIPs).

11.5.2. In respect of inflows through SIPs into MF schemes, a carve out has been considered only for new investors to the MF industry (to be identified based on PAN). The upfronting of trail commissions, based on SIP inflows, shall be up to 1% payable yearly in advance, for a maximum period of three years.

11.5.3. The payment of upfront trail commission would be subject to the following[303]:

(a) The upfronting of trail commission may be for SIP of upto Rs. 3,000 per month, per scheme, for an investor who is investing for the first time in Mutual Fund schemes.

(b) For a new investor, as identified above, only the first SIP(s) purchased by the investor shall be eligible for up-fronting. In this regard, if multiple SIP(s) are purchased on different dates, the

[303] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019

SIP(s) in respect of which the instalment starts on the earliest date shall be considered for upfronting.

(c) The upfront trail commission shall be paid from AMC's books.

(d) The said commission shall be amortized on daily basis to the scheme over the period for which the payment has been made. A complete audit trail of upfronting of trail commissions from the AMC's books and amortization of the same to scheme(s) thereafter shall be made available for inspection.

(e) The said commission should be charged to the scheme as 'commissions' and should also account for computing the TER differential between regular and direct plans in each scheme.

(f) The commission paid shall be recovered on pro-rata basis from the distributors, if the SIP is not continued for the period for which the commission is paid.'

11.5.4. In case of misuse of the carve out for SIPs, the same would be discontinued and appropriate action would be taken against the errant participants. Further, the need of this carve out would be reviewed by SEBI as and when required.

11.5.5. In case of investments made by the Sponsor(s), no brokerage or commission shall be paid[304].

11.5.6. The distributors shall disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various Mutual Funds from amongst which the scheme is being recommended to the investor.

11.6. Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors[305]

11.6.1. New investments / inflows eligible for the additional commission:

(a) New individual investors (new PAN) from B-30 cities, at the mutual fund industry level;

(b) New women individual investors (new PAN) from both Top 30 and B-30 cities.

(c) The top 30 cities shall mean top 30 cities based on AMFI data on 'AUM by Geography – Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

[304] SEBI Circular No. MFD/CIR No.3/211/2001 dated April 30, 2001, SEBI Circular No. MFD/CIR No.5/153/2001 dated May 24, 2001.
[305] SEBI Circular No. HO/(83)2025-IMD-POD-1/I/152/2025 dated November 27, 2025

11.6.2. Incentive Structure:

(a) AMCs shall pay additional commission to distributors for onboarding eligible new investors, subject to the conditions specified in Paragraph 11.6.1 above.

(b) The structure of such additional commission shall be as under:

Investment Mode	**Commission Structure**
Lump Sum Investment	1% of the amount of the first application subject to a maximum of ₹2,000, provided the investor remains invested for a minimum period of one year
Systematic Investment Plan (SIP)	1% of the total investment made during the first year, subject to a maximum of ₹2,000.

11.6.3. The additional distribution commission shall be paid from the 2 basis points on daily net assets, mandated to be set apart annually by AMCs for investor education, awareness and financial inclusion initiatives, subject to adequate claw back provisions.

11.6.4. The additional commission specified at Paragraph 11.6.2(b) shall be in addition to the existing trail commission paid to the distributor from the scheme.

11.6.5. Distributors shall be eligible to receive the additional commission for mobilizing investments from new women investors from Top-30 cities and in cases where the commission for new investment from B-30 cities has not been claimed for the same woman investor/ investment. Dual incentives for the same investor/investment shall not be permitted.

11.6.6. Payment of additional distribution commission in the manner specified in Paragraph 11.6.2 above, shall be mandatory for all schemes of a mutual fund, except the following:

(a) Exchange Traded Funds (ETFs);

(b) Fund of Funds (domestic) with more than 80% of Assets Under Management (AUM) invested in domestic funds;

(c) Schemes having duration requirement of less than one year:

(i) Overnight Fund;

(ii) Liquid Fund;

(iii) Ultra Short Duration Fund; and

(iv) Low Duration Fund.

11.6.7. Any change in the offer document, pursuant to the revised incentive structure shall not be considered as a Fundamental Attribute Change.

11.6.8. AMFI in consultation with SEBI has issued the necessary implementation standards for uniform implementation of the additional incentive framework.

11.7. Entry and exit load [306]

11.7.1. There shall be no entry load for all Mutual Fund schemes.

11.7.2. The exit load charged, if any, shall be credited to the scheme.

11.7.3. Exit load shall not be charged on bonus units, units allotted on reinvestment of dividend and switch from regular plan to direct plan or vice-a-versa under the same scheme. Necessary disclosures in this regard shall be made in the SID filed with the Board.

11.7.4. While charging exit loads, no distinction among unit holders shall be made based on the amount of subscription[307]. While complying with the same, AMCs shall ensure that "any imposition or enhancement in the load shall be applicable on prospective investments only.[308] [309]

11.7.5. Further, the parity among all classes of unit holders in terms of charging exit load shall be made applicable at the portfolio level[310].

11.7.6. Goods & Service Tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of Goods & Service Tax, if any, shall be credited to the scheme.

11.8. Soft-dollar Arrangements[311]*:*

11.8.1. Soft-dollar arrangement refers to an arrangement between AMCs and brokers in which the AMC executes trades through a particular broker and in turn the broker may provide benefits such as free research, hardware, software or even non-research-related services, etc., to the AMC.

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[306] SEBI Circular No SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009
[307] SEBI Circular No. SEBI / IMD / CIR No. 6 /172445/ 2009 dated August 7,2009 All Mutual Funds shall ensure compliance with this circular on or before August 24, 2009
[308] SEBI Circular No - SEBI / IMD / CIR No. 7 /173650 / 2009 dated August 17,2009 and SEBI circular No. SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008
[309] Refer SEBI email dated July 07, 2010, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2019/271771/1 dated October 15, 2019
[310] SEBI Circular No - SEBI / IMD / CIR No. 7 /173650 / 2009 dated August 17,2009
[311] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016

11.8.2. Such arrangements between AMCs and brokers shall be limited to only benefits (like free research report, etc.) that are in the interest of investors and the same shall be suitably disclosed.

11.9. Investor Education and Awareness [312]:

11.9.1. Within the maximum base expense ratio limits specified for mutual fund schemes under Regulation 66(7), AMCs shall annually set apart the following amount for investor education, awareness and financial inclusion initiatives:

Sl No.	Particulars	% of daily net assets of the scheme
(a)	Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds	NIL
(b)	ETFs and Index Funds.	0.01%
(c)	All scheme other than schemes covered at point (i) and (ii) above	0.02%

11.9.2. AMCs and AMFI shall carry out focused investor education and awareness initiatives for passive funds.

11.9.3. [313]Certain portion of the 2 basis points of daily net assets shall be set aside by Mutual Funds/AMCs for investor education and awareness initiatives at industry level.

11.9.4. Initiatives under 'Investor Education and Awareness' shall also include financial inclusion initiatives, as may be approved by the Board from time to time.[314]

11.9.5. For the purpose of increasing awareness of Mutual Funds as a financial product category, celebrity endorsements[315] shall be permitted at industry level, subject to the following conditions:

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[312] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, Refer SEBI letter No. IMD/DF2/RS/813/2016 dated January 08, 2016, Refer SEBI letter No. IMD/DF2/RS/201712507/1 dated May 31, 2017, Refer SEBI letter No. SEBI/HO/IMD/DoF4/0W/P/2019/9576/1 dated April 12, 2019, Refer SEBI letter No. SEBI/HO/IMD2/OW/P/27647/2019 dated October 29, 2019, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/2019/34582/1 dated December 24, 2019, Refer SEBI Letter No. SEBI/HO/IMD-II/IMD-II_DOF11/P/OW/2022/60035/1 dated November 30, 2022, Refer SEBI Letter No. SEBI/HO/IMD/IMD-SEC-1/P/OW/2023/9455/1 dated March 03, 2023

[313] SEBI Circular No. CIR/IMD/DF/23/2017 dated March 15, 2017

[314] SEBI Circular No. SEBI/HO/IMD/PoD1/P/CIR/2025/21 dated February 20, 2025

[315] Refer SEBI letter No. SEBI/HO/IMD/IMD-PoD-2/P/OW/2022/59612/1 dated November 28, 2022

(a) Celebrity endorsement shall be allowed only at industry level, for the purpose of increasing awareness of Mutual Funds as a financial product category.

(b) Such celebrity endorsements shall not promote a scheme of a particular Mutual Fund or be used as a branding exercise of a Mutual Fund / AMC.

(c) Expenses towards such celebrity endorsements for increasing awareness of Mutual Funds shall be limited to the amounts that are aggregated by Mutual Funds at industry level.

(d) Prior approval of the Board shall be obtained for issuance of any endorsement of Mutual Funds as a financial product, which features a celebrity for the purpose of increasing awareness of Mutual Funds.

11.10. Allocation of borrowing costs[316]

11.10.1. With regard to the cost of borrowings in terms of Regulation 42(1). it has been decided that for a given scheme, the same shall be adjusted against the portfolio yield (i.e. Yield to Maturity (YTM) of the fund as on previous day) of the scheme and borrowing costs in excess of portfolio yield, if any, shall be borne by the AMC.

11.11. Obligations of the Trustees and AMCs[317]

11.11.1. Trustees shall, in the HYTR, provide the following to the Board:

(a) Confirmation of compliance with relevant provisions of this Chapter by the AMC.

(b) Complete disclosures regarding the investor education, awareness and financial inclusion initiatives undertaken.

(c) Efforts undertaken by AMC to increase geographical penetration of mutual funds and the details of opening of new branches, especially at locations beyond top 30 cities.

11.12. No pass back, either directly or indirectly, shall be offered by MFs/AMCs/Distributors to investors for making fresh investment or continuation of their existing investments.

[316] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/42 dated March 25, 2019
[317] SEBI Circular No. SEBI/HO/IMD/PoD1/P/CIR/2025/21 dated February 20, 2025

CHAPTER 12: IDCW DISTRIBUTION PROCEDURE[318] [319]

12.1. All Schemes of Mutual Funds shall name the IDCW option(s) in the following manner:

Option / Plan	**Name**
IDCW Payout	Payout of Income Distribution cum capital withdrawal option
IDCW Re-investment	Reinvestment of Income Distribution cum capital withdrawal option
IDCW Transfer Plan	Transfer of Income Distribution cum capital withdrawal plan

12.2. Offer documents shall clearly disclose that the amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. Further, AMCs shall ensure that the said disclosure is made to investors at the time of subscription of such options/plans.

12.3. AMCs shall ensure that whenever distributable surplus is distributed, a clear segregation between income distribution (appreciation on NAV) and capital distribution (Equalization Reserve) shall be suitably disclosed in the Consolidated Account Statement provided to investors.

12.4. [320]The payment of IDCW to the unitholders shall be made within 7 working days from the record date.

12.5. Guidelines for all Mutual Fund Schemes/plans which intend to declare the IDCW[321]:

12.5.1. Unlisted Scheme(s)/ Plan(s)

(a) The Trustees shall decide the quantum of IDCW and the record date in their meeting[322]. IDCW so decided, shall be paid, subject to availability of distributable surplus.

(b) Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving IDCW. The NAV

[318] SEBI Circular No. SEBI/IMD/CIR No.1/64057/06 dated April 4, 2006, SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020.
[319] For details on advertisement on dividend please refer to Chapter No. 14 on ‘Advertisements’
[320] Regulation 46 of the SEBI (Mutual Funds) Regulations, 2026 & SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022
[321] SEBI Circular No SEBI/IMD/CIR No. 3/65370/06 dated April 21,2006
[322] Clause 7 of Second Schedule of SEBI (Mutual Funds) Regulations, 2026

shall be adjusted to the extent of IDCW distribution and statutory levy, if applicable, at the close of business hours on record date.

(c) [323]Within one calendar day of the decision by the trustees, AMC shall display the decision including the record date on the website of AMC. The record date shall be two working days[324] from the date of publication in at least one English newspaper or in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, whichever is issued earlier.

(d) Before the issue of such notice, no communication whatsoever indicating the probable date of IDCW declaration shall be issued by any Trustees of Mutual Funds, AMCs or its distributors of its products.

(e) The notice shall, in font size 10, bold, categorically state that pursuant to IDCW distribution, NAV of the scheme would fall to the extent of payout and statutory levy (if applicable).

12.5.2. <u>Liquid / Debt Schemes with frequent IDCW distribution</u>

(a) The requirement of giving notice is not mandatory for scheme(s)/ plan(s)/ option(s) with IDCW distribution frequency ranging from daily up to monthly distribution if requisite disclosures in this regard are made in the SID.

(b) [325]With respect to declaration of IDCW upto monthly frequency, the trustees may delegate the officials of AMC to declare and fix the record date as well as decide the quantum of IDCW, subject to the following;

(i) Record date is specified in the offer document and the same is adhered to.

(ii) Such delegation to AMC officials shall mandatorily include CEO of AMC and making him responsible for such declaration of IDCW, subject to adhering to the policy framework as approved by Trustees.

(iii) The policy shall specify appropriate parameters or factors (for example Growth in NAV from the last IDCW declared, or availability of adequate distributable surplus, or minimum reserves to be maintained, etc.) to be considered prior to deciding the quantum.

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[323] SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[324] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022
[325] SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

(iv) Actual IDCW declared to be ratified by the Trustees in its immediately following Board meeting.

12.5.3. <u>Listed Schemes/Plans</u>

(a) Listed scheme(s)/ plan(s) shall follow the requirements stipulated in the Listing Agreement for IDCW declaration and distribution.

12.6. Non availability of Unit Premium Reserve for IDCW distribution[326]

12.6.1. The format for Scheme Balance Sheet (including Abridged) provides for disclosure of Unit Premium Reserve.

12.6.2. Unit Premium Reserve, which is part of the sales price of units that is not attributable to realized gains, cannot be used to pay IDCW. In this regard:

(a) When units of an open-ended scheme are sold, and sale price is higher than face value of the unit, part of sale proceeds that represents unrealized gains shall be credited to a separate account (i.e. Unit Premium Reserve) and shall be treated at par with unit capital and the same shall not be utilized for the determination of distributable surplus.

(b) When units of an open-ended scheme are sold, and sale price is less than face value of the unit, the difference between the sale price and face value shall be debited to distributable reserves and the IDCW can be declared only when distributable reserves become positive after adjusting the amount debited to reserves as per MF Regulations[327].

[326] SEBI circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010
[327] Clause (h) of Eighth Schedule of SEBI (Mutual Funds) Regulations, 2026

CHAPTER 13: INVESTMENT BY SCHEMES

13.1. Prudential limits for investments by mutual fund scheme in equity and debt instruments

In terms of Sixth schedule of MF Regulations, the AMC shall ensure compliance with the following prudential norms:

Sr. no	Particulars	Description	Maximum Investment/ exposure limit	Proviso
1.	Investment by mutual fund scheme in equity instruments	Investment in equity shares or equity related instruments of any entity by a Mutual Fund scheme	10% of NAV	(A) Such limit shall not be applicable for investment in index fund or ETF or Sector or Thematic scheme. (B) The limit shall also be applicable for investment in units of Venture capital funds.
2.	Single issuer limit for investment in debt instruments	(a) Investment by a Mutual Fund scheme 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 authorized to carry out such activities under the Act.	(i) **Overall limit**- 10% of NAV (ii) **Sub limits**- based on credit rating of the instruments for actively managed mutual fund schemes other than credit risk funds - (I) 10% of its NAV in debt and money market securities rated AAA; or	(A) Such limit shall also be applicable to mortgage backed securitized debt which are rated not below investment grade by a credit rating agency registered with the Board (B) Such limit shall not be applicable for investments in debt exchange traded funds, Government Securities, treasury bills and triparty repo on Government securities or treasury bills. (C) Such limit is not applicable for investment in securitized debt (mortgage backed securities and asset backed securities), at the originator level. (D) The long term rating of issuers shall be considered for the

			(II) 8% of its NAV in debt and money market securities rated AA; or (III) 6% of its NAV in debt and money market securities rated A and below issued by a single issuer	money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of Credit Rating Agencies between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating. Exposure to government money market instruments such as TREPS on G-Sec/ T-bills shall be treated as exposure to government securities.
		(b) Additional Investment in any issuer as well as its instruments (based on ratings) with prior approval of the Board of Trustees and Board of Directors of the AMC	Additional 2% of NAV (i.e. upto maximum 12% of NAV)	
3.	Investment in Unlisted Debt Securities	Investment by Mutual fund schemes in unlisted Non Convertible Debentures (NCDs) having 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	10% of debt portfolio of the scheme	Mutual fund scheme shall not invest in any other 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.

		obligations) and are rated and secured with coupon payment frequency on monthly basis.		
4.	Investment in Unrated Debt Instruments/Securities[#]	Investments shall only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in MF Regulations and various circulars issued thereunder.	5% of the net assets of the scheme	(A) All such investments shall be made with the prior approval of the Board of AMC and the Board of trustees. (B) The limit specified is for investment in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF) etc. by mutual fund schemes. (C) The single issuer limit and the group exposure limit shall be calculated at the issuing bank level as Bill Rediscounting Schemes (BRDS) are issued with recourse to the issuing bank. (D) Investment in BRDS by debt schemes of mutual funds shall be considered as exposure to financial services sector for the purpose of sector exposure limits.
5.	Investment in paid-up capital of a company at <u>mutual fund level</u>	Investment by mutual fund under all its schemes in any company's paid up capital carrying voting rights.	10% of paid-up capital of the company Or 10 percent of units of REITs	Investment in the asset management company or the trustee company of a mutual fund shall be governed by Regulation 6(1)(a).

			issued by a single issuer	
6.	Investment by Mutual Fund Schemes in Associate or group company of the sponsor	(a) Investment in any unlisted security of an associate or group company of the sponsor	0% of NAV	Not permitted to invest
		(b) Investment in any security issued by way of private placement by an associate or group company of the sponsor; or	0% of NAV	Not permitted to invest
		(c) Investment in the listed securities of group companies of the sponsor by all mutual fund schemes except Equity oriented ETFs and Index Funds	25% of NAV	(A) Widely tracked and non-bespoke indices shall be indices that are tracked by passive funds or act as primary benchmark for actively managed funds with collective AUM of INR 20,000 Cr. and above. (B) The list of indices based on the criteria specified above, shall be determined on half yearly basis as per the above specified AUM threshold as on March 31st and September 30th respectively. The list of such indices shall be updated by AMFI and published on its website by April 15th and October 15th respectively every year, after seeking Board's approval.[328]
		(d) Investment in the listed securities of group companies of the sponsor by Equity oriented ETFs and Index Funds based on widely tracked and non-bespoke indices	In accordance with the weightage of the constituent of the underlying index, subject to an overall cap of 35% of NAV of the scheme, in the group companies of the sponsor	
7.	Investment Limits for	(a) Investment in other group	20% of net assets of scheme	Such limit shall be excluding investments in securities issued

[328] SEBI Circular SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/098 dated July 08, 2024

	Debt Schemes in debt and money market instruments in group companies*			by Public Sector Units, Public Financial Institutions and Public Sector Banks
		(b) Additional Investment in other group with prior approval of the Board of Trustees and Board of AMC	5% of net assets of scheme (i.e. upto maximum 25% of net assets of scheme)	
		(c) Investment in group companies of both the sponsor and the AMC	10% of net assets of scheme	
		(d) Additional Investment in group companies of both the sponsor and the AMC with prior approval of the Board of Trustees and Board of AMC	5% of net assets of scheme (i.e. upto maximum 15% of net assets of scheme)	
8.	Investment Limits for Debt Schemes in debt and money market instruments in a specific sector	(a) Investment in a particular sector	20% of net assets of scheme	Such limit shall be excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-secs, Tbills, short term deposits of Scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks.
		(b) Additional exposure to financial service sector through investment in Housing Finance Companies	10% of net assets of scheme *(over and above the limit of 20% mentioned above)*	(A) Additional exposure in securities issued by HFCs shall be rated AA and above and these HFCs are registered with National Housing Bank(NHB)

		(c) Additional exposure to financial service sector through investment in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.	5% of net assets of scheme (*over and above the limit of 20% mentioned above)*	(B) Overall maximum investment in housing finance companies shall not exceed the sector exposure limit of 20% of the net assets of the scheme. (C) Appropriate disclosures in this regard shall be made in SID and KIM of debt schemes.
9.	Investment limit for investment in debt instruments with special features	Mutual Funds investment in certain debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption.	(i) No Mutual Fund under all its schemes shall own more than 10% of such instruments issued by a single issuer (ii) No Mutual Fund scheme shall invest: (I) more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and (II) more than 5% of its NAV of the debt portfolio of the scheme in such	(A) Additional Tier I bonds and Tier 2 bonds issued under Basel III framework may be considered as some instruments having special features. (B) The debt instruments having such special features, which otherwise are Non-Convertible Debentures, may be treated as debt instruments until converted to equity. (C) Such limit shall be within overall limit for debt instruments issued by a single issuer as specified at Item No. 2 under Paragraph 13.1.

			instruments issued by a single issuer.	
10.	Investment of mutual fund schemes in debt instruments having structured obligation/credit enhancements	(a) Investments in debt instruments having unsupported rating (i.e. without factoring-in credit enhancement) below investment grade and (b) Investments in debt instruments having supported rating (i.e. after factoring- in credit enhancement) above investment grade.	10% of the debt portfolio of the scheme Group exposure in such instruments - 5% the debt portfolio of the scheme	(A) Such limit is not applicable for investment in securitized debt instruments, defined in SEBI (Public Offer and Listing of Securitized Debt Instruments), Regulation, 2008. (B) Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares. AMCs may ensure that the investment in debt instruments having credit enhancements are sufficiently covered to address the market volatility and reduce the inefficiencies of invoking of the pledge or cover, whenever required, without impacting the interest of the investors. In case of fall in the value of the cover below the specified limit, AMCs shall initiate necessary steps to ensure protection of the interest of the investors. (C) Details of investments in debt instruments having structured obligations or credit enhancement features shall be disclosed distinctively in the monthly portfolio statement of mutual fund schemes.

#AMCs may, for the purpose of maintain operational flexibility, constitute committees for approval of unrated instruments. However, detailed parameters for investment in unrated debt instruments shall 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.

*AMCs shall publish on their respective website a list of their group companies and those of their sponsor(s). AMFI shall publish on its website a list of all group companies along with names and identifier of the respective group that are considered for calculation of group exposure by mutual fund schemes and also the sector to which each company belongs. These disclosures shall be made on the first working day of each calendar quarter.

Note 1: Prudential investment norms as per MF Regulations stipulating limits for investments in debt securities issued by a single issuer are applicable to all debt securities issued by public bodies or institutions such as electricity boards, municipal corporations, state transport corporations etc. guaranteed by either State / Central Government. Government securities issued by Central and/or State Government or on its behalf, by the RBI are however exempt from these limits.

Note 2: Non-convertible Preference shares (NCPs) shall be treated as debt instruments and investment restrictions as applicable to debt instruments shall be applicable to NCPs.

Note 3: Trustees shall review exposure of a mutual fund, across all its schemes, towards individual issuers, group companies and sectors. Trustees shall satisfy themselves on the levels of exposure and confirm the same to the Board in the HYTR.

Note 4: Listed debt instruments shall include listed as well as to be listed debt instruments.

13.2. Investment by Liquid Scheme and plans[329] [330]

13.2.1. The ‘liquid fund schemes and plans’ shall make investment in /purchase debt and money market securities with maturity of upto 91 days only. This shall also be applicable in case of inter scheme transfer of securities

13.2.2. Maturity calculation:

(a) For securities where principal is to be repaid in a single payout: Maturity of security shall mean the residual maturity.

[329] SEBI Circular No -SEBI/IMD/CIR No.13/150975 / 09 dated January 19, 2009
[330] With effect from November 1, 2009 the requirements stated at paragraph 13.1.10 above shall apply to such inter-se scheme transfers also.

(b) For securities where principal is to be repaid in more than one payout: Maturity of security shall be calculated based on weighted average maturity of the security.

(c) For securities with put and call option (daily or otherwise): the residual maturity of securities shall not be greater than 91 calendar days.

(d) Settlement Adjustments: Maturity dates falling on non-business days shall be settled on the next business day.

13.3. The above requirements shall be disclosed in the SID and shall form part of the investment allocation pattern. Any deviation from these requirements shall be viewed as violation of investment restrictions.

13.4. Investments by Index Funds[331]

13.4.1. Investments by index funds shall be in accordance with the weightage of the scrips in the specific index as disclosed in the SID. In case of sector or thematic scheme, the upper ceiling on investments may be in accordance with the weightage of the scrips in the representative sectoral index or sub index as disclosed in the SID or 10% of the NAV of the scheme, whichever is higher.

13.5. Investment by Close ended debt schemes[332]

13.5.1. Close ended debt schemes shall invest only in such securities which mature on or before the date of the maturity of the scheme[333].

13.5.2. Close ended debt schemes shall not invest in perpetual bonds[334].

13.6. Stock Lending Scheme[335]

13.6.1. The following guidelines are issued to facilitate lending of securities by Mutual Funds through intermediaries approved by the Board in accordance with the Stock Lending & Borrowing Scheme. Mutual Funds schemes may engage in short selling of securities as well as lending and borrowing of securities after making additional disclosures including risk factors in the SID in accordance with Paragraph 1.2.2, as amended from time to time.

13.6.2. Disclosure Requirements

(a) The following information shall be disclosed in the SID:

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[331] SEBI Circular No -MFD/CIR/09/014/2000 dated January 5, 2000, Refer SEBI letter No. SEBI/H0/0W/IMD-II/DOF3/P/24098/2022 dated June 10, 2022

[332] Refer SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/26266/1 dated June 28, 2023

[333] SEBI Circular No. IMD/CIR No. 12/147132/08 dated December 11, 2008. Also refer Regulations 29(2), 30,66(5)(n),43 of SEBI (Mutual Funds) Regulations, 2026 for other provisions pertaining to close-ended schemes

[334] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021

[335] SEBI/IMD/CIR No.6/127947/08 dated June 6, 2008 read with SEBI Circular No MFD/CIR/01/047/99 dated February 10, 1999

(i) Intention to lend securities belonging to a particular Mutual Fund scheme in accordance with the guidelines on securities lending and borrowing issued by the Board from time to time[336].

(ii) Exposure limit with regard to securities lending, both for the scheme as well as for a single intermediary.

(iii) Risks factors such as loss, bankruptcy etc. associated with such transactions.

13.6.3. Reporting Requirement

(a) The AMC(s) shall report to the Trustees on a quarterly basis, the level of lending in terms of value, volume and intermediaries, earnings and/or losses, value of collateral security etc.

(b) The Trustees shall periodically review the securities lending contract and take reasonable steps to ensure that the same is not, in any way, detrimental to the interests of the unit holders of the scheme.

(c) The Trustees shall offer their comments on the above aspects in the HYTR filed with the Board.

13.6.4. In case an existing SID does not provide for lending of securities, AMCs may still lend securities belonging to the scheme, in accordance with the Guidelines issued by the Board, provided approval is obtained from the Trustees and the intention to lend securities is conveyed to the unit holders.

13.7. Investments in Short Term Deposits (STDs) of Scheduled Commercial Banks- pending deployment [337]

13.7.1. In terms of clause 8 of sixth schedule of MF Regulations, the guidelines for deployment of funds in short term deposits of commercial banks are as under:

(a) "Short Term" shall be treated as a period not exceeding 91 calendar days.

(b) Such Deposits shall be held in the name of the concerned scheme.

13.7.2. Scheme level limit

[336] SEBI Circular No -SEBI / IMD / CIR No 14 / 187175/ 2009 dated December 15,2009, SEBI Circulars No. SEBI/IMD/CIR No.9/20306/03 dated November 12, 2003, SEBI Circular No. SEBI/IMD/Cir No.1/91171/07 dated April 16, 2007

(a) No mutual fund scheme shall park more than 15% of their net assets in STDs across all scheduled commercial banks. This limit may be extended to 20% with prior approval of trustees.

(b) No mutual fund scheme shall park more than 10% of the net assets in STDs with any one scheduled commercial bank including subsidiaries.

13.7.3. Mutual Fund level limit

(a) Parking of funds in STDs of associate and sponsor scheduled commercial banks together shall not exceed 20% of the total deployment by the mutual fund in STDs.

13.7.4. Trustees/AMCs shall ensure that no funds of a scheme is parked in STD of a bank which has invested in that scheme. Trustees/AMCs shall also ensure that the bank in which a scheme has STD do not invest in the said scheme till the time the scheme has STD with such bank.

13.7.5. AMCs shall not be permitted to charge investment management and advisory fees for parking of funds in STDs of Scheduled Commercial banks.

13.7.6. Investments made in short term deposits pending deployment of funds shall be recorded and reported to the Trustees including the reasons for the investment especially comparisons with interest rates offered by other scheduled commercial banks.

13.7.7. AMCs and Trustees shall certify compliance with the provisions of the MF Regulations pertaining to parking of funds in STDs pending deployment, at all points of time, in the CTR and HYTR respectively, filed with the Board Further, monthly portfolio statements shall disclose all funds parked in STDs under a separate heading. Details shall also include name of the bank, amount of funds parked, percentage of NAV.

13.7.8. Except for Paragraph 13.7.7 above, the above guidelines shall not apply to term deposits placed as margins for trading in cash and derivatives market. However, all term deposits placed as margins shall be disclosed in the monthly portfolio statements under a separate heading. Details such as name of bank, amount of term deposits, duration of term deposits, percentage of NAV shall be disclosed.

13.8. Participation of mutual funds in repo in corporate debt securities

13.8.1. 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:

13.8.2. Exposure Limits: The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme. However, the total cumulative gross exposure (i.e. Repo + Equity + Debt + Derivatives) shall not exceed 100% of the net assets of the concerned scheme.

13.8.3. Eligible Securities: Mutual funds shall participate in repo transactions on following corporate debt securities:

(a) Listed AA and above rated corporate debt securities.

(b) Commercial Papers (CPs) and Certificates of Deposits (CDs).

13.8.4. The credit rating of exposures on repo transactions for various purposes including for PRC matrix, liquidity ratios, Risk-o-meter etc. shall be same as that of the underlying securities, i.e., on a look through basis.

13.8.5. For transactions where settlement is guaranteed by a Clearing Corporation, the exposure shall not be considered for the purpose of determination of investment limits for single issuer, group issuer and sector level limits.

13.8.6. In terms of Regulation 42(1), mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

13.8.7. AMCs and Trustees shall frame clear guidelines about inter-alia the category of counterparty, credit rating of counterparty, tenor of collateral and applicable haircuts. AMCs shall also ensure compliance with Sixth schedule of MF Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.

13.8.8. Disclosure: Mutual Funds shall provide adequate disclosure as under:

Disclosure Document	**Requirement**
SID of the concerned scheme	• Intention to participate in repo transactions in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time; • The exposure limit for the scheme; and

	• The risk factors associated with repo transactions in corporate bonds.
HYTR and monthly portfolio statements	The details of repo transactions of the schemes in corporate debt securities, including details of counterparties, amount involved and percentage of NAV

13.9. Transactions in Corporate Bonds/Commercial Papers through Request for Quotes (“RFQ”) platform:

13.9.1. In order to increase the liquidity on exchange platform, mutual funds shall on a monthly basis, undertake minimum 25% and 10% of their total secondary market trades by value (excluding inter scheme transfer trades) in corporate bonds and commercial papers respectively, by placing/ seeking quotes through one-to-many mode on the RFQ platform of Stock Exchanges and

13.9.2. Calculation: The percentages as specified above shall be reckoned on the average of secondary market trades by value during the immediate preceding three months on rolling basis.

For example, for the month of October 2025, Mutual Funds shall undertake 25% (by value) of their average secondary market trades (excluding IST) done in immediate preceding three months i.e. July 2025, August 2025 and September 2025 for Corporate bonds by placing/seeking quotes through RFQ platform for Stock exchanges.

13.9.3. All transactions in Corporate Bonds and Commercial Papers wherein Mutual Fund is on both sides of the trade shall be executed through RFQ platform of stock exchanges in one-to-one mode.

13.9.4. Any transaction entered by mutual fund in Corporate Bonds in one to many mode and gets executed with another mutual fund shall also be counted for the aforesaid percentage requirement

13.9.5. 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.

13.10. Reconciliation procedure for investment in Government Securities

13.10.1. According to the RBI guidelines, issued to all SGL account holders, in order to make transactions in government securities transparent, a monthly reconciliation system has been introduced between RBI and

Mutual Funds maintaining SGL/CSGL accounts with respect to Government Securities on an ongoing basis.

(a) AMCs shall reconcile the balances reported in the monthly statements furnished by RBI with the transactions undertaken by them.

(b) This 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.

(c) These reports shall be placed in the meetings of the Board of the AMC and Trustees.

(d) AMCs 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.

(e) Compliance shall also be reported to the Board in the CTRs by AMC(s) and HYTR by the trustees.

13.11. Overseas Investment

13.11.1. Mutual Funds are permitted to invest in following overseas instruments:

(a) ADR(s) and /or GDR(s) issued by Indian or foreign companies

(b) Equity of overseas companies listed on recognized stock exchanges overseas

(c) Initial and follow on public offerings for listing at recognized stock exchanges overseas

(d) Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with ratings not below investment grade by accredited/ registered credit rating agencies

(e) Money market instruments rated not below investment grade

(f) Repos in the form of investment, where the counterparty is rated not below investment grade; repo shall not however involve any borrowing of funds by mutual funds.

(g) Government Securities where the countries are rated not below investment grade

(h) Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities.

(i) Short-term bank deposits with banks overseas, where the issuer is rated not below investment grade.

(j) Overseas Funds: Units/ securities issued by overseas Mutual Funds or Unit Trusts registered with overseas regulators and investing in

(i) aforesaid securities

(ii) Real Estate Investment Trusts (REITs) listed on recognized stock exchange overseas or

(iii) Unlisted overseas securities, not exceeding 10% of their net assets.

13.11.2. Maximum applicable limit for overseas exposure by mutual funds:

Sr. No.	Category	Individual Limit (per Mutual Fund)	Industry-wide Limit (Total)
1	Overseas Securities	US $ 1 Billion	US $ 7 Billion
2	Overseas ETFs	US $ 300 Million	US $ 1 Billion

(a) Allocation Methodology of the aforementioned limits: In case of overseas investments specified at Paragraph 13.11.3.1 above, each Mutual Fund shall have a reserved quota of US $50 million individually, within the overall industry limit of US $ 7 billion.

13.11.3. New Fund Offers (NFOs): Mutual Funds launching new schemes intending to invest in Overseas securities / Overseas ETFs shall disclose intended overseas investment amounts that they plan to invest in scheme documents, subject to the maximum limit specified at Paragraph 13.11.3 above, as the case may be. Such limits disclosed in scheme documents shall be valid for a period of 6 months from the date of closure of NFOs. Further investment shall follow the norms for ongoing schemes indicated below.

13.11.4. Ongoing Schemes: For all ongoing schemes that invest or are allowed to invest in Overseas securities / Overseas ETFs, an investment headroom of 20% of the average AUM in Overseas securities / Overseas ETFs of the previous three calendar months would be available to the Mutual Fund for that month, subject to the maximum limits specified at Paragraph 13.11.3 above, as the case may be.

Note: The above disclosure Paragraph 13.11.4 and 13.11.5 shall be soft limits for the purpose of reporting only by Mutual Funds on monthly basis as per the Format No. 3I.

13.11.5. Management & Due Diligence

(a) Management of Fund: Appointment of dedicated fund manager for making overseas investments stipulated under Paragraphs 13.11.1(a) to 13.11.1(i) shall be optional[338]. However, the person appointed as fund manager of such funds shall have adequate expertise and experience to manage investments in overseas securities. The Board of the AMCs shall be responsible for ensuring compliance and reporting regarding the same to trustees, on a periodic basis.

(b) Due diligence:

(i) The Board of the AMC and Trustees shall exercise due diligence in making investment decisions and record the same. They shall make a detailed analysis of risks and returns of overseas investment and how these investments would be in the interest of investors. Investment shall be made in liquid actively traded securities /instruments

(ii) The Board of the AMC and Trustees shall prescribe detailed parameters for making such investments which shall include identification of countries, country rating, country limits etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialized agencies and service providers associated with such investments e.g. custodian, bank, advisors etc. shall also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, shall also be considered. Necessary agreements may be entered into with them, as required.

13.11.6. Mandatory disclosures and reporting requirements

(a) 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. AMCs 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.

(b) Mutual Funds shall report, on a monthly basis, the utilization of overseas investment limits, within 10 calendar days from the end of each month as per Format No. 3I.

338 SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/30 dated April 30, 2024

(c) Such investments shall be disclosed while disclosing monthly portfolios, as per Format No. 4C, under a separate heading "Foreign Securities and/or overseas ETF(s)." Further, the scheme wise percentage of investments made in such securities shall be disclosed while publishing the Half Yearly Results, as per Format No. 4A, as a footnote.

(d) AMC shall provide detailed periodic reports to the Trustees covering performance of overseas investments and amount invested in various schemes and any breach of the exposure limit laid down in the SID.

(e) The board of the AMC and Trustees shall review the performance of schemes making overseas investments with appropriate benchmark(s) as disclosed in the SID. Trustee shall offer their comments on the compliance of all these guidelines in the HYTR filed with the Board.

(f) AMCs shall disclose exposure limits i.e the percentage if assets of the scheme they would invest in foreign securities/ ETF(s).

13.11.7. Investment by Existing Schemes

(a) In case SID of an existing scheme provides for investing in foreign securities and attendant risk factors but which have not yet been invested, AMC may invest in foreign securities consistent with the investment objective of the scheme after issuing an addendum regarding additional disclosures and accordingly informing the same to unit holders.

(b) In case the SID of an existing scheme does not provide for overseas investment, the scheme, if it so desires, may make such investments in accordance with these Guidelines, provided that prior to the overseas investments for the first time, the AMC shall ensure that a written communication about the proposed investment is sent to each unit holder and the same shall be disclosed on the website of AMC. The communication to unit holders shall also disclose the risk factors associated with such investments.

13.11.8. Prudential Investment Norms

(a) All prudential limits specified in Sixth Schedule of MF Regulations shall apply to overseas investment. However, the restrictions relating to inter scheme investments specified at Clause 3 of Sixth Schedule of MF Regulations and the applicable limits on inter scheme investments specified at Paragraph 13.14 below shall not apply to such investments.

(b) Management fees and other expenses charged by the mutual funds in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 66(7). Where the scheme is investing only a part of the net assets in overseas Mutual Funds, the same principle shall be applicable for the part of investment. Details of calculation for charging such expenses shall be reported to Board of AMC and Trustee and shall also be disclosed in the Annual Report of the scheme.

(c) The application for seeking approval for investing in overseas securities shall be made to the Board in advance of making investments. Upon receipt of approval from the Board, AMC(s) shall send an intimation to overseas Investment Division, Foreign Exchange Department, RBI.

13.11.9. Investments in Overseas Mutual Funds/ Unit Trusts by Indian Mutual Funds[339]

(a) In terms of Paragraph 13.11.1 above, Indian Mutual Fund schemes may also invest in overseas MF/UTs that have exposure to Indian securities, provided that the total exposure to Indian securities by these overseas MF/UTs shall not be more than 25% of their assets.

(b) While investing in overseas MF/UTs that have exposure to Indian securities, the Indian Mutual Fund schemes shall ensure the following:

(i) Pooling: Contribution of all investors of the overseas MF/UT is pooled into a single investment vehicle, with no side-vehicles including segregated portfolios, sub-funds or protected calls, etc.

(ii) Pari-passu and Pro-rata: Corpus of the overseas MF/UT is a blind pool (i.e. common portfolio) with no segregated portfolios. All investors in the overseas MF/UT have pari-passu and pro-rata rights in the fund, i.e. they receive a share of returns/gains from the fund in proportion to their contribution and have pari-passu rights.

(iii) Independent investment manager/fund manager: Overseas MF/UT is managed by an independent investment manager/fund manager who is actively involved in making all investment decisions for the fund. This ensures that the

[339] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/149 dated November 04, 2024

investments are made autonomously by the investment manager/fund manager without influence, directly or indirectly, from any of the investors or from any other entity.

(iv) Public disclosure: Such overseas MF/UTs disclose their portfolios at least on a quarterly intervals to the public to maintain transparency.

(v) No advisory agreement: There shall not be any advisory agreements between Indian Mutual Funds and underlying overseas MF/UTs, to prevent conflict of interest and avoid any undue advantage to either of the parties.

(c) Breach of the limit:

(i) At the time of making investments (both fresh and subsequent), Indian Mutual Fund schemes shall ensure that the underlying overseas MF/UTs do not have more than 25% exposure to Indian securities.

(ii) Subsequent to the investment, if the exposure by an underlying overseas MF/UTs to Indian securities exceeds 25% of their net assets, an observance period of 6 months from the date of publicly available information of such breach (e.g. portfolio disclosures) shall be permitted to Indian Mutual Fund schemes for monitoring of any portfolio rebalancing activity by the underlying overseas MF/UT.

(iii) During the observance period, the Indian Mutual Fund scheme:

(I) shall not undertake any fresh investment in such overseas MF/UT.

(II) may resume their investments in such overseas MF/UT in case the exposure to Indian securities by such overseas MF/UT falls below the limit of 25%.

(d) Rebalancing of the portfolio:

(i) If the portfolio of an underlying overseas MF/UT is not rebalanced within the 6-month observance period, Indian Mutual Fund scheme shall liquidate its investments in the concerned underlying overseas MF/UT within the next 6 months ('liquidation period') from end of the observance period.

(ii) If the exposure to Indian securities by the underlying overseas MF/UT falls below the prescribed limit of 25%

during the liquidation period, the requirement at Paragraph 13.11.9(d)(i) above shall not be applicable.

(e) Non-compliance:

(i) If the Indian Mutual Fund/ Asset Management Company fails to rebalance the portfolio of the scheme in line with the aforesaid requirements, then after the 6-month liquidation period, the Indian Mutual Fund/ Asset Management Company shall:

(I) not be permitted to accept any fresh subscriptions in concerned Indian Mutual Fund scheme;

(II) not be permitted to launch any new scheme;

(III) not levy exit load, if any, on the investors exiting such scheme(s).

(f) Fundamental attribute change:

(i) The Indian Mutual Fund scheme(s) shall be exempted from the requirement of a fundamental attribute change for any change in underlying overseas MF/UT, subject to the following:

(I) The underlying overseas MF/UT exceeds 25% exposure to Indian securities, and;

(II) The Indian Mutual Fund scheme intends to invest in other overseas MF/UT with similar investment objectives, and;

(III) A notice cum addendum is issued to investors.

13.12. Investments in Indian Depository Receipts (IDRs)

13.12.1. 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 MF Regulations and guidelines issued there under, specifically investment restrictions as specified in the Sixth Schedule of the MF Regulations.

13.13. Investments in units of REITs / InvITs[340]

13.13.1. Any investment made by Mutual Funds and SIFs in REITs shall be considered as investment in equity related instruments. In this regard, AMCs shall issue an addendum to make necessary changes in the

[340] SEBI Circular No. HO/24/13/12(1)2025-IMD-POD-2/I/157/2025 dated November 28, 2025

scheme documents and the same shall not be considered as fundamental attribute change for the scheme.

13.13.2. InvITs shall continue to be classified as hybrid instruments for the purpose of investments by Mutual Funds and SIFs.

13.13.3. Existing investment in REITs held by debt schemes of Mutual Funds and investment strategies of SIFs as on December 31, 2025, shall be grandfathered. However, AMCs are encouraged to make efforts to divest REITs from respective portfolios of debt schemes considering the market conditions, liquidity and interest of investors.

13.13.4. Any inclusion of REITs in the equity indices shall be carried out only after a period of six months i.e. **July 01, 2026**

13.13.5. Investment limits for investment by Mutual Fund Schemes in units of InvITs:

Sr. No.	Description	Maximum Investment Limit for MF Schemes	Remarks
a)	Investment by mutual fund under all its schemes	10% of units issued by a single issuer of InvIT	
b)	Investment by a mutual fund scheme in the units of InvITs	10% of NAV of MF scheme	Such limits shall not be applicable for investments in case of index fund or sector or thematic scheme pertaining to InvIT.
c)	Investment by a mutual fund scheme in the units of InvIT issued by a single issuer	5% of NAV of MF scheme	

13.13.6. Any existing scheme intending to invest in units of InvITs shall abide by the provisions of Regulation 22 (9)(c), and unit holders of the scheme shall be given a time period of at least 15 calendar days for the purpose of exercising the exit option.

13.14. Inter Scheme Investments

13.14.1. In terms of clause 3 of Sixth Schedule of MF Regulations, aggregate inter-scheme investment made by all schemes of the Mutual Fund under the same management or in schemes under the management of any other AMC shall not exceed 5% of the NAV of the mutual fund.

13.15. Norms for investment and disclosure by Mutual Funds in derivatives

13.15.1. Writing of Options by Mutual Fund Schemes:

(a) Mutual funds shall not write options or purchase instruments with embedded written options except for the covered call strategy.

(b) Mutual Funds shall write call options under a covered call strategy as prescribed below:

(i) Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

(I) The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme. In case of any passive breach, the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.

(II) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.

(III) In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it shall ensure compliance with Paragraphs (I) and (II) above while selling the securities.

(IV) In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.

(V) The call option written shall be marked to market daily and the respective gains or losses factored into the daily

NAV of the respective scheme(s) until the position is closed or expired.

(ii) For schemes intending to use covered call strategy, the risks and benefit of the same, shall be disclosed in the SID.

(iii) Format for the purpose of uniform disclosure of investments in derivative instruments by Mutual Funds in monthly portfolio disclosure, annual report or in any other disclosures is prescribed. Further, the call options written shall be disclosed as per Format No. 7F.

(iv) For existing schemes, writing of call options shall be permitted subject to appropriate disclosure and compliance with Regulation 22(9)(c).

13.15.2. Hedging of Interest Rate Risk

(a) 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:

$$\frac{\text{(Portfolio Modified Duration * Market Value of the Portfolio)}}{\text{(Futures Modified Duration * Futures Price / PAR)}}$$

(b) In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

(c) The basic characteristics of the scheme shall not be affected by hedging the portfolio or part of the portfolio (including one or more securities) based on the weighted average modified duration.

Explanation: In case of long term bond fund, after hedging the portfolio based on the modified duration of the portfolio, the net modified duration shall not be less than the minimum modified duration of the portfolio as required to consider the fund as a long term bond fund.

(d) The interest rate hedging of the portfolio shall be in the interest of the investors.

(e) Mutual Fund schemes may imperfectly hedge their portfolio or part of their portfolio using IRFs, subject to the following conditions:

(i) Prior to commencement of imperfect hedging, the existing schemes shall comply with the provisions of Regulation 22 (9)(c) and all unit holders shall be given a time-period of at least 30 calendar days to exercise the option to exit at prevailing NAV without charging of exit load.

(ii) The risks associated with imperfect hedging shall be disclosed and explained by suitable numerical examples in the offer documents and in the communication to investors in terms of Regulation 22 (9)(c).

(f) Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases shall not exceed the value of respective existing assets being hedged by the scheme.

(g) In case participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty scheme in such transactions shall not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.

13.15.3. Disclosure of Derivative Positions

Mutual funds shall make the following disclosures relating to the derivative positions:

(a) Separately disclose the hedging positions through IRF (both perfect and imperfect) in respective debt portfolios as per the prescribed format[341].

(b) Investment in interest rate derivatives (both IRS/IRF) shall also be disclosed in the monthly portfolio disclosure in terms of Paragraph 6.1 of this Master Circular.

(c) Disclosure of the details of interest rate derivatives (both IRS/IRF) used for hedging along with debt and money market securities transacted on its website and also forwarded to AMFI as per Paragraph 10.15 of this Master Circular.

13.16. Participation of mutual funds in Exchange Traded Commodity Derivatives (ETCDs):

[341] Please refer Format No. 4C & 7F under the section on formats.

13.16.1. Mutual funds are permitted to participate in ETCDs in India, except in commodity derivatives on ‘Sensitive Commodities’.

13.16.2. No Mutual fund scheme shall invest in physical goods except in Gold/Silver through Gold/Silver ETFs. Further, as mutual fund schemes participating in ETCDs may hold the underlying goods in case of physical settlement of contracts, mutual funds shall dispose of such goods from the books of the scheme, at the earliest, not exceeding the timeline prescribed below:

(a) For Gold and Silver: - 180 calendar days from the date of holding of physical goods,

(b) For other goods (except for Gold and Silver):

(i) By the immediate next expiry day of the same contract series of the said commodity.

(ii) However, if Final Expiry Date (FED) of the goods falls before the immediate next expiry day of the same contract series of the said commodity, then within 30 calendar days from the date of holding of physical goods.

13.16.3. No mutual fund scheme shall have net short positions in ETCDs on any particular good, considering its positions in physical goods as well as ETCDs, at any point of time.

13.16.4. Mutual funds are permitted to participate in ETCDs through the following schemes:

(a) Gold/Silver ETFs

(b) Any other category of schemes as permitted under Part IV of Chapter 3 of this Master Circular.

13.16.5. Prior to commencement of participation in ETCDs, the existing schemes under the categories specified in Paragraph 13.16.4, except for consequential changes in line with Paragraph 3.8.9, shall comply with the provisions of Regulation 22(9)(c), as this will lead to change in fundamental attributes of the scheme and all unitholders shall be given a time period of at least 30 calendar days to exercise the option to exit at prevailing NAV without charging of exit load, if any.

13.16.6. Prior to participation in ETCDs, the AMCs shall adhere to the following:

(a) Board of AMC shall ensure that person appointed to manage investment shall have adequate expertise and experience in managing such funds. However, appointment of dedicated fund manager shall be optional.

(b) Appoint a custodian registered with the Board for custody of the underlying goods, arising due to physical settlement of contracts.

(c) Have written down investment policy for participation in ETCDs approved by the Board of the AMC 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. The approved valuation policies shall be subject to the principles of fair valuation of the assets of mutual fund schemes.

13.16.7. 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 the Board and Exchanges from time to time. The position limits at mutual fund level shall be as applicable to 'Trading Members'.

13.16.8. Schemes investing in ETCDs shall be benchmarked against an appropriate benchmark.

13.16.9. Investment Limits in ETCDs: Participation of mutual funds in ETCDs shall be subject to the following investment limits:

Sl No.	**Particular**	**Investment limit**	**Exceptions**
(a)	ETCDs of a particular good (Single)	Not exceeding 10% of NAV of the scheme	Not applicable for investments through Gold/Silver ETFs in ETCDs having gold/silver as underlying.
(b)	Multi Assets allocation schemes	Not exceeding 30% of the NAV of the scheme	
(c)	Other Hybrid Schemes excluding Multi Assets allocation schemes	Not exceeding 10% of NAV of the scheme	

13.16.10. In case of mutual fund schemes investing in ETCDs, the AMC shall adhere to the following:

(a) The NAVs of those schemes shall be updated on each business day by the AMCs on their website and on the website of AMFI by 09:00 a.m. of the following calendar day.

(b) The format of monthly portfolio shall be modified to reflect the investment in ETCDs.

(c) The total exposure to ETCDs shall be disclosed as a line item in the Monthly Cumulative Report (MCR) submitted by mutual funds.

13.17. Participation of Mutual Funds in Credit Default Swaps (CDS)[342]

13.17.1. Mutual Fund Schemes as buyer of CDS

(a) Schemes may buy CDS only for the purpose of hedging their credit risk on debt securities they hold in various schemes. The exposure to CDS shall not exceed respective debt security exposure, and such exposure may not be added to gross exposure of the scheme.

(b) In case the protected debt security is sold, schemes shall ensure that the respective CDS position is closed within fifteen working days of selling the above protected debt security.

(c) The exposure of any protected debt security, for determining single issuer, group, sectoral limits and credit risk for various purposes including Risk-o-meter and Potential Risk Class (PRC) matrix of MF schemes, shall be considered as exposure to either issuer of debt security (reference entity) or seller of CDS, whichever has higher credit rating (lowest long term rating of instruments of seller of CDS shall be considered for comparison).

(d) The exposure shall form part of overall single issuer limits for the reference entity or seller of CDS, whichever is applicable.

(e) In case of same rating for reference entity and seller of CDS, the exposure shall then be considered on reference entity and not on seller of CDS.

(f) MF schemes shall buy CDS only from such sellers that have instruments with lowest long-term rating of investment grade and above.

(g) Schemes may buy CDS for investment grade and existing below investment grade debt securities in the portfolio, if any.

13.17.2. Mutual Fund Schemes as seller of CDS

[342] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/125 dated September 20, 2024

(a) MF Schemes may sell CDS only as part of investment in synthetic debt securities, i.e., sell CDS on a reference obligation covered with Cash/GSec/T-bills. Overnight and Liquid schemes shall not sell CDS contracts.

(b) The following shall be ensured with respect to the cover:

   (i) Cash, G-Sec and T-bills can act as cover. Government securities with maturity within +/- 6 months of the maturity of respective debt security (reference obligation) shall act as cover and such cover may be used for maintaining margin requirements on respective CDS.

   (ii) The required amount of cover shall be enough to ensure that notional amount does not exceed the value of cover kept, which shall be calculated as follows:

      (I) Notional amount in CDS sell contract (+)

      (II) Buffer, for price fluctuations on government securities kept as cover: The buffer shall be calculated to address interest rate risk on government securities. The buffer shall be at least equal to three times the daily haircut applicable for the said G-sec instrument in case of repo transactions on Clearing Corporation of India Limited.

   (iii) The value of cover kept shall be reviewed on a daily basis.

   (iv) The cover shall be earmarked to CDS sell position and can be used for maintaining margin requirements on respective CDS. However, investment in aforesaid instruments as cover shall not be considered as part of Liquidity Ratio – Redemption at Risk (LR-RaR) and Liquidity Ratio - Conditional Redemption at Risk (LR-CRaR) eligible instruments and shall not be sold or used for any other purpose till CDS sell position is open.

(c) The exposure of synthetic debt security (notional amount) shall be considered in respective single issuer, group issuer and sectoral limits. Such exposure to the issuer, group and sector of the issuer shall be equal to the notional amount.

(d) For the purpose of computing gross exposure of scheme investing in synthetic debt security, the exposure due to such investment shall be computed as follows:

   (i) Notional amount (+)

   (ii) Buffer (i.e., cover kept over and above notional amount)

(e) Schemes shall sell CDS only against securities rated investment grade and above.

(f) Credit risk rating of the synthetic debt security shall be same as of reference obligation. For the purpose of Risk-o-meter, liquidity risk value of the synthetic debt security shall be

Liquidity Risk Value of reference obligation + 2

(g) For Potential Risk Class (PRC) matrix, Credit Risk Value shall be same as reference obligation.

(h) Debt Index funds and ETFs: Such schemes may also take exposure through synthetic debt securities and the same may be treated as replication as required under Paragraph 4.4.5 of this Master Circular.

13.17.3. Other conditions

(a) Schemes shall comply with the directions issued by RBI from time to time in this regard.

(b) Schemes shall participate in CDS only through standard contracts prescribed by Fixed Income Money Market and Derivatives Association of India (FIMMDA).

(c) All CDS contracts shall be transacted either through Central Counterparty, if any or Request for Quote (RFQ) Platform.

(d) MFs shall ensure Two-way Credit Support Annex (CSA) as part of CDS contracts.

(e) The following disclosures shall be made by schemes in their periodic scheme portfolio disclosures:

   (i) Credit Rating of CDS seller (lowest long term) where CDS is bought by schemes.

   (ii) CDS transactions with associate or group companies of sponsor.

(f) CDS contract shall mature on or before winding up date of schemes, wherever applicable.

(g) Exposure through CDS (Notional amount of both CDS bought and sold) shall not exceed 10% of AUM of scheme and shall be within the overall limit of derivatives exposure as prescribed in Scheme Information Documents.

(h) Valuation and Accounting: AMFI, in consultation with SEBI, has issued guidelines for valuation and accounting of CDS by MF schemes based on a waterfall approach, that may be as follows:

(i) Level I: Actual Traded levels

(ii) Level II: Corporate bond credit spreads

(i) The relevant changes in the SIDs, basis the provisions of this section, shall not be considered as a "Fundamental Attribute Change" of the scheme in terms of Regulation 22(9)(c).

13.18. Exposure Limits:

13.18.1. The cumulative gross exposure through equity, debt, derivative positions (including commodity and fixed income derivatives), repo transactions and credit default swaps in corporate debt securities, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time shall not exceed 100% of the net assets of the scheme.

13.18.2. Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts.

13.18.3. The total gross exposure related to option premium paid and received shall not exceed 20% of the net assets of the scheme.

13.18.4. Derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in Paragraph 13.18.1 above.

Explanation: Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing *position remains. Hedging positions cannot be taken for existing derivative positions*.

13.18.5. The portion of imperfect hedging using IRFs as per Item No. (d) under Paragraph 13.18.6 in excess of 20% of the Net Assets of the Scheme shall be considered as creating exposure and shall be included in the computation of gross exposure in terms of Paragraph 13.18.1 above.

13.18.6. Exemptions from the gross exposure limits

Sl No	Exemption from gross exposure limit for exposure in	Additional conditions for exemption, if any
(a)	Cash or cash equivalents with residual maturity of less than 91 calendar days	NA
(b)	Exposure due to hedging positions: hedging position shall be exempted from the exposure limits mentioned in Paragraph 13.18.1 above, subject to the conditions mentioned alongside.	(i) Hedging positions are not taken for existing derivative positions; (ii) Any derivative instrument used to hedge has the same underlying security as the existing position being hedged; (iii) The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
(c)	The exposure on account of the call option written under the covered call strategy as mentioned in Paragraph 13.15.1 above.	NA
(d)	Imperfect hedging using IRFs as per Paragraph 13.15.2 up to maximum 20% of the Net Assets of the Scheme	(i) Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio. *(ii)* The correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF, calculated for the past 90 calendar

		days is at least 0.9 at the time of initiation of hedge. Any subsequent deviation from the correlation criteria shall be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Paragraph 13.18.1 above. ***Explanation**: If the fund manager intends to do imperfect hedging up to 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with for the purpose of exemption from gross exposure:* (I) The correlation for past 90 calendar days between the portfolio and the IRF is at least 0.9 or (II) The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9. (iii) At no point of time, the net modified duration of part of the portfolio being hedged should be negative.
(e)	Short position in Exchange Traded Commodity Derivatives (ETCDs) not exceeding the holding of the underlying goods received in physical settlement of ETCD contracts	The mutual funds shall not write options, or purchase instruments with embedded written options in goods or on commodity futures.

(f)	Short position in ETCDs not exceeding the long position in ETCDs on the same goods.	
(g)	CDS bought for the purpose of hedging credit risk on debt securities	The exposure to CDS shall not exceed respective debt security exposure.

13.19. Inter Scheme Transfer of Securities ("IST"):

13.19.1. Transfers of securities from one scheme to another scheme in the same mutual fund shall be allowed only if such transfers are done at the prevailing market price for quoted instruments on spot basis ("spot basis" shall have the same meaning as specified by stock exchange for spot transactions) and the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

13.19.2. In order to ensure that such ISTs of securities are in conformity with the above objective, the following additional safeguards have been prescribed:

(a) In case of Close Ended Schemes, IST purchases would be allowed within 3 business days of allotment pursuant to NFO and thereafter, no ISTs shall be permitted to/from Close Ended Schemes.

(b) In case of Open Ended Schemes, ISTs may be allowed in the following scenarios:

(i) For meeting liquidity requirement in a scheme in case of unanticipated redemption pressure: AMCs shall have an appropriate Liquidity Risk Management (LRM) Model at scheme level, approved by trustees, to ensure that reasonable liquidity requirements are adequately provided for. Recourse to ISTs for managing liquidity shall only be taken after the following avenues for raising liquidity have been attempted and exhausted:

(I) Use of scheme cash & cash equivalent

(II) Use of market borrowing

(III) Selling of scheme securities in the market

(IV) After attempting all the above, if there is still a scheme level liquidity deficit, then out of the remaining securities, outward ISTs of the optimal mix of low duration paper with highest quality shall be effected.

The use of market borrowing before ISTs shall be optional and Fund Manager may at his discretion take decision on borrowing in the best interest of unitholders. The option of market borrowing or selling of security as mentioned at Paragraphs (II) & (III) above may be used in any combination and not necessarily in the above order. In case option of market borrowing and/or selling of security is not used, the reason for the same shall be recorded with evidence.

(ii) For Duration/Issuer/Group rebalancing:

(I) ISTs shall be allowed to rebalance the breach of regulatory limit.

(II) ISTs can be done where duration/ issuer/ sector/ group rebalancing is required in both the transferor and transferee schemes. Different reasons cannot be cited for transferor and transferee schemes except in case where the transferee scheme is Credit Risk scheme.

(III) In order to guard against possible mis-use of ISTs in Credit Risk scheme, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in process of ISTs in Credit Risk scheme, in case the security becomes default grade after the ISTs within a period of one year. Such negative impact on performance shall mirror the existing mechanism for performance incentives of the AMC.

(c) No ISTs of a security shall be allowed, if there is negative news or rumours in the mainstream media or an alert is generated about the security, based on internal credit risk assessment in terms of Paragraph 5.4 of this Master Circular during the previous four months.

(d) AMC shall ensure that Compliance Officer, CIO and Fund Managers of transferor and transferee schemes have satisfied themselves that ISTs undertaken are in compliance with the regulatory requirements. Prescribed “Template” and documentary evidence in this regard shall be maintained by the AMC for all ISTs.

(e) If security gets downgraded following ISTs, within a period of four months, Fund Manager of buying scheme has to provide detailed justification /rationale to the trustees for buying such security.

13.20. Investment by Schemes of the Mutual fund in Pre-IPO placements[343]

13.20.1. In terms of Clause 1 of Sixth Schedule to MF Regulations, in case of IPO of equity shares and equity related instruments, schemes of the Mutual Funds can only participate in the Anchor investor portion or in the public issue.

[343] SEBI Letter No. SEBI/HO/IMD/IMD-SEC-4/P/OW/2025/27285/1 dated October 23, 2025

CHAPTER 14: ADVERTISEMENTS[344]

14.1. In addition to the provisions of the Fifth Schedule, AMCs shall comply with the following[345]:

14.1.1. While advertising IDCW payouts, all advertisements shall disclose the IDCW declared or paid in rupees per unit along with the face value of each unit of that scheme and the prevailing NAV at the time of declaration of the IDCW.

14.1.2. Further, for IDCW payouts at maturity of closed-ended scheme(s)/ at completion of the interval period of interval scheme(s), AMC shall advertise that “the entire distributable surplus at the time of maturity or at the completion of the interval period shall be distributed

14.1.3. Pay out of IDCW/ Bonus: While advertising pay outs, all advertisements shall disclose, immediately below the pay-out figure (in percentage or in absolute terms) that the NAV of the scheme, pursuant to pay out would fall to the extent of payout and statutory levy (if applicable).

14.2. Disclosing performance related information in Mutual Fund advertisements[346]

14.2.1. In performance advertisements of Mutual Fund schemes:

(a) Performance of the Mutual Fund scheme shall be advertised in terms of CAGR at least for the past 1 year, 3 years, 5 years and since inception.

(b) Point-to-point returns on a standard investment of Rs. 10,000/- shall also be provided.

(c) Information based on period computed from the last day of month-end preceding the date of advertisement, shall be provided.

(d) It shall be specifically mentioned whether performance so disclosed, is of regular or direct plan of the Mutual Fund scheme along-with a footnote mentioning that different plans have a different expense structure.

(e) If a Mutual Fund scheme has not been managed by the same fund manager for the full period of the information being published in the advertisement, the same shall be disclosed in a footnote.

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[344] SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011 and SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and SEBI Circular No. SEBI/IMD/CIR No.1/64057/06 dated April 04, 2006, Refer SEBI email dated May 03, 2017, Refer SEBI letter No. IMD/DF2/RS/2017/10751 dated May 12, 2017, Refer SEBI letter No. IMD/SEC4/OW/P/2023/9448/1 dated March 03, 2023

[345] SEBI Circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 and Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, Refer SEBI email dated June 02, 2010

[346] SEBI Circular No. Cir/IMD/DF/23/2017 dated March 15, 2017

14.2.2. Where the scheme has been in existence for less than six months, past performance shall not be provided. Further, if the scheme has been in existence for more than six months but less than one year, then simple annualized growth rate of the scheme for the past 6 months and since inception from the last day of month-end preceding the date of advertisement shall be provided[347].

14.2.3. [348]In case of Overnight funds, Liquid funds and Money Market funds, wherein investors have very short investment horizon, the performance can be advertised by simple annualisation of yields if a performance figure is available for at least 7 calendar days, 15 calendar days and 30 calendar days provided it does not reflect an unrealistic or misleading picture of the performance or future performance of the scheme.

14.2.4. For the sake of standardization, a similar return in INR and by way of CAGR must be shown for the following apart from the scheme benchmarks:

Sr. No.	**Category of Schemes**	**Additional Benchmark**
1	All Equity Scheme	Sensex/ Nifty
2	All Debt Schemes having duration / maturity upto 1 year and Arbitrage Funds	1-year T-Bill
3	All Debt Schemes which are not covered in Point 2	10 year dated GOI Security
4	Conservative Hybrid Fund	10 year dated GOI Security
5	Balanced Hybrid Fund / Aggressive Hybrid Fund / Dynamic Asset Allocation/ Multi Asset Allocation	Sensex / Nifty
6	Equity Savings	10 year dated GOI Security

[347] SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011 and SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[348] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

7	Index Funds / ETFs & FoFs (Overseas/ Domestic)	Appropriate benchmark based on the underlying asset allocation as per above
8	Retirement Fund / Children's Fund	Sensex/Nifty

These disclosures shall form a part of the SAI and all advertisements of Mutual Funds.

14.2.5. Any disclosure regarding quarterly/ half yearly/ yearly performance shall pertain to respective calendar quarter/ half year/ year only.

14.2.6. [349]When the performance of a particular Mutual Fund scheme is advertised, the advertisement shall also include the performance data of all the other schemes managed by the fund manager/s of that particular scheme. Such performance data of the other schemes managed by the fund manager shall be provided as follows:

(a) Performance of other schemes managed by the fund manager, along-with their respective scheme's benchmark, shall be provided in terms of CAGR for a period of 1 year, 3 years and 5 years. The period referred here shall be computed in the same manner as that of the scheme being advertised.

(b) In case the number of schemes managed by a fund manager is more than six, then the AMC shall disclose the total number of schemes managed by that fund manager along with the performance data of top 3 and bottom 3 schemes (in addition to the performance data of the scheme for which the advertisement is being made) managed by that fund manager in all performance related advertisements. However, in such cases, AMCs shall ensure that true and fair view of the performance of the fund manager is communicated by providing additional disclosures, if required.

(c) If a Mutual Fund scheme has not been managed by the same fund manager for the full period of information being published in the advertisement, the same shall be disclosed in a footnote.

(d) For digital (internet-enabled media) advertisement, Mutual Funds shall provide an exact website link to such summarized

[349] SEBI Circular No. Cir/IMD/DF/23/2017 dated March 15, 2017

performance of other schemes managed by the same fund manager.

(e) An indicative format for disclosure of performance of other schemes managed by the concerned fund manager is provided under Format No. 7A.

14.3. *Disclosure of Performance of Schemes post-merger*[350]:

14.3.1. Disclosure of performance of schemes post-merger shall be as given below

(a) When two schemes, for example, Scheme A (Transferor Scheme) & Scheme B (Transferee Scheme), having similar features, get merged and the merged scheme i.e., surviving scheme also has the same features, the weighted average performance of both the schemes needs to be disclosed.

(b) When Scheme A (Transferor Scheme) gets merged into Scheme B (Transferee Scheme) and the features of Scheme A/ Scheme B are retained, the performance of the scheme whose features are retained needs to be disclosed.

(c) When Scheme A (Transferor Scheme) gets merged with Scheme B (Transferee Scheme) and a new scheme, Scheme C emerges after such consolidation or merger of schemes, the past performance need not be provided.

14.3.2. In addition to disclosing the performance of the scheme as mentioned above, past performance of such scheme(s) whose features are not retained post-merger may also be made available on request with adequate disclaimer.

14.4. Indicative portfolios and yields in mutual funds schemes[351]

14.4.1. Mutual Funds, AMCs and distributors shall not offer any indicative portfolio and indicative yield, and no communication in this regard in any manner whatsoever shall be issued. The compliance of the same shall be monitored by the AMC and Trustees of Mutual Funds and reported in their respective reports to the Board.

14.5. Indicative portfolio or yield in close ended debt oriented mutual fund schemes[352]

[350] SEBI Circular No- SEBI/HO/IMD/DF3/CIR/P/2018/69 dated April 12, 2018
[351] SEBI Circular No. IMD/CIR No. 14/151044/09 dated January 19, 2009
[352] SEBI Circular No. CIR/IMD/DF/12/2011 dated August 01, 2011

14.5.1. Mutual Funds /AMCs shall make following additional disclosures in the SID/SAI and KIM without indicating the portfolio or yield, directly or indirectly:

(a) credit evaluation policy for the investments in debt securities.

(b) the list of sectors they would not be investing.

(c) the type of instruments which the schemes propose to invest viz. CPs, CDs, Treasury bills etc.

(d) 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:

Credit Rating / Instruments	AAA	AA	A	BBB
CDs				
CPs				
NCDs				
Securitized debt				
Any Other				

14.6. After the closure of NFO, the AMCs shall report in the next meeting of AMCs and Trustees the publicized percentage allocation and the final portfolio. Variations between indicative portfolio allocation and final portfolio shall not be permissible.

CHAPTER 15: INVESTOR RIGHTS & OBLIGATIONS

15.1. Allotment of units and refund

15.1.1. In terms of Regulation 34, the AMC shall issue a statement of accounts specifying the number of units allotted to the applicant or issue units in the dematerialized form on immediate basis but not later than 5 working days from the date of closure of the initial subscription list or from the date of receipt of the application.

15.1.2. On receipt of request from the unit holder, the AMC shall issue units in dematerialized form to a unit holder in a scheme within 2 working days.

15.1.3. Any amount to be refunded to the applicants under Regulation 32(3) shall be refunded within a period of 5 working days from the date of closure of subscription list.

15.1.4. In the event of failure to refund the amounts within five working days, the AMC shall be liable to pay interest to the applicants at a rate of 15% per annum from the expiry of five working days from the date of closure of the subscription list.

15.2. Transfer of units

15.2.1. In terms of Regulation 35(3), the AMC shall, on production of instrument of transfer together with relevant unit certificates, register the transfer and return the unit certificate to the transferee within 30 calendar days from the date of such production.

15.3. Transfer of Redemption or Repurchase Proceeds[353]

15.3.1. The transfer of redemption or repurchase proceeds to the unitholders shall be made within 3 working days from the date of redemption or repurchase.

15.3.2. For schemes investing at least 80% of total assets in permissible overseas investments as per Paragraph 13.11.1, the transfer of redemption or repurchase proceeds to the unitholders shall be made within 5 working days form the date of redemption or repurchase.

15.3.3. AMFI, in consultation with the Board, has published a list of exceptional circumstances for schemes unable to transfer redemption or repurchase proceeds to investors within time as stipulated at Paragraph 15.3.1 and 15.3.2 above, along with applicable time frame for transfer of redemption or repurchase proceeds to the unitholders in such exceptional circumstances. The said list is available on AMFI website.

[353] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022

15.3.4. AMCs shall ensure that redemption payout is made to all investors uniformly on a single day, within prescribed timelines, subsequent to receipt of valid redemption requests. Additionally, AMCs shall ensure there is no early payouts made during processing of redemption requests on the basis of early payout requests of few investors[354].

15.4. Payment of interest for delay in dispatch of redemption and/or repurchase proceeds and/or IDCW[355]

15.4.1. In the event of failure to transfer redemption or repurchase proceeds within 3 working days[356] from the date of receipt of such requests and/ or pay out of IDCW within the stipulated 7 working days[357] period[358], interest for the period of delay in transfer of redemption or repurchase or IDCW shall be payable to unitholders at the rate of 15% per annum along with the proceeds of redemption or repurchase or IDCW, as the case may be. Such Interest shall be borne by AMCs.

15.4.2. The details of such payments shall be sent to the Board as part of CTR. Investors shall also be informed about the rate and amount of interest paid to them.

15.5. Unclaimed Redemption and IDCW Amount[359]

15.5.1. [360]The unclaimed redemption and IDCW amounts may be:

(a) deployed in call money market or money market instruments

(b) invested in a separate plan of Overnight scheme / Liquid scheme/ Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts, provided such schemes are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix.

15.5.2. AMCs shall not be permitted to charge any exit load in this plan and BER of such plan shall be capped as per the BER of direct plan of such scheme or at 50 bps, whichever is lower.

15.5.3. Further, for the Unclaimed redemption and IDCW amounts deployed by Mutual Funds in Call Money Market or Money Market instruments, the investment management and advisory fee charged by the AMC for managing unclaimed amounts shall not exceed 50 bps.

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[354] SEBI Letter to AMFI dated September 30, 2024
[355] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022 & SEBI Circular No. SEBI/MFD/CIR/2/266/2000 dated May 19, 2000.
[356] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022
[357] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022
[358] Regulation 53(a), SEBI Circular No. SEBI / IMD / CIR No 14 / 187175/ 2009 dated December 15,2009
[359] SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000 & SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016
[360] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608 dated July 30, 2021

15.5.4. [361]AMCs shall adhere to the following uniform practices regarding treatment of unclaimed redemption and IDCW amounts and any income earned thereon:

(a) AMCs shall transfer the unclaimed redemption and IDCW amounts to Unclaimed Dividend and Redemption Scheme (UDRS) after 90 calendar days and not beyond 105 calendar days from the date of issuance of the instruments.

(b) AMCs shall have separate scheme/plan for Unclaimed IDCW and Unclaimed Redemption amount, pending for less than 3 years and for more than 3 years.

(c) On completion of first 3 years' period, AMCs shall transfer such units to UDRS plan (>3 years) within 10 business days of subsequent month.

(d) The amount of income accrued on daily basis on unclaimed amounts beyond three years shall be transferred on a monthly basis (i.e. on or before 10th calendar day of subsequent month) to the investor education scheme / folio.

15.5.5. Investors who claim the unclaimed amounts during a period of 3 years from the due date shall be paid initial unclaimed amount along with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the 3rd year, the income earned on such unclaimed amounts shall be used for the purpose of investor education.

15.5.6. The AMC shall make continuous efforts to remind the investors through letters to claim their unclaimed amounts.

15.5.7. Further, to ensure Mutual Funds play a pro-active role in tracing the rightful owner of the unclaimed amounts:

(a) AMCs shall provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts.

(b) AMFI shall also provide on its website, the consolidated list of investors across Mutual Fund industry, in whose folios there are unclaimed amounts including the name of investor, address of investor and name of Mutual Fund(s) with whom unclaimed amount lies.

[361] SEBI letter to AMFI dated January 22, 2025

(c) Information at Paragraph (a) & (b) above may be obtained by investor only upon providing his appropriate credentials (like PAN, date of birth, etc.) along with adequate security control measures being put in place by Mutual Fund / AMFI.

(d) The website of Mutual Funds and AMFI shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.

(e) Further, the information on unclaimed amount along with its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic SOA / CAS sent to the investors.

15.5.8. Disclosures on above provisions shall be made in the SAI /SID. Additionally, disclosure on the unclaimed amounts and the number of such investors for each scheme shall be made in the Annual Report[362].

15.6. Service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant)[363]

15.6.1. MITRA platform is developed by the RTAs to provide investors with a searchable database of inactive and unclaimed Mutual Fund folios at an industry-level which shall empower the investors in following manner:

(a) Enable investors to identify the overlooked investments or any investments made by any other person for which he/she may be rightful legal claimant.

(b) Encourage investors to do KYC as per the current norms thus reducing the number of non-KYC compliant folios.

(c) Reduction in the unclaimed Mutual Fund folios.

(d) Contribute towards building a transparent financial ecosystem and will be reliable medium for investors to find their inactive and unclaimed MF investments.

(e) Build and incorporate mitigants against fraud risk.

15.6.2. An inactive folio shall be defined as "*Mutual Fund Folio(s) where no investor initiated transaction/s (financial and non-financial) have taken place in the last 10 years but unit balance is available*". Thus, the inactive folios will include those folios where the investor might have remained invested in an open ended scheme and has either chosen not to redeem or simply might have lost track of the investment. There is no

[362] Please refer to Schedule IX of SEBI (Mutual Funds) Regulations, 2026
[363] SEBI Circular No. SEBI/HO/IMD/IMD-SEC-3/P/CIR/2025/15 dated February 12, 2025

consequence for those folios appearing in the platform where the unitholder is aware of the investment and has chosen to remain invested. The objective of the platform is to encourage the investors to search for forgotten MF investments and update KYC as per the current norms.

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

15.6.4. The cyber security and cyber resilience framework as applicable to QRTAs in terms of this Master Circular shall be applicable to the MITRA platform.

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

15.6.6. AMCs, QRTAs, RIAs, AMFI and Mutual Fund Distributors are advised to create awareness about this initiative amongst the investors.

15.7. Dispatch of Statement of Accounts (SOA)[364]

15.7.1. AMCs shall allot the units to the applicant whose application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS to the applicant's registered email address and/or mobile number as soon as possible but not later than 5 working days from the date of closure of the initial subscription list and/or from the date of receipt of the request from the unitholders.

15.7.2. Option to hold units in demat form[365]

(a) Mutual Funds/AMCs shall provide an option to the investors to mention demat account details in the subscription form, in case they desire to hold units in demat form while subscribing to any scheme.

(b) Mutual Funds/AMCs are advised to obtain ISIN for each option of the scheme and quote the respective ISIN along with the name of the scheme, in all SOA/CAS issued to the investors.

[364] SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, SEBI Circular No. IMD/CIR/12/80083/2006 dated November 20, 2006 and SEBI Circular No. Cir/IMD/DF/16/2011 dated September 08, 2011
[365] SEBI circular no. CIR/IMD/DF/9/2011, dated May 19, 2011

15.7.3. Dematerialization of existing units held by investors

(a) In case investors desire to convert their existing physical units (represented by SOA) into dematerialized form, mutual funds / AMCs shall take such steps in coordination with RTAs, Depositories and Depository participants (DPs) to facilitate the same.

(b) Where investor desires to hold units in dematerialised form, demat statement given by depository participant shall be deemed to be adequate compliance with requirements for account statement prescribed by the Board.

15.7.4. Consolidated Account Statement (CAS)[366]

(a) AMCs shall ensure that the consolidated account statement for each calendar month, is issued[367] on or before 15th day of the succeeding month.

(b) [368]The AMC shall ensure that the CAS for the half year is issued on or before 21st day of the succeeding month.

(c) Further, AMCs shall adhere to the CAS and electronic CAS (e-CAS) related timelines, as specified by the Board from time to time.[369]

(d) Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.

(e) Further, CAS issued for the half-year (ended September/ March) shall also provide.

(i) The amount of actual commission paid by AMCs/MFs to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as taxes (wherever applicable, as per existing rates), operating expenses, etc.

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[366] SEBI Circular No. Cir/IMD/DF/16/2011 dated September 08, 2011, SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016 and SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016, SEBI/HO/MRD-PoD2/CIR/P/2024/93 dated July 01, 2024, SEBI/HO/MRD/PoD1/CIR/P/2025/16 dated February 14, 2025

[367] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

[368] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

[369] Refer SEBI Circular No. SEBI/HO/MRD/PoD1/CIR/P/2025/16 dated February 14, 2025 and Master Circular for Depositories.

(ii) The scheme's average TER[370] (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in."

(iii) Trustees and AMCs shall ensure compliance of the provisions mentioned at Paragraph (ii) above and trustees shall confirm the same to the Board in the HYTR.

(f) Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

(g) Further, an indicative format (i.e. Format No. 4F), as provided under providing guidance on the key components which shall be reflected in half-yearly CAS may be referred.

15.8. Treatment and disposal of illiquid securities or securities classified as default at the time of maturity / closure of schemes[371] [372]

15.8.1. In case of close-ended schemes, some of the investments made by Mutual Fund schemes may become default at the time of maturity of schemes. Further, at the time of winding up of a scheme, some of the investments made by Mutual Funds may become default or illiquid. In due course of time i.e. after the maturity or winding up of the schemes, such investments may be realised by the Mutual Funds. AMC shall distribute such amount, if it is substantial, to the concerned investors. In case the amount is not substantial, it may be used for the purpose of investor education. The decision as to the determination of substantial amount shall be taken by the Trustees of Mutual Funds after considering the relevant factors including number of investors, amount recovered, cost of transferring funds to investors, among others.

15.9. Change of Mutual Fund Distributor[373]

15.9.1. In case an investor wishes to change his distributor or wishes to go direct, Mutual Funds/AMCs shall ensure compliance with the instruction of the investor informing his/her desire to change his/her distributor and / or go direct, without compelling that investor to obtain a 'No Objection Certificate' from the existing distributor[374].

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[370] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018
[371] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019
[372] SEBI Circular No. MFD/CIR/05/432/2002 dated June 20, 2002.
[373] Refer SEBI email dated August 12, 2010
[374] SEBI Circular No -SEBI/IMD/CIR No./ 13/187052 /2009 December 11, 2009

15.10. Additional mode of payment through Applications Supported by Blocked Amount (ASBA) in Mutual Funds[375]

15.10.1. In addition to the permissible modes of payment, ASBA facility shall also be available to the investors subscribing to New Fund Offers (NFOs) of mutual fund schemes.

15.10.2. The banks which are in Board's list shall extend the ASBA facility in case of NFOs of MF schemes to all eligible investors in MF units.

15.10.3. AMCs shall ensure that adequate arrangements are made by RTAs for the implementation of ASBA. Mutual Funds/AMCs shall make all relevant disclosures in this regard in the SAI.

15.10.4. SEBI circulars[376] related to ASBA, issued from time to time, shall be followed to the extent applicable.

15.10.5. The Mutual Funds/AMCs have to compulsorily provide ASBA facility to the investors for all NFOs launched.

15.11. Instant Access Facility (IAF)[377]

15.11.1. IAF facilitates credit of redemption proceeds in the bank account of the investor on the same day of redemption request. MFs/AMCs may offer IAF subject to the following conditions:

(a) **Eligibility**[378] - IAF shall be allowed through online mechanism in Overnight and Liquid Schemes of the MF only for resident individual investors.

(b) **Applicability**

(i) NAV: While observing the extant cut-off timings with respect to repurchase (i.e. Redemption), under IAF the following NAVs shall be applied:

(I) where the IAF application is received up to 3.00pm–the lower of (i) NAV of previous calendar day and (ii) NAV of calendar day on which application is received;

(II) where the IAF application is received after 3.00 pm –the lower of (i) NAV of calendar day on which such application is received, and (ii) NAV of the next calendar day.

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[375] SEBI Circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010

[376] SEBI Circular No. SEBI/CFD/DIL/DIP/31/2008/30/7 dated July 30, 2008, SEBI/CFD/DIL/2008/25/09dated September SEBI/CFD/DIL/MB/IS/5/2009/05/08 dated August 25, 5, 2008, 2009 and SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 and CIR/CFD/DIL/7/2010 dated July 13, 2010, Cir / IMD / DF / 6 / 2010 dated July 28, 2010

[377] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2017/39 dated May 08, 2017

[378] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608 dated July 30, 2021

(ii) Monetary Limit-The monetary limit under IAF shall be INR 50,000/-or 90% of latest value of investment in the scheme, whichever is lower. This limit shall be applicable per day per scheme per investor.

(c) **Liquidity**

(i) Liquidity for IAF shall be provided out of the available funds with the scheme and MFs/ AMCs shall put in place a mechanism so that adequate balance is available in the bank account of the scheme to meet liquidity/ redemption requirements under IAF. Such mechanism may be based on historical trends of instant access. For example, AMCs offering IAF may set aside in cash at least 3 times of the higher of, last one month's or three month's daily average of redemptions under instant access on a rolling day basis. AMCs shall also lay down robust processes for continuous monitoring and for funding the redemptions under the IAF.

(ii) MFs/ AMCs shall not borrow to meet the redemption requirements under IAF.

(d) **Disclosures**

(i) AMCs shall make appropriate disclosures in the scheme related documents about IAF and ensure that no mis-selling is done on the pretext of instant availability of funds to the investors.

(ii) Appropriate disclosures shall be made to the investors mentioning the scenarios under which IAF may be suspended and that IAF request would be processed as a normal redemption request in such circumstances.

(e) **Approvals and Controls**

(i) MFs/ AMCs shall offer IAF only after obtaining approvals from the AMC Board and the Trustees and keep in place adequate safeguards in the system to implement this facility.

(ii) IAF shall also be considered while carrying out stress testing of the schemes.

15.12. Use of e-wallet for investment in MFs[379]

15.12.1. MFs/AMCs may accept investment by an investor through e-wallets (Prepaid Payment Instruments (PPIs)) subject to the following:

[379] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2017/39 dated May 08, 2017

(a) MFs/ AMCs shall ensure that extant MF Regulations such as cut-off timings, time stamping, etc., are complied with for investment in MFs using e-wallets.

(b) MFs/ AMCs shall enter into an agreement / arrangement with issuers of PPIs for facilitating payment from e-wallets to MF schemes.

(c) Redemption proceeds shall be made only to the bank account of the investor/ unit holder.

(d) MFs/ AMCs shall ensure that total subscription through e-wallets for an investor is restricted to INR 50,000/- per MF per financial year. Further, the limit of INR 50,000/- would be an umbrella limit for investments by an investor through both e-wallet and/or cash, per Mutual Fund per financial year.

(e) In context of e-wallets, it shall be ensured that all e-wallets are fully compliant with KYC norms as prescribed by RBI[380].

(f) MFs/ AMCs shall ensure that e-wallet issuers shall not offer any incentives such as cashback, vouchers, etc., directly or indirectly for investing in MF schemes.

(g) MFs/ AMCs shall ensure that only amounts loaded into e-wallet through cash or debit card or net banking, can be used for subscription to MF schemes.

(h) MFs/ AMCs shall ensure that amount loaded into e-wallet through credit card, cash back, promotional scheme etc. shall not be allowed for subscription to MF schemes.

(i) MFs/ AMCs shall also comply with the requirement of no third party payment norm for investment made using e-wallets.

15.13. Process for Investments made in the name of a Minor through a Guardian[381]

15.13.1. Payment for investment by any mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian. For existing folios, the AMCs shall insist upon a change of Pay-out bank mandate before redemption is processed[382].

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[380] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/40 dated March 23, 2023,

[381] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019. Refer SEBI letter No. SEBI/HO/IMD/IMD-POD-I/P/OW/2023/51245/1 dated December 19, 2023

[382] Substituted by SEBI Circular No. SEBI/HO/IMD/POD-II/CIR/P/2023/0069 dated May 12, 2023. Prior to substitution, clause 15.11.1 read as under:

"Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor or from a joint account of the minor with the guardian only. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed."

15.13.2. Irrespective of the source of payment for subscription, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the account the minor may hold with parent/legal guardian after completing all KYC formalities[383].

15.13.3. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.

15.13.4. AMCs shall build a system control at the account set up stage of SIP, STP and SWP on the basis of which, the standing instruction is suspended when the minor attains majority, till the status is changed to major.

15.14. Nomination for Mutual Fund unit holders[384]

15.14.1. Investors subscribing to mutual fund units[385], shall have choice of:

(a) Providing nomination

(b) Opting out of nomination through a signed declaration form as provided in Format No. 9F.

15.14.2. AMC shall provide an option to the unit holder(s) to submit either the nomination form or the declaration form for opting out of nomination in physical or online as per the choice of the unit holder(s). In case of physical option, the forms shall carry the wet signature of all the unit holder(s). In case of online option, instead of wet signature(s) of all the unit holder(s), AMCs shall validate the forms:

(a) Using e-Sign facility recognized under Information Technology Act, 2000; or

(b) Through two factor authentication (2FA) in which one of the factor shall be a One-Time Password sent to the unit holder at his/her email/phone number registered with the AMC.

15.14.3. All AMCs shall ensure that adequate systems are in place for providing the e-Sign facility and take all necessary steps to maintain confidentiality and safety of client records.

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[383] Inserted vide SEBI Circular No. SEBI/HO/IMD/POD-II/CIR/P/2023/0069 dated May 12, 2023.

[384] SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/82 dated June 15, 2022, SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650 dated January 10, 2025, SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/0027 dated February 28, 2025, SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2025/110 dated July 30, 2025, SEBI Circular No. HO/42/36/12(4)2025-OIAE-IAD3 dated December11, 2025

[385] SEBI circular no. SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/105 July 29, 2022

15.14.4. All the AMCs were advised to set deadline as June 30, 2024[386] for nomination / opting out of nomination for all the existing individual unit holder(s) holding mutual fund units as mentioned at Paragraph 15.14.1 above, failing which the folios shall be frozen for debits. The said requirement shall be optional for jointly held Mutual Fund folios[387].

15.14.5. Further, AMCs and RTAs shall encourage the unit holder(s) to fulfil the requirement for nomination/ opting out of nomination by sending a communication on fortnightly basis by way of emails and SMS to all such unit holder(s) who are not in compliance with the requirement of nomination. The communication shall provide guidance by which the unit holder(s) can provide nomination or opt out of nomination[388].

15.15. Process for transmission of Units[389]

15.15.1. AMCs shall implement image based processing wherever the claimant is a nominee or a joint holder in the investor folio, to improve the processing turnaround time for transmission requests.

15.15.2. AMCs shall have a dedicated, Central Help Desk and a webpage carrying relevant information and instructions in order to provide assistance on the transmission process.

15.15.3. AMCs shall adopt a common Transmission Request Form (common fields) and NOC form. All such forms and formats shall be made available on the website of the AMCs, RTAs and AMFI.

15.15.4. AMCs shall implement a common set of document requirements for transmission of units to claimant who are nominees or joint holders in the investor account.

15.15.5. AMCs shall implement a uniform process for treatment of unclaimed funds to be transferred to the claimant including the unclaimed dividend.

15.15.6. AMCs shall not accept requests for redemption from a claimant pending completion of the transmission of units in his / her favor.

15.15.7. The Stamp duty payable by the claimant with respect to the indemnity bond and affidavit, shall be in accordance with the stamp duty prescribed by law.

15.15.8. AMCs and AMFI shall promote the importance of nomination as a part of its investor education and awareness programmes.

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[386] SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/193 dated December 27, 2023, SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/160 dated September 27 & 2023 SEBI Circular No. SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/47 dated March 28, 2023

[387] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/29 dated April 30, 2024

[388] SEBI Circular No. SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/47 dated March 28, 2023

[389] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2019/166 dated December 24, 2019. Refer SEBI letter No. SEBI/HO/IMD/IMD-POD-I/P/OW/2023/51245/1 dated December 19, 2023

15.15.9. AMFI has been advised to prescribe the forms and formats referred in Paragraph 15.15.3 common set of documents referred in Paragraph 15.15.4 and uniform process for treatment of unclaimed funds referred in Paragraph 15.15.5 and the same shall mandatorily be followed by all Mutual Funds/AMCs.

15.16. Mandatory mentioning of PAN [390]

15.16.1. For the requirement of mentioning PAN by investors of mutual fund schemes, the applicable guidelines issued by the Board may be referred[391].

15.17. Mandatory mentioning of Bank Account by Investors[392]

15.17.1. It shall be mandatory for the investors of the Mutual Funds schemes to mention their bank account numbers in their applications/request for redemption. For this purposes Mutual Funds/AMCs shall provide space in applications and redemption request forms.

15.18. SEBI Investors Education Programme – Investments in Mutual Funds[393]

15.18.1. SEBI has prepared a list of Frequently Asked Questions (FAQs) explaining the fundamental issues pertaining to mutual funds. The same is available on SEBI website http://www.sebi.gov.in under the "FAQs" section. The details for accessing the same are enclosed at **Annexure 9**.

15.18.2. AMCs shall circulate copies of the brochure among their distributors and agents (including brokers, banks, post offices) and the investors.

15.18.3. AMCs may publish the same as small booklets. In such a case, while the booklets shall bear SEBI name and logo, AMC may give their name as publisher. This may also be displayed prominently on their websites.

15.18.4. AMFI may consider including the FAQs as a part of study material for their training programmes for investors and for their certification programme conducted for agents and distributors.

15.18.5. SEBI may be kept informed about the steps taken by the AMCs in this regard from time to time.

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[390] SEBI Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007, SEBI Circular No. MRD/DoP/Cir-08/2007 dated June 25, 2007, SEBI Circular No. MRD/DoP/MF/Cir-08/2008 dated April 3, 2008, SEBI Circular No. MRD/DoP/Cir-20/2008 dated June 30, 2008, Refer SEBI Letter No. MRD/Policy/PAN/AT/97151/2007 dated June 25, 2007, Refer SEBI letter No. SEBI/HO/IMD/DF2/OW/P/2016/6768/1 dated March 08, 2016, Refer SEBI letter No. IMD/DF2/MSD/OW/P/2016/ 20426/1 dated July 20, 2016, Refer SEBI letter No. SEBI/HO/OW/IMD /PoD/P/2022/48112 /1 dated September 12, 2022

[391] SEBI Circular No. MRD/DoP/MF/Cir`-08/2008 dated April 3, 2008, SEBI Circular No. SEBI/IMD/CIR No. 6/ 4213/04 dated March 1, 2004, Refer SEBI letter No. OW/ 16541 /2012 dated July 24, 2012

[392] SEBI Circular No. IIMARP/MF/CIR/07/826/98 dated April 15, 1998. Refer SEBI letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/7541/1 dated February 09, 2024

[393] SEBI Cir No. MFD/CIR NO -13/370/02 dated January 16, 2002

15.19. Financial Inclusion[394]:

15.19.1. In context of Mutual Funds, financial inclusion implies that the concept of Mutual Fund products is understood by all and are accessible to anyone who wishes to make an investment in them. Also, investors should be capable of figuring out which Mutual Fund scheme is appropriate for their financial objectives. In this regard:

(a) AMCs shall mandatorily make available printed literature on mutual funds in regional languages for investor awareness and education.

(b) AMCs shall introduce Investor awareness campaign in regional languages both in print and electronic media.

15.20. Voluntary Lock-in / Debit freeze facility to Mutual Fund folios[395]

15.20.1. In the first phase, the facility to lock the folio shall be provided to mutual fund investors by the RTAs through MF Central platform, which was introduced under Paragraph 17.5 of this Master Circular.

15.20.2. The facility shall be enabled only for KYC complied (Registered / Validated) investors having valid Email ID and Mobile number (both mandatory).

15.20.3. AMFI shall prescribe the detailed process for locking and unlocking of folios to all AMCs / RTAs and shall also provide the processes to be followed by different types of investors after due consultation with the Board.

15.20.4. AMFI shall also prescribe the detailed list of financial transactions and non-financial transactions that are allowed during such lock-in period to AMCs / RTAs.

15.20.5. The detailed process of opting for such a facility and impact on different financial transactions and non-financial transactions during the lock in period shall be disclosed by all AMCs / RTAs on their websites and in SAI.

15.20.6. The provisions under Paragraph 15.20 shall come into force with effect from April 30, 2026.

15.21. Guidelines for Digital Accessibility

[394] SEBI Cir No. CIR/IMD/DF/05/2014 dated March 24, 2014
[395] SEBI Circular No. HO/24/12/12(5)2026-IMD-SEC-1/I/6373/2026 dated March 06, 2026

15.21.1. AMCs/MFs shall comply with the guidelines for digital accessibility issued by the Board, in line with Rights of Persons with Disabilities Act, 2016.[396]

[396] SEBI Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/111 dated July 31, 2025, SEBI Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/121 dated August 29, 2025, SEBI Circular No. SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/131 dated September 25, 2025, SEBI Circular No. HO/13/19/13(2)2025-ITD-1_VIAP/I/187/2025 dated December 08, 2025

CHAPTER 16: CERTIFICATION AND REGISTRATION OF INTERMEDIARIES[397] [398]

16.1. No AMC 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[399].

16.2. The certification examination for distributors, agents or any other persons employed or engaged or to be employed or engaged in the sale and/or distribution of mutual fund products, shall be conducted by the National Institute of Securities Markets (NISM)[400].

16.3. As per Regulation 4(3) of the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007, the eligible persons may obtain the certification either by passing the NISM certification examination or qualifying for Continuing Professional Education (CPE) by obtaining such classroom credits as may be specified by NISM from time to time. They shall also follow the guidelines prescribed by the Board and AMFI from time to time.

16.4. No AMC shall engage/employ employee(s) interacting with investors (i.e. those working in investors relations, call centres, employees engaged in sales and marketing etc.) unless they have cleared the certification examination.

16.5. Further, such intermediaries and employees shall also adhere to the Guidelines specified by the Board and AMFI[401].

16.6. Due diligence of Mutual Fund Distributors[402]

16.6.1. The AMCs shall regulate the distributors by putting in place a due diligence process as follows:

(a) The due diligence of distributors is solely the responsibility of mutual funds/AMCs. This responsibility shall not be delegated to any agency. However, mutual funds/AMCs may take assistance of an agency of repute while carrying out due diligence process of distributors[403].

(b) The due diligence process shall be initially applicable for distributors satisfying one or more of the following criteria:

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[397] SEBI Circular No. MFD/CIR No.10/310/01 dated September 25, 2001, SEBI Circular No. MFD/CIR/20/23230/2002 dated November 28, 2002, SEBI Circular No. SEBI/MFD/CIR No.01/6693/03 dated April 3, 2003, SEBI Circular No. SEBI/IMD/CIR No.2/254/04 dated February 4, 2004, SEBI Circular No. MFD/CIR/06/210/2002 dated June 26, 2002.

[398] Exemption for Senior Citizens: Senior citizens with experience in distributing Mutual Funds units are exempt from the mandatory certification examination if they have completed 50 years of age and have experience of at least 5 years as on September 30, 2003. They are also required to follow the guidelines prescribed by the Board and AMFI. They had to attend a mutual fund training programme and a certificate to that effect endorsed by a mutual fund should be submitted to AMFI.

[399] Refer SEBI letter No.– OW / 14970 / 2012 dated July 5, 2012

[400] SEBI Circular No. Cir/IMD/DF/5/2010 dated June 24, 2010

[401] SEBI Circular No. MFD/CIR No.10/310/01 dated September 25, 2001, SEBI Circular No. MFD/CIR/20/23230/2002 dated November 28, 2002, Refer SEBI email dated September 22, 2020 & October 14, 2020

[402] SEBI Circular No. CIR/IMD/DF/13/2011 dated August 22, 2011, Refer SEBI email dated February 17, 2011.

[403] SEBI Circular No. Cir/IMD/DF/7/2012 dated February 28, 2012, Refer SEBI letter no. IMD/RB/35057/2011 dated November 16, 2011

(i) Multiple point presence (More than 20 locations)

(ii) AUM raised over Rs.100 Crore across industry in the non-institutional category but including high net worth individuals (HNIs)

(iii) Commission received of over Rs.1 Crore p.a. across industry

(iv) Commission received of over Rs.50 Lakh from a single Mutual Fund

(c) At the time of empanelment and periodic reviews, Mutual Funds/AMCs shall undertake a due diligence process to satisfy 'fit and proper' criteria that incorporate, amongst others, the following factors:

(i) Business model, experience and proficiency in the business.

(ii) Record of regulatory / statutory levies, fines and penalties, legal suits, customer compensations made; causes for these and resultant corrective actions taken.

(iii) Review of associates and subsidiaries on above factors.

(iv) Organizational controls to ensure that the following processes are delinked from sales and relationship management processes and personnel:

(I) Customer risk / investment objective evaluation.

(II) MF scheme evaluation and defining its appropriateness to various customer risk categories.

(d) Customer relationship and transactions shall be categorized as:

(i) <u>Advisory</u> - where a distributor represents to offer advice while distributing the product, it shall be subject to the principle of 'appropriateness' of products to that customer category. Appropriateness is defined as selling only that product categorization that is identified as best suited for investors within a defined upper ceiling of risk appetite. No exception shall be made.

(ii) <u>Execution Only</u> - in case of transactions that are not categorized as 'advisory':

(I) Where the distributor has information to believe that the transaction is not appropriate for the investor, a written communication be made to the investor regarding the unsuitability of the product. The communication shall have to be duly acknowledged and accepted by investor.

(II) An investor confirmation to the effect that the transaction is 'execution only' notwithstanding the advice of in-appropriateness from that distributor be obtained prior to the execution of the transaction.

(III) For all such 'execution only' transactions, the investor is not required to pay the distributor anything[404].

(iii) There shall be no third categorization of customer relationship / transaction.

(iv) While selling Mutual Fund schemes of group entities[405] or associates, the distributor shall make disclosure to the customer regarding the conflict of interest arising from the distribution of such schemes.

(e) Compliance and risk management functions of the distributor shall include review of defined management processes for:

(i) The criteria to be used in review of products and the periodicity of such review.

(ii) The factors to be included in determining the risk appetite of the customer and the investment categorization and periodicity of such review.

(iii) Review of transactions, exceptions identification, escalation and resolution process by internal audit.

(iv) Recruitment, training, certification and performance review of all personnel engaged in this business.

(v) Customer on boarding and relationship management process, servicing standards, enquiry / grievance handling mechanism.

(vi) Internal/ external audit processes, their comments / observations as it relates to MF distribution business.

(vii) Findings of ongoing review from sample survey of investors.

(f) Mutual Funds/AMCs may implement additional measures as deemed appropriate to help achieve greater investor protection.

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[404] SEBI Circular No.. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/115 dated August 08, 2025
[405] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

16.7. Code of Conduct for Mutual Fund Distributors[406]:

16.7.1. AMCs shall 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.

16.7.2. Any noncompliance with the MF Regulations and Guidelines pertaining to Mutual Funds including guidelines on advertisements and/ or sales literature and/or applicable Code of Conduct shall be reported in the periodic meetings of the Board of the AMC and the Trustee(s). Such non-compliance shall also be reported to the Board by the AMC(s) in their CTR(s) and by the Trustees in their HYTR.

16.7.3. AMFI has prescribed a Code of Conduct for Mutual Fund intermediaries which is available on AMFI Website[407]. All intermediaries shall strictly adhere to the Code of Conduct and not indulge in any practice contravening it directly or indirectly[408].

16.7.4. Non-compliance with the Code of Conduct shall be reported by the AMC to the Board and AMFI. Further, any instance of mis-selling shall be dealt with, in accordance with the guidelines issued by SEBI from time to time[409], and no Mutual Fund shall deal with intermediaries contravening the prescribed Code of Conduct.

16.8. Empanelment of Intermediaries by Mutual Funds[410]

16.8.1. Empanelment of intermediaries by AMCs, 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. AMCs 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, AMCs shall suspend further business and payment of commissions, etc. until full compliance by the empanelled intermediary.

16.9. New cadre of distributors[411]

16.9.1. The following new cadre of distributors, shall be allowed to sell units of simple and performing mutual fund schemes:

(a) postal agents,

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[406] Refer SEBI letter No. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/2463/1 dated March 21, 2022 & SEBI letter No. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/14567/1 dated April 04, 2022
[407] Also refer SEBI Circulars - MFD/CIR/ 06/210/2002 dated June 26, 2002; MFD/CIR/20/23230/02 dated November 28, 2002 and SEBI/IMD/08/174648/2009 dated August 27, 2009.
[408] Refer SEBI letter No. SEBI/HO/OW/IMD/SEC-DIV-3/P/2022/44787/1 dated August 24, 2022
[409] SEBI letter no. SEBI/HO/OW/IMD/SEC-Div3/P/2025/194/1 dated January 09, 2025
[410] Refer SEBI letter No. IMD/SM/10 dated June 02, 2010
[411] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, Refer SEBI Letter No. IMD/OW/24/2013dated January 02, 2013

(b) retired government and semi-government officials (class III and above or equivalent) and retired teachers and retired bank officers, with a service of at least 10 years, and

(c) other similar persons (such as Bank correspondents) as may be notified by AMFI/AMC from time to time

16.9.2. Simple and performing mutual fund schemes shall comprise of diversified equity schemes, fixed maturity plans (FMPs), index schemes, Retirement benefit schemes having tax benefits and Liquid schemes/ Money Market Mutual Fund schemes[412] and should have returns equal to or better than their scheme benchmark returns during each of the last three years.

16.9.3. These new cadre of distributors would require a simplified form of NISM certification and AMFI Registration.

16.10. Alternative distribution channels[413]

16.10.1. Distribution through PSU Banks: Mutual Funds/AMCs may distribute mutual fund products through PSU Banks.

16.10.2. Online distribution[414]: Mutual Funds/AMCs shall enhance the online investment facility and tap the internet savvy users to invest in Mutual Funds by providing an online investment facility on their websites. Mutual Funds/AMCs shall also tap the burgeoning mobile-only internet users for direct distribution of Mutual Fund products.

16.11. Unique Identity Number

16.11.1. AMFI shall create a unique identity number of the employee/ relationship manager/ sales person of the distributor interacting with the investor for the sale of mutual fund products, in addition to the AMFI Registration Number (ARN) of the distributor.

16.11.2. The application form for mutual fund schemes shall have provision for disclosing the unique identity number of such sales personnel along with the ARN of distributor.

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[412] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/37 February 25, 2016.
[413] SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014
[414] Refer SEBI emails dated June 04, 2010 and July 28, 2010

CHAPTER 17: TRANSACTION IN MUTUAL FUNDS UNITS

17.1. Maintenance of documents[415]

17.1.1. As per the requirements specified by Board in respect of "Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002 and Rules framed thereunder"[416], maintenance of all documentation pertaining to the unitholders/ investors is the responsibility of the AMC.

17.1.2. Accordingly, AMCs shall confirm whether all the investor related documents have been maintained/ available with the AMC. If not, and to the extent of and relating to such investor accounts/folios where investor related documentation is incomplete/inadequate/not available or are stated to be maintained by the distributors, then the Trustees shall ensure the following:

(a) No further payment of any commissions, fees and / or payments in any other mode shall be made to such distributors till compliance/ completion of the steps enumerated herein.

(b) Take immediate steps to obtain all supporting documents in respect of the past transactions and all investor/ unit holders documents in terms of the AML/ CFT, including KYC documents/ PoA as applicable.

(c) On a one-time basis, send statement of holdings and all transactions since inception of that folio in duplicate to the investor and seek confirmation from the unit holders on the duplicate copy.

(d) Set up a separate customer services mechanism to handle/ address queries and grievance of the above mentioned unitholders.

17.1.3. Pending completion of documentation, exercise great care and be satisfied of investor bonafides before authorizing any transaction, including redemption, on such accounts/ folios.

17.1.4. The Trustees shall confirm to Board that the steps have been taken to address the above and also send the status to the Board as and when process is completed to their satisfaction.

17.1.5. All mutual funds/ AMCs shall ensure that[417]:

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[415] SEBI Circular No - SEBI/IMD/CIR No.12 /186868 /2009 dated December 11, 2009, Refer SEBI letter No. IMD/AT/2868/10 dated April 27, 2010 and SEBI email dated August 20, 2010, Refer SEBI letter No. SEBI/HO/IMD2/DoF4/OW/P/19402/2019 dated July 30, 2019, Refer SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/27993/2022 dated July 08, 2022 and SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/27989 dated July 08, 2022

[416] SEBI Circular No ISD/AML/CIR-1/2008 dated December 19, 2008

[417] SEBI Circular No Cir /IMD/DF/9 / 2010 dated August 12, 2010, Refer SEBI email dated January 10, 2020

(a) All new folios/ accounts shall be opened only after ensuring that all investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature are available with AMCs/RTAs and not just with the distributor.

(b) For existing folios, AMCs shall be responsible for updation of the investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature.

17.2. Facilitating transactions in Mutual Fund schemes through the Stock Exchange infrastructure[418]

17.2.1. The Stock Exchange infrastructure, including terminals and online platforms, can be used for facilitating transactions in Mutual Fund schemes. This facility extends the convenience available to secondary market investors to mutual fund investors.

17.2.2. **Stock Brokers, Clearing Members and Depository Participants:**

(a) The units of Mutual Fund schemes may be permitted to be transacted through the following registered entities.

Entity type	**Permitted activity**
Stock Brokers registered with recognized Stock Exchanges	Purchase & Redemption
Clearing Members of recognized Stock Exchanges	Purchase & Redemption
Depository Participants (DPs) registered with recognized Depositories	Redemption only (for units held in demat form)

The above entities shall be eligible to be considered as "Official Points of Acceptance"[419]

(b) In this regard, Mutual Funds/AMC are advised that:

(i) Empanelment and monitoring of Code of Conduct:

(I) The stock brokers, clearing members and depository participants[420] intending to facilitate transaction in Mutual Funds through stock exchange mechanism shall be required to comply with the requirements of passing

[418] SEBI Circular No - SEBI /IMD / CIR No.11/183204/ 2009 dated November 13,2009, Refer SEBI letter No. SEBI/HO/IMD/DF5/OW/P/2020/11567/1 dated July 10, 2020, Refer SEBI letter no. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/8536/1 dated February 25, 2022
[419] SEBI Circular No. SEBI/IMD/CIR No.11/78450/06 dated October 11, 2006, Refer SEBI email dated February 07, 2011
[420] SEBI Circular dated November 13, 2009 for stock brokers

the AMFI/NISM certification examination[421]. All such stock brokers, clearing members and depository participants would then be considered as empanelled distributors with mutual fund/AMC.

(II) These stock brokers, clearing members and depository participants shall also comply with Code of Conduct[422] for intermediaries of Mutual Funds, and applicable SEBI guidelines[423], applicable to intermediaries engaged in selling and marketing of mutual fund units.

(III) Stock exchanges shall monitor the compliance of the code of conduct specified regarding empanelment of intermediaries by mutual funds[424].

(ii) Time stamping: Time stamping as evidenced by confirmation slip given by stock exchange mechanism to be considered sufficient compliance with clause for cut–off timing for liquid scheme and plans, cut-off timing for other schemes and plans and time stamping provisions mandated by the Board[425].

(iii) Investor grievance mechanism: Stock exchanges and Depositories shall provide investor grievance handling mechanism to the extent they relate to disputes between their respective regulated entity and their client and shall also monitor the compliance of code of conduct specified[426] regarding empanelment and code of conduct for intermediaries of Mutual Funds.

(iv) Know your client (KYC)

(I) For units held in dematerialised form, the KYC performed by DP in terms of SEBI requirements[427] shall be considered compliance with applicable requirements specified in this regard[428] by Mutual Funds/AMCs.

(II) The Mutual Funds/AMC shall take necessary steps to do KYC requirements of all investors as per the prescribed guidelines[429].

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[421] Please refer Chapter 16 on Certification and Registration of Mutual Funds intermediaries
[422] For Code of Conduct, please refer to AMFI website
[423] Please refer Chapter 16 on Certification and Registration of Mutual Funds intermediaries
[424] Please refer Chapter 16 on Certification and Registration of Mutual Funds intermediaries
[425] Please refer to Chapter 9 on Net Asset Value for details on cut off timing provisions
[426] SEBI Circulars MFD/CIR/20/23230/02 dated November 28, 2002 and SEBI/IMD/08/174648/2009 dated August 27, 2009
[427] SEBI Circular No - MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 and SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009
[428] SEBI Circular No - ISD/AML/CIR-1/2008 dated December 19, 2008
[429] SEBI Circular No. MIRSD/SE/Cir-21/2011, dated October 5, 2011, SEBI Circular No. MIRSD/Cir-23/2011 dated December 2, 2011 and SEBI Circular No. MIRSD/Cir- 26 /2011 dated December 23, 2011

(v) Stock exchanges and mutual funds/AMCs, based on the experience gained may improve the mechanism in the interest of investors.

(vi) The respective stock exchanges and Depositories shall provide detailed operating guidelines to facilitate the above and ensure that timelines prescribed[430] shall be adhered to with regard to allotment of units and receipt of redemption proceeds at the investor's level.

17.2.3. **Investment Advisors (RIAs)**

(a) [431]SEBI Registered Investment Advisors (RIAs) may use infrastructure of the recognised stock exchanges to purchase and redeem mutual fund units directly from Mutual Fund/AMCs on behalf of their clients, including direct plans.

17.2.4. **Mutual Fund Distributors(MFDs):**

(a) [432]A mutual fund Distributor registered with AMFI and who has been permitted by the concerned recognised stock exchange, shall be eligible to use recognised stock exchanges' infrastructure to purchases and redeem mutual fund units directly from Mutual Fund/AMCs.

(b) The recognised stock exchange shall grant permission on a request made by a AMFI registered mutual fund distributor on the basis of criteria including fee, code of conduct, etc. as laid down by it.

(c) The MF distributors shall not handle payout and pay in of funds as well as units on behalf of investor. The recognised stock exchange shall put necessary system in place to ensure that pay in will be directly received by recognised clearing corporation and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account of investors, where held in demat mode.

(d) In order to broad base the reach of this platform, it is decided to permit non-demat transactions also in the Mutual fund through stock exchange platform[433].

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430 Please refer to Chapter 9 on Net Asset Value for details on cut off timing provisions
431 SEBI Circular No. SEBI/HO/MRD/DSA/CIR/P/2016/113 dated October 19, 2016
432 SEBI Circular No. CIR/MRD/DSA/32/2013 dated October 04, 2013
433 SEBI Circular No. CIR/MRD/DSA/33/2014 dated December 09, 2014,

(e) The respective recognised stock exchanges, recognised clearing corporations and depositories shall provide detailed operating guidelines for MF distributor to facilitate the above.

17.2.5. **Investors:**

(a) [434]Investors have been allowed to directly access infrastructure of the recognised stock exchanges to purchase and redeem mutual fund units directly from Mutual Fund/ Asset Management Companies.

17.3. Discontinuation of usage of pool accounts for transactions in units of Mutual Funds[435]

17.3.1. Pooling of funds and/or units in any form or manner by Stock Brokers, Clearing Members, Mutual Fund Distributors (MFDs), Investment Advisers (IAs), MF Utilities (MFU), Channel Partners, or any other service providers/platforms, by whatsoever name called shall be discontinued for mutual fund transactions. However, this requirement shall not apply to the SEBI registered Portfolio Managers subject to compliance with SEBI (Portfolio Managers) Regulations, 2020 and circulars issued thereunder.

17.3.2. In case of transactions through service providers/platforms other than stock exchanges, AMCs shall ensure that the transactions (financial/ non-financial) can be executed only if there is a service agreement between the AMC and the service provider / platform.

17.3.3. Stock Brokers, Clearing Members, MFDs, IAs, MFU, Channel Partners, or any other service providers/platforms, by whatsoever name called shall ensure that funds are neither accepted nor handled in their proprietary or pool accounts. AMCs and Stock Exchanges shall put necessary mechanisms in place to ensure the settlement of funds and units in the manner specified below:

Sl No.	**Type of transaction**	**Stock Exchange Platforms**	**Platforms / Service Providers other than stock exchanges**
(a)	**Funds Pay-in (i.e. Subscription transaction)**	Directly received by the Clearing Corporation from the investor's account.	Directly credited from the investor's account into the Mutual Fund Scheme Account without any intermediate pooling. For ease of

[434] SEBI Circular No. SEBI/HO/MRD1/DSAP/CIR/P/2020/29 dated February 26, 2020
[435] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/635 dated October 4, 2021, Refer SEBI letter No. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/10847/1 dated March 15, 2022

			transactions, funds can be routed through payment aggregators authorized by RBI or SEBI recognized clearing corporations, as the case may be.
(b)	**Funds Pay-out (i.e. Redemption transaction)**	Directly made to the investor's account by the Clearing Corporation.	Directly credited to the investor's registered bank account from the Mutual Fund Scheme Account without any intermediate pooling.
(c)	**Unit Subscription and Redemption***	For both demat and non-demat mode transactions, the units shall be credited and debited directly to/ from the investor's demat account/ folio account without routing it through the pool account of the stock brokers / clearing members.	For both demat and non-demat mode transactions, the units shall be credited and debited directly to/ from the investor's account by/to the mutual fund without any intermediate pooling.

**Note:* *for redemption of units held in dematerialised mode, the practice of issuance of Delivery Instruction Slip ('DIS') (physical or electronic) to the Depository Participant to debit the units for delivery to clearing corporation may continue.*

17.3.4. Stock Brokers, Clearing Members, MFDs, IAs, MFU, Channel Partners, or any other service providers/platforms, by whatsoever name called shall strictly adhere to the following provisions w.r.t. payment instruments:

Sl No.	**Type of payment**	**Stock Brokers/ Clearing Members**	**MFDs, IAs, MFU, Channel Partners and other entities (including online platforms)**
(a)	**Cheques**	Accept cheque payments from investors issued in favor of the respective SEBI recognized Clearing	Cheque payments from investor shall be made in favor of the respective MF Schemes only.

		Corporations or mutual fund scheme(s) only;	
(b)	**SIPs or Lumpsum**	Not accept mandates for SIPs or Lumpsum transactions in their name	Not accept mandates for SIPs or Lumpsum transactions in their name.
(c)	**One-time Mandate**	Not accept payment through one-time mandate or issuance of mandates/ instruments in their name for mutual fund transactions.	Not accept payment through one-time mandate or issuance of mandates/ instruments in their name for mutual fund transactions.
(d)	**New mandate**	On or after July 01, 2022, new mandates shall be accepted only in favor of SEBI recognized Clearing Corporations and those mandates shall exclusively be for subscriptions to units of Mutual Fund schemes and not for any other purpose.	On or after April 01, 2022, new Mandates may be accepted in the name of the OTM holders, subject to compliance with conditions mentioned in below mentioned Item No. (e) under Paragraph 17.3.4 and those mandates shall exclusively be for subscriptions to units of Mutual Fund schemes and not for any other purpose.
(e)	**Existing Mandates**	(i) Existing mandates (i.e. before July 01, 2022) being used for Mutual Fund transactions can continue to remain in the name of the stock brokers / clearing members, subject to Stock Exchanges/ Clearing Corporations ensuring that Payment Aggregators ("PA") puts in place mechanisms wherein beneficiary of	(i) Existing mandates (i.e. before April 01, 2022) being used for Mutual Fund transactions can continue to remain in the name of OTM holders, subject to AMCs ensuring that Payment Aggregators ("PA") puts in place mechanisms wherein beneficiary of the mandate can only be an Approved Account

		the mandate can only be an Approved Account (which shall only be the bank account of the Clearing Corporation) such that: (I) PA shall directly credit the monies collected from the bank account of the investor only into an Approved Account; and (II) PA shall not act on instructions of the stock brokers / clearing members to alter or modify the list of Approved Accounts and in no case the monies shall be credited to the bank account of the stock brokers / clearing members. (ii) With respect to processing mutual fund transactions under the above mentioned mandates, Stock Exchanges/ Clearing Corporations shall: (I) ensure that PA has put in place adequate checks and balances, inter alia, to ensure such Approved Account is that of a Clearing Corporation;	(which shall only be the bank account of a mutual fund pool account or mutual fund scheme account) such that: (I) PA shall directly credit the monies collected from the bank account of the investor only into an Approved Account; with the credit being made as per the mandate/instruction given to the OTM holder by the client; and (II) PA shall not act on instructions of the OTM holder to alter or modify the list of Approved Accounts and in no case the monies shall be credited to the bank account of the OTM Holder. (ii) With respect to processing mutual fund transactions under the above mentioned mandates, AMCs shall: (I) ensure that PA has put in place adequate checks and balances, inter alia, such that Approved Account is that of a mutual fund scheme or mutual fund registered with the Board;

		(II) enter into an agreement with the concerned PA to ensure that only those mutual fund transactions are processed through them which are in compliance with these guidelines. (III) have adequate checks and balances to monitor and govern the receipt of payments through the PA, including by way of third party audits (at least on an annual basis), to verify the compliance with these provisions which shall form part of the agreement with the PA.	(II) enter into an agreement with the concerned PA to ensure that only those mutual fund transactions are processed through them which are in compliance with these provisions. (III) have adequate checks and balances to monitor and govern the receipt of payments through the PA, including by way of third party audits (at least on an annual basis), to verify the compliance with these provisions which shall form part of the agreement with the PA. (iii) AMCs shall be liable to the unit holders for breach of these conditions or misuse of funds by PA or OTM holder with respect to mandates covering Mutual Fund transactions.

17.3.5. For better investor experience and faster transfer of funds, AMCs shall provide different methods of payment through RBI recognized modes of payment.

17.3.6. Stock Exchanges / Clearing Corporations shall provide investor grievance redressal / arbitration mechanism to clients against stock brokers/ clearing members (as is applicable for other segment of Stock Exchange transactions), in case of breach of these conditions or misuse of funds by the PA appointed by the stock brokers/ clearing members or by the stock brokers/clearing members with respect to mandates accepted in respect of Mutual Fund transactions.

17.3.7. The onus of compliance with PMLA provisions and not permitting transactions with third party bank account continues to lie with the AMCs. AMCs may avail the services of SEBI recognized Clearing Corporations to validate the investors' source bank account information. In such cases, Clearing Corporation shall make the necessary source account details available to AMCs.

17.3.8. To facilitate investor servicing and parity in information dissemination, Stock Exchanges, Depositories, AMCs, RTAs, and other entities involved in mutual fund transactions, shall ensure the following:

(a) Detailed information at each stage of the relevant transaction, including rejection, shall be made available at the same time to all the stakeholders of the same category involved in the transactions, as applicable, including investors, banks, stock brokers, clearing members, clearing corporations, RTAs, AMCs, MFDs, IAs, etc. in line with the operating guidelines issued by the Stock Exchanges/AMFI. Only payment related information required to ensure reconciliation and traceability shall be made available to the Payment Aggregators.

(b) The information sharing as above, shall be system generated and adequately secured.

(c) Cost towards system development / improvement in this regard, if any, shall not be passed on to the investors.

(d) The information sharing with respect to direct plans of mutual fund schemes shall be in line with the clarifications issued by the Board to AMFI[436]

17.3.9. Stock Exchanges and AMFI shall jointly, in consultation with the Board, issue Operating Guidelines to stock brokers/ clearing members and AMCs respectively, to facilitate the mutual fund transactions on stock exchange platforms. The Operating Guidelines shall include, inter-alia, roles and responsibilities of various stakeholders, timelines with respect to activities specified in Paragraph 17.3 of this Master Circular, sharing of system generated information among various stakeholders at relevant stage of the transaction in a secured environment, sharing of relevant information with concerned entities to perform functional, tax

[436] SEBI letter to AMFI dated September 6, 2021 (can be accessed from AMFI website at https://www.amfiindia.com/Themes/Theme1/downloads/circulars/SEBIClarificationw.r.t.transactionsunderDirectPlan.PDF)

and regulatory obligations, etc. All the concerned intermediaries shall comply with the aforesaid Operating Guidelines.

17.3.10. It is reiterated that in terms of Regulation 4 (g) of SEBI (Investment Advisers) Regulations, 2013, stock brokers are required to comply with general obligations and responsibilities specified in Chapter III of SEBI (Investment Advisers) Regulations, 2013, which, inter-alia, provide that client level segregation of advisory and distribution activities needs to be ensured at the entity and group level.

17.3.11. AMFI, in consultation with the Board, shall issue guidelines for AMCs with regard to mitigating risks of co-mingling of funds at the level of Payment Aggregators/Payment Gateways involved in mutual fund transactions. It shall be mandatory for all AMCs to follow such guidelines.

17.3.12. For the purpose of provisions of this Chapter, the term:

(a) “mandate” includes instrument, authorisation or order in any form, including electronic means, to effect a payment by a person for the purpose of mutual fund investment; and

(b) “Payment Aggregators” includes Payment Aggregators authorized / permitted by RBI and scheduled commercial banks acting in the capacity of Payment Aggregators.

17.4. Other measures to prevent third-party payments and to safeguard the interest of unitholders

17.4.1. The onus of compliance with PMLA provisions and not permitting usage of third party bank account payments continues to lie with the AMCs.

17.4.2. AMCs shall make sure that payment for MF transactions are accepted through only such modes where independent traceability of end investor can be ensured and source account details are available as audit trail without relying on any other intermediary’s records.

17.4.3. However, the investment in MF by way of cash/ through e-wallets (Prepaid Payment Instruments) shall be in compliance with Paragraph 17.6 (for cash) and Paragraph 15.12 (for e-wallets) of this Master Circular, respectively.

17.4.4. AMCs shall ensure that payment is credited directly to the registered and verified bank account of the investor mapped with the concerned folio, after due verification. The process carried out by AMCs to verify bank account details i.e. investor name, bank account number, bank name, etc. shall be available as audit trail.

17.4.5. [437]In case of subscription[438] and redemption of units, Two-Factor Authentication (for online transactions) and signature method (for offline transactions) shall be used for authentication. One of the Factors for such Two-Factor Authentication for non demat transactions shall be a One-Time Password sent to the unit holder at his/her email/ phone number registered with the AMC/RTA. In case of demat transaction, process of Two-Factor authentication as laid down by the Depositories shall be followed[439]. It is also clarified that in case of mandates/systematic transactions the requirement of Two-Factor Authentication shall be applicable only at the time of registration of mandate/systematic transactions[440].

17.4.6. AMFI's best practice guidelines issued for AMCs with regard to Two-Factor authentication for redemption transactions of Mutual Funds shall be revised suitably to include subscription transactions of Mutual Funds. It shall be mandatory for all AMCs to follow such guidelines.

17.4.7. AMC shall be liable to compensate the losses, if any, occurred to a unit holder, where unauthorised transaction(s) occur(s) in unit holder's folio due to fraud/ negligence/ deficiency on the part of the AMC, employee of AMC or persons/ entities whose services have been availed by the AMC including the platform providers, MFDs, RTAs, MFU, and channel partners, irrespective of whether or not the fraud is reported by the unit holder. For this purpose, it is clarified that any unauthorised transaction(s) performed by the Investment Advisors while providing services to the unit holder(s) shall not be considered as a liability of the AMC.

17.4.8. To strengthen control with respect to verification of key details of investors like Bank account details, email id, mobile number and address etc., AMFI, in consultation with the Board, has issued guidelines. It shall be mandatory for all AMCs to follow such guidelines.

17.5. RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service requests[441]

17.5.1. RTAs shall implement standardized practices, system interoperability amongst themselves to jointly develop a common industry wide platform that will deliver an integrated, harmonized, elevated experience to the investors across the industry. AMCs, Depositories and other stakeholders shall facilitate the RTAs for development and to create awareness of the proposed platform

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437 SEBI Circular No. SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/29 dated March 15, 2022
438 SEBI Circular No. SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/132 dated September 30, 2022
439 SEBI Circular No. SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/41 dated March 31, 2022
440 SEBI Circular No. SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/132 dated September 30, 2022
441 SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated July 26, 2021.

17.5.2. The aforesaid platform shall, inter alia in phases, enable a user-friendly interface for investors for execution of mutual fund transactions viz. purchase, redemption, switch etc., initiation and tracking of service requests viz. change of email id / contact number / bank account details etc., initiation and tracking of queries and complaints, access investment related reports viz. mutual fund holdings (both in demat and standard SOA), transactions reports (including historic transactions), capital gains/loss report, details of unclaimed dividend/redemption etc. Through this platform, investors will be able to access these services for all Mutual Funds in an integrated manner. In this regard, AMCs, RTAs and Depositories shall take necessary measures to provide data via APIs on a real time basis to the proposed platform. Additionally, RTAs and Depositories shall also share their respective data feeds between themselves for generation of investment related reports.

17.5.3. The platform may also over time, provide services to the distributors, Registered IAs, AMCs, Stock Exchange platforms and digital platforms for transacting in mutual funds to further augment ease of investing and servicing of investors through the above stakeholders in consultation with the Board.

17.5.4. AMCs, RTAs and Depositories shall review and agree to harmonize the processes across the industry to provide a single-window, integrated, simplified investment and service experience for the investors.

17.5.5. AMCs, RTAs, and Depositories shall adopt the data definitions and standards as provided / recommended by the Board for data exchange amongst various participants.

17.5.6. The Platform should be scalable with robust cyber security protocols and supported through an API-based architecture. In this regard, the platform shall adopt the Cyber Security and Cyber Resilience framework specified by the Board from time to time to "MIIs" and "Qualified RTAs". Further, on request basis, APIs could be exposed to other industry stakeholders such as distributors, registered IAs, Stock Exchange platforms and digital platforms etc. with due approval of the concerned Mutual Fund on mutually agreed terms[442].

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

[442] Refer SEBI email dated April 28, 2015

17.6. Cash Investments in mutual funds[443]

17.6.1. In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, cash transactions in mutual funds to the extent of 50,000/-[444] per investor, per mutual fund, per financial year shall be allowed subject to (i) compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines and (ii) sufficient systems and procedures in place.

17.6.2. Repayment in the form of redemptions, dividend, etc. with respect to aforementioned investments shall be paid only through banking channel.

17.7. Usage of pool accounts by Mutual Funds[445]

17.7.1. Mutual Funds may use pool accounts, only for such transactions which are executed at mutual fund level owing to certain operational and regulatory requirements, subject to the following conditions:

(a) AMCs shall have internal policies approved by the Board of AMC and Trustees to ensure that adequate operational processes and internal controls are in place to segregate and ring-fence the assets and liabilities of each scheme along with segregation and ring-fencing of securities & bank accounts.

(b) In such cases, at the end of day, the assets and liabilities of each scheme shall be segregated and ring-fenced from other schemes of the mutual fund; and bank accounts and securities accounts of each scheme shall be segregated and ring-fenced. The pool accounts for both securities and funds should have nil balance at end of the day, except government securities including TREPS and REPO in government securities held in SGL/CSGL accounts in terms of Clause 7 of Sixth Schedule of MF Regulations. For the securities held in SGL/CSGL accounts, the AMC must maintain a clear record of segregation of such securities for each scheme in its books of accounts.

Provided that if the funds lying in the pool bank account of the mutual fund are not identified, due to the reasons beyond the control of the AMC, the same shall be transferred to the respective

[443] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012.
[444] SEBI Circular No. CIR/IMD/DF/10/2014 dated May 22, 2014
[445] SEBI/HO/IMD/DF2/CIR/P/2021/683 dated December 10, 2021

scheme account not later than one business day from the day such transactions are identified.

(c) At no point of time, the securities or funds of one schemes shall be used for other scheme(s) and there shall be any conflict of interest amongst investors of various schemes.

(d) The responsibility to ensure segregation and ring-fencing of the assets and liabilities of each scheme along with segregation and ring-fencing of bank accounts & securities accounts shall lie with the Board of AMC and Trustees. Trustees in their HYTR to the Board shall confirm that the assets and liabilities of each scheme along with their bank accounts & securities accounts are segregated and ring-fenced on daily basis, except the unidentified transactions of funds as mentioned in Paragraph 17.7.1.(b) above, during the half-year period.

(e) The whole mechanism shall be audited on half yearly basis by the auditor appointed by the trustees.

17.7.2. Further, with regard to the margin or collateral requirement for execution of certain transactions, which are carried out only at Mutual Fund level by various schemes, in terms of Clause (7) of Part A of the Fourth Schedule of MF Regulations, the AMC shall ensure that margins or collaterals for such transactions are placed from the assets of the respective schemes only, without co-mingling with the assets of other schemes.

CHAPTER 18: CORPORATE DEBT MARKET DEVELOPMENT FUND (CDMDF)

18.1. Framework for Corporate Debt Market Development Fund (CDMDF)[446]

18.1.1. Corporate Debt Market Development Fund ("CDMDF" or "the Fund"), has been constituted to act as a Backstop Facility for purchase of investment grade corporate debt securities to instill confidence amongst the participants in the Corporate Debt Market during times of stress and to generally enhance secondary market liquidity by creating a permanent institutional framework for activation in times of market stress.

18.1.2. CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023, which includes the Framework for CDMDF. Further, the CDMDF falls under Category I AIF in terms of Regulation 3(4)(a) of SEBI (Alternative Investment Funds) Regulations, 2012.[447]

18.1.3. In addition to the abovementioned scheme as mentioned at Paragraph 18.1.2 above, the CDMDF shall comply with following:

(a) The fund shall deal only in following securities during normal times:

(i) Low duration Government Securities

(ii) Treasury bills

(iii) Tri-party Repo on G-sec

(iv) Guaranteed corporate bond repo with maturity not exceeding 7 days.

(b) The fees and expenses of the Fund shall be as follows:

(i) During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.

(ii) During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.

(iii) "Portfolio Value" means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by the Fund.

(c) Clarification:

(i) The taxes as mentioned above shall include all kinds of taxes.

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[446] Inserted by SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023. Refer SEBI letter No. SEBI/HO/IMD/IMD-POD-2/P/OW/2023/20790/1 dated May 23, 2023

[447] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/174 dated December 13, 2024

(ii) Transaction costs on securities such as brokerage, clearing charges etc. shall be charged within the limit of fees and expenses.

(iii) Financing charges pertaining to borrowings made by CDMDF (such as interest, guarantee fees, other fees like bank charges, processing fees etc.) may be separate from fees and expenses of the fund as provided above.

(d) Corporate debt securities to be bought by CDMDF during market dislocation include listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating

(e) CDMDF shall follow the Fair Pricing document as placed at **Annexure 11A** while purchase of corporate debt securities during market dislocation.

(f) CDMDF shall follow the loss waterfall accounting, as prescribed at **Annexure 11B**.

(g) CDMDF shall disclose NAV of the fund by 9:30 PM on all business days on website of its Investment Manager and AMFI. For times when CDMDF would have exposure to corporate debt, such NAV shall be disclosed by 11 PM on all business days.

(h) Purchase allocation and trade settlement of corporate debt securities bought by CDMDF during market dislocation:

(i) Keeping in view the prudential limits and various other guidelines as prescribed in scheme as mentioned at Paragraph 18.1.2 above, AMFI has specified the detailed guidelines for purchase of securities by CDMDF in consultation with the Board. Stock exchanges shall provide a separate window on the existing RFQ platform to facilitate the purchase as per AMFI issued guidelines.

(ii) Clearing Corporations shall provide required infrastructure to facilitate the trade settlement of corporate debt trades by CDMDF during market dislocation.

18.2. Investment by Mutual Fund Schemes and AMCs in units of CDMDF[448]

[448] Inserted by SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023

18.2.1. CDMDF has been launched as a close ended scheme with an initial tenure of 15 years (extendable) from the date of its initial closing (date on which contribution from all AMCs and specified schemes is received by CDMDF).

18.2.2. Accordingly, the following shall be ensured:

(a) The units of CDMDF shall be subscribed by AMCs of Mutual Funds and "specified debt-oriented MF Schemes" (i.e., Open ended Debt oriented Mutual Fund schemes excluding Overnight funds and Gilt funds and including Conservative Hybrid funds). Contribution from specified debt-oriented MF schemes and AMCs, including the appreciations on the same, if any, shall be locked-in till winding up of the Fund. However, in case of winding up of contributing MF Schemes, inter-scheme transfers within the same Mutual Fund or across Mutual Funds may be undertaken.

Clarification: Specified debt-oriented MF schemes exclude Index funds and ETFs. Further, the Gilt funds as mentioned above shall mean both Gilt Fund and Gilt Fund with 10-year constant maturity.

(b) Specified debt-oriented MF Schemes shall invest 25 bps of their AUM in the units of CDMDF. The specified MF schemes shall provide additional incremental contribution to CDMDF as their AUM increases, every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. New schemes from existing MFs under the specified categories or such schemes of new MFs shall also contribute 25 bps of their respective AUM and make incremental contribution.

(c) AMCs shall make a one-time contribution equivalent to 2 bps of the AUM of specified debt-oriented MF Schemes managed by them. Further, AMCs of new Mutual Funds shall also make a one-time contribution equivalent to 2 bps of their specified debt-oriented MF schemes, based on the AUM at the end of the financial year following the one in which the specified scheme(s) are launched.

(d) The initial contribution, as mandated above shall be based on AUM of the specified MF schemes as on December 31, 2022.

(e) AMFI shall calculate and inform contribution to be made by each MF Scheme and AMC, to CDMDF and the AMCs. The initial contribution shall be made within 10 working days of request from CDMDF. The Half-yearly contributions shall start from December

2023 onwards, which shall be made within 10 working days from end of each half year.

(f) In case of delay in contribution by Mutual Fund Schemes and AMCs, the respective AMCs shall be liable to pay interest at 15% per annum for the period of delay. Such interest shall be credited to the fund of CDMDF.

(g) In times of market dislocation, CDMDF shall purchase listed corporate debt securities from the specified debt-oriented MF schemes. The trigger and period for which the Backstop Facility will be open shall be as decided by the Board.

<u>Clarification</u>: Corporate debt securities include listed money market instruments for the above purpose.

(h) During market dislocation, the securities purchased by CDMDF would be from secondary market, having investment grade credit rating and residual maturity not exceeding 5 years on the date of purchase. CDMDF shall not buy any unlisted or below investment grade or defaulted debt securities or securities in respect of which there is a material possibility of default or adverse credit news or views. As a principle, CDMDF shall buy at a fair price (adjusted for liquidity risk, interest rate risk and credit risk) but not at distress price. The utilization of such facility by specified debt-oriented MF schemes shall be voluntary.

(i) The sellers of debt securities shall be paid 90% of the consideration in cash and 10% in terms of units of CDMDF. Such units paid as consideration (different class of units than units allotted in lieu of contribution made) shall bear the risk of first loss, if any to CDMDF, and can be redeemed during the tenure of scheme, subject to certain conditions.

(j) **Access to the fund**: The respective Mutual Funds shall have access to sell corporate debt securities during market dislocation, held in the portfolio of contributing schemes, to the CDMDF. Access to the Fund shall be in proportion to the contribution made to the Fund at a Mutual Fund level (i.e., in the ratio of total units of CDMDF held by all specified debt schemes of each Mutual Fund).

18.2.3. Further, the following has been decided in respect to investment of Mutual Fund Schemes in CDMDF:

(a) Corporate debt securities sold by MF schemes to CDMDF during market dislocation shall be treated as trade executed on RFQ platform.

(b) In case NAV of CDMDF units is not available by 9:30 PM, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 am on next business day instead of 11 pm on same day.

(c) CDMDF shall not be considered as an “associate” of any Mutual Fund and investment made in units of CDMDF in accordance with this Chapter shall not be considered as investment in associate or group company of any Mutual Fund.

(d) AMCs shall ensure that the net worth as prescribed under Regulation 16(3) shall be maintained over and above the contribution made towards CDMDF.

(e) The calculations of PRC Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF. Further, the investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes.

(f) The relevant changes in the SID shall be incorporated by AMCs by way of issuing an addendum prior to contributing to CDMDF. Such changes shall not be considered as a Fundamental Attribute Change of the scheme in terms of Regulation 22(9)(c).

CHAPTER 19: EXECUTION ONLY PLATFORMS (EOP)[449]

19.1. Applicability and Scope

19.1.1. An EOP for facilitating transactions in direct plans of schemes of Mutual Funds, shall mean:

"Any digital or online platform which facilitates transactions such as subscription, redemption and switch transactions in direct plans of schemes of Mutual Funds."

19.1.2. The platforms provided by SEBI registered Investment Advisors and Stock Brokers to their advisory or broking clients shall not be covered under the EOP framework.

19.1.3. No entity shall operate as an EOP without obtaining registration from the Board or AMFI, as the case may be and in the manner specified herein.

19.1.4. The entity shall also facilitate non-financial transactions including change of email id or contact number or bank account details on its platform with respect to Mutual Funds.

19.1.5. The entity shall not provide services related to regular plans of schemes of Mutual Funds on its platform.

19.2. Categories of EOP

19.2.1. Any entity desirous of operating as an EOP shall obtain registration under one of the following two categories:

(a) Category 1 EOP

(i) The entity shall obtain registration from AMFI.

(ii) The entity shall be a body corporate.

(iii) The entity shall act as an agent of AMCs and integrate its systems with AMCs and/or RTAs authorized by such AMCs, to facilitate transactions in Mutual Funds.

(iv) The entity may act as an aggregator of the transactions in direct plans of schemes of Mutual Funds and provide services to investors/Investment Advisers.

(b) Category 2 EOP

(i) The entity shall obtain registration as a Stock Broker in terms of the SEBI (Stock Brokers) Regulations, 2026 under the EOP segment of the Stock Exchanges.

[449] Inserted by SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/86 dated June 13, 2023

(ii) The entity shall be a body corporate.

(iii) The entity shall operate as an agent of investor and operate only through the platforms provided by the Stock Exchanges.

(iv) The entity shall not act as an aggregator of the transactions in direct plans of schemes of Mutual Funds and shall provide services to investors directly.

19.3. Eligibility Criteria

19.3.1. Any entity desirous of obtaining registration as a Category 2 EOP shall ensure compliance with the following requirements, on a continuous basis:

(a) The entity has appointed a compliance officer.

(b) The entity has appointed at least two qualified key managerial personnel with experience of at least three years each in the securities market;

(i) Explanation I. – For the purposes of this Chapter, "Key managerial personnel" shall have the same meaning as assigned to it in the Companies Act, 2013.

(ii) Explanation II. – For the purposes of this Chapter, a person shall be said to be 'qualified' if he/she possesses a professional qualification in finance, accountancy, law, engineering, company secretaryship or management from a university or an institution recognized by the Central Government or any State Government or a foreign university or post-graduation in the Securities Market from National Institute of Securities Markets (NISM) of a duration not less than one year.

(c) The entity shall fulfil the "fit and proper person" criteria as prescribed under Schedule II of the SEBI (Intermediaries) Regulations, 2008.

(d) The entity shall comply with the requirement of base net-worth applicable for Trading Member, as specified under Chapter X of SEBI (Stock Brokers) Regulations, 2026

19.3.2. As Category 1 EOP, the entity shall fulfil the criteria, as specified by AMFI.

19.4. On-boarding and integration

19.4.1. On-boarding of investors

(a) As Category 2 EOP, the entity shall:

(i) comply with KYC requirements at the time of on-boarding investors on its platform and take necessary steps including verifying the identity of its investors by requiring them to submit necessary documents.

(ii) have access to the KYC data of the investors available with the KYC Registration Agencies (KRAs) for on-boarding of investors.

(iii) carry out necessary due diligence and ensure that investor signs a “Rights and Obligation” document as specified by Stock Exchanges before availing its services.

(b) For Category 1 EOPs, the requirements with respect to on-boarding of investors shall be as specified by AMFI.

(c) The responsibility of ensuring compliance with KYC requirements, with respect to transactions executed through both categories of EOPs by investors in Mutual Funds, shall lie with the AMCs.

19.4.2. Rights and obligations

(a) As Category 1 EOP, the entity shall enter into agreement(s) with the AMCs which shall clearly define their rights and obligations relating to EOP services. Further the entity shall have an objective, fair and transparent policy for providing execution services for products of AMCs.

(b) As Category 2 EOP, the entity shall enter into necessary arrangements with the Stock Exchanges which should clearly define their rights and obligations relating to the EOP services.

19.5. Transaction and onboarding fees

19.5.1. As Category 1 EOP, the entity may levy a flat transaction fee (not ad-valorem), if any, which shall be borne by AMCs, within the upper limit as specified by AMFI. On-boarding fees, if levied, shall be borne by the AMCs.

19.5.2. As Category 2 EOP, the entity may levy a flat transaction fee (not ad-valorem), if any, which shall be borne by the investors, within the upper limit as specified by the Stock Exchanges. Further, On-boarding fees, if levied, shall be borne by the AMCs and/or investors.

19.5.3. AMCs shall not charge any fees/charges paid to the EOPs, to the schemes of the Mutual Funds.

19.6. Operational Risk Management

19.6.1. The entities under both categories of EOPs shall:

(a) ensure that they have a comprehensive risk management framework covering all aspects of their operations and shall also ensure that risks associated with their operations are identified and managed.

(b) ensure access control for their clients and prevent unauthorized access to their platform.

(c) ensure that all transactions on their platform, without exception, are dealt with in a fair, non-discriminatory and orderly manner.

(d) formulate data governance, protection and dissemination policy which is fair and non-discriminatory.

(e) facilitate only such transactions that are in compliance with the prevailing legal or regulatory requirements and shall establish appropriate controls to reduce the likelihood of erroneous transactions.

(f) maintain all data relating to their activities in an easily retrievable media. Also, maintain confidentiality and security of all data relating to their activities and strictly control access to such data.

(g) ensure data integrity and privacy.

(h) establish necessary systems and frame suitable policies, in writing, for onboarding of investors on their platform, execution of transactions, rights and obligations/terms and conditions for the investor and the EOP, risk management and control, liability framework for EOP in case of breach of the policies, restrictions or other requirements that may apply for accessing the platform.

19.6.2. The entities under both categories of EOPs may share investors' data with their other departments/divisions, their group entities and/or with any third party, only with the specific consent of the investors.

19.6.3. As Category 1 EOP, the entity shall ensure compliance with cyber security and cyber resilience requirements, as specified by AMFI. As Category 2 EOP, the entity shall ensure compliance with the cyber security and cyber resilience framework for Stock Brokers, as prescribed by the Board from time to time.

19.7. Grievance Redressal

19.7.1. For Category 1 EOPs, the grievance redressal mechanism shall be as prescribed by AMFI.

19.7.2. For Category 2 EOPs, the grievance redressal mechanism shall be as prescribed for Stock Brokers from time to time i.e., through SCORES, mediation and arbitration mechanism.

19.8. Handling conflict of interest

19.8.1. The entities under both categories of EOPs shall ensure compliance with the following:

(a) Maintain arm's length relationship, if performing multiple activities within the same entity, so as to avoid conflict of interest.

(b) Maintain investor level segregation between EOP services and distribution services for Mutual Fund products, at the entity's group level. Thus, an investor at the EOP's group level may either avail EOP services for transacting in direct plans or distribution services for regular plans of Mutual Funds.

(i) For this purpose, the family of the investor shall be reckoned as a single investor. The definition of "group" shall have the same meaning as defined under SEBI (Investment Advisers) Regulations, 2013.

(ii) The PAN of each investor shall be the control record for identification and investor level segregation at the entity's end. In case of an individual investor, "family of investor" shall be reckoned as a single investor and PAN of all members in "family of investor" shall jointly and severally be the control record.

(iii) "family of investor" shall include individual investor, dependent spouse, dependent children and dependent parents. The dependent family members shall be those members whose investments through EOP originates from income of a single entity i.e. earning individual investor in the family. The investor shall provide an annual declaration or periodic updation as the case maybe in respect of such dependent family members.

(c) Use SEBI/AMFI registration as an EOP, as the case may be, only for the purpose of providing execution only services in direct plans of Mutual Fund schemes and not use the said registration for undertaking any unregulated activity.

(d) Undertake services regulated or permitted by other sectoral regulators, only with specific disclosure regarding such services not being covered under the ambit of entity's registration as an EOP and also disclose the details of registration/permissions by other sectoral regulators in such cases.

(e) Undertake to identify and disclose on their platform, possible conflict(s) of interest, if any, including those arising from their transactions or dealings with related parties.

19.9. Technology related requirements

19.9.1. The orders of investors placed through Category 1 EOPs shall be routed directly to the AMCs and/or RTAs authorized by such AMCs.

19.9.2. The orders of investors placed through Category 2 EOPs shall be routed through the platforms provided by the Stock Exchanges.

19.9.3. The order of the investors placed through both categories of EOPs shall be executed on immediate basis.

19.9.4. The entities under both categories of EOPs shall:

(a) maintain robust technology infrastructure with a high degree of reliability, availability, scalability and security in respect of their systems, data and network, to appropriately support their operations and manage the associated risks.

(b) have adequate and suitable systems in place to disseminate information pertaining to orders placed on a real-time or a near real-time basis.

(c) have the organizational capabilities, technology and systems and safeguards for maintaining data privacy and preventing unauthorized sharing of data.

(d) establish appropriate safeguards and procedures to deal with exigencies including malfunctions or erroneous use of their systems, or other unforeseen situations.

(e) make their platforms available for transactions at all times, on a continuous basis.

19.10. Disclosure related requirements

19.10.1. <u>Display of advertisements</u>

(a) The entity under both categories of EOPs shall not display any advertisement regarding any Mutual Fund scheme on their platform. Further, they shall not display any proxy/surrogate/common brand related advertisement on their platform.

(b) With respect to advertisements of the EOPs on other websites/applications/portals/media/channels, the entity registered as Category 1 EOP shall ensure compliance with the advertisement code prescribed by AMFI and the entity registered as Category 2 EOP shall ensure compliance with the advertisement code prescribed by the Stock Exchanges.

19.10.2. Issuance of transaction receipt and alerts to the clients: The entities under both categories of EOPs shall ensure the following:

(a) On placement of transactions by investors, issue or display without delay, an electronic order receipt which shall include details such as date and time of order, quantity of units and/or amount proposed to be invested/redeemed.

(b) The status of transactions is provided to the investors on a continuous basis.

19.10.3. Access to transaction data

(a) The entities under both categories of EOPs shall have access to the investors' transaction data feeds from AMCs or RTAs authorized by AMCs for the transactions executed through their platforms.

19.10.4. Disclosures regarding Mutual Fund schemes

(a) The entities under both categories of EOPs shall comply with the following:

(i) Display in a user-friendly manner, the factual information pertaining to Mutual Funds as available on public domain including past performance of Mutual Fund schemes and ensure compliance with the minimum disclosure requirements as specified at **Annexure 12A**.

(ii) Provide an interactive tool for the investors to screen or filter various schemes based on the criteria selected by the investor including past performance, AUM, etc. and ensure that there is no auto display of recommendation or ranking of any of the schemes. If the criteria for selection includes research reports or opinions, the same shall be only by SEBI registered intermediaries along with suitable disclosures regarding the source. Such research reports or opinions should disclose the methodology used for such recommendations. The aforesaid tool shall not itself provide any research reports or opinions or perform any research based or investment advisory activity.

(b) As Category 1 EOPs, the entities shall submit information or reports as may be specified by AMFI.

(c) As Category 2 EOPs, the entities shall submit information or reports as may be specified by the Board or Stock Exchanges.

(d) The entities under both categories shall keep the AMCs and Stock Exchanges or AMFI, as the case may be, informed of events resulting in disruption of activities or market abuse without undue delay.

(e) The Stock Exchanges or AMFI and AMCs (directly or through AMFI) shall ensure periodic monitoring of the EOPs under their supervision with respect to compliance with the requirements mentioned in this Chapter and also bring to the notice of the Board, any instances of non-compliance.

(f) As Category 1 EOP, the entity shall follow the code of conduct as specified by AMFI.

19.11. Pooling of Funds

19.11.1. The entities under both categories of EOPs shall ensure compliance with relevant provisions including Chapter 17 of this Master Circular regarding discontinuation of usage of pool accounts for transactions in units of Mutual Funds.

19.12. Maintenance of books of accounts, records, etc.

19.12.1. Regulation 15(1) of the SEBI (Stock Brokers) Regulations, 2026 provides that a Stock Broker in the EOP segment shall keep and maintain the books of account, records and documents, as may be specified by the Board. Accordingly, as Category 2 EOP, the entity shall keep and maintain records as specified at **Annexure 12B** for a minimum period of 5 years. As Category 1 EOP, the entity shall keep and maintain the books of account, records and documents, in the form and manner specified by AMFI.

19.13. Existing platforms

19.13.1. Existing platforms which are providing services similar to Category 1 EOPs such as platforms viz, MF Utilities India Pvt. Ltd., MF Central, platforms provided by RTAs etc., shall obtain suitable registration under one of the categories of EOPs.

19.13.2. As regards the platforms by MIIs such as the Stock Exchanges, which are mandated by SEBI, although registration as an EOP shall not be mandatory, such platforms shall ensure compliance with the applicable requirements under the framework for EOP.

19.14. Implementation

19.14.1. The Stock Exchanges shall enact appropriate framework for EOP segment wherein the following requirements shall not be applicable for Category 2 EOP:

(a) trading rules applicable for equity, equity derivative and other segments

(b) Investor Protection Fund.

(c) rules applicable for clearing and settlement of trades relating to equity, equity derivative and other segments.

(d) pooling of client's funds by Trading Member.

(e) membership and other related requirements as a Self-Clearing Member (SCM) or requirement of Trading Member – Clearing Member agreement.

(f) risk management framework and settlement related polices applicable for equity, equity derivative and other segments where the Clearing Corporation provides novation and guarantee for settlement of trades.

(g) issuance of contract notes and issuance of funds & securities statement.

19.14.2. The Stock Exchanges desirous of providing an EOP segment shall:

(a) make necessary amendments to their relevant bye-laws, rules and regulations for the implementation of the aforesaid directions; and

(b) monitor the operations carried out by EOPs who have obtained membership under EOP segment

19.14.3. The AMFI shall:

(a) make necessary amendments for the implementation of the aforesaid directions;

(b) issue necessary guidelines for Category 1 EOP; and.

(c) monitor the operations carried out by EOPs registered with AMFI.

CHAPTER 20: MUTUAL FUND LITE (MF LITE) FRAMEWORK[450]

20.1. As various aspects of the existing regulatory framework may not be necessary for passive funds, a relaxed regime with light-touch provisions "the MF Lite Framework" is introduced only for passive Mutual Fund schemes.

20.2. Categories of passive schemes to be covered under MF Lite framework

The passive schemes based on the following underlying indices shall be covered under phase-1 of implementation of the MF Lite Framework:

20.2.1. Passive funds based on only domestic equity passive indices (broad indices tracked by passive funds or act as primary benchmark for actively managed funds), with collective AUM of INR 5,000 Cr. and above as on December 31 of each Financial Year. AMFI, in consultation with the Board, shall prescribe the list of such domestic equity indices on a periodic basis.

20.2.2. All G-Sec/ T-bills/ SDL based domestic target maturity debt passive funds and (ii) domestic constant duration passive funds based on such debt indices with collective AUM, which exceeds a threshold of INR 5,000Cr. and above as on December 31 of each Financial Year. AMFI, in consultation with the Board, shall prescribe the list of such domestic debt indices on a periodic basis.

20.2.3. All Gold ETFs, Silver ETFs and FoFs based on only Gold or Silver ETFs.

20.2.4. Overseas ETFs and FoFs having single underlying overseas passive fund, wherein the underlying overseas benchmarks are as permitted under Paragraph 20.3 below.

20.2.5. All FoFs investing only in single domestic/ overseas index, wherein the reference benchmarks of underlying passive funds are as permitted under Paragraph 20.2 (in case of domestic underlying indices) and Paragraph 20.3 (in case of overseas underlying indices) of this Master Circular.

20.2.6. All FoFs investing in more than one index shall not be covered under the MF Lite framework under the phase 1 of implementation.

20.3. Uniform guidelines for launching equity passive schemes for overseas indices

20.3.1. The indices, on which overseas passive schemes can be launched, shall be standardized across industry and broad based in nature.

[450] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024

20.3.2. Overseas ETFs/Index funds and FoFs investing in overseas ETF/index funds shall comply with the diversification requirement of minimum 10 securities in an equity index portfolio.

20.3.3. Passive funds based on only those overseas equity passive indices, whose quantitative threshold/ AUM exceeds a minimum threshold of $ 20 billion as on December 31 of each Financial Year shall be covered under phase 1 of implementation of MF Lite. AMFI, in consultation with the Board, shall prescribe the list of such equity overseas indices on a periodic basis.

20.4. Applicable to entities intending to get registered under Chapter X of MF Regulations on "MF Lite Framework" to launch only MF Lite schemes

20.4.1. <u>Eligibility criteria for Sponsor of MF Lite</u>: In cases of both the Route 1 and Route 2, AMCs may appoint a separate Chief Risk Officer (CRO) on a voluntary basis, otherwise the CCO may also act as the CRO of the AMC, subject to his/her eligibility and experience in risk management.

20.4.2. <u>Pooled Investment Vehicle as sponsor of MF Lite</u>: In terms of Route 2 under Regulation 57(1)(h), following shall be ensured:

(a) Among the pooled investment vehicles, only the private equity funds (PEs) can sponsor an MF Lite.

(b) For any PE to qualify as a MF Lite sponsor, the following criteria shall be applicable:

(i) The applicant PE (scheme/ fund) is itself a body corporate or, a body corporate set up by a PE. The applicant body corporate may be set up in India or abroad.

(ii) The applicant PE or its manager have a minimum of 5 years of experience in the capacity of fund/investment manager and an experience of investing in the financial sector, where it should have managed committed and drawn-down capital of not less than INR 2,500Cr. as on the date of its application made to the Board.

(c) The following additional safeguards shall also be applicable for PEs acting as MF Lite sponsor:

(i) There shall be no off-market transactions between the schemes of the MF Lite and

(I) Sponsor PE; or

(II) Schemes/ Funds managed by the manager of the Sponsor PE; or

(III) Investee Companies of schemes/ funds of sponsor PE, where it holds more than 10% stake; or has a board representation or a right to nominate Board representation.

(ii) As per Route 2 under Regulation 57(1)(f), an initial shareholding of sponsor equivalent to capital contributed to an AMC to the extent of not less than INR 75 Cr. shall be locked-in for a period of 3 years. In such cases, the lock in period of 3 years shall continue in case of transfer of sponsorship to any other entity within the PE group provided all the criteria required for a PE to act as sponsor are met by the transferee PE as well.

(iii) The said lock in period of 3 years shall also be applicable to the shareholding of PE in the corporate entity, which is sponsoring the MF Lite.

(iv) The experience, track record and eligibility regarding the fit and proper criteria of any applicant PE to become sponsor of an MF Lite shall be ascertained through its conduct in the respective home jurisdiction.

20.4.3. Reduction of stake and disassociation of sponsor

(a) Paragraph 2.4.1 of this Master Circular describes various provisions w.r.t "Reduction of stake and disassociation of sponsor" and shall also be applicable for AMCs registered under Chapter X of MF Regulations on "MF Lite Framework" except Paragraph 2.4.1(a)(iii).

(b) For MF Lite Framework, in place of Paragraph 2.4.1(a)(iii) of this Master Circular, the following shall be applicable:

"*Net profit of the AMC after providing for depreciation, interest and tax in 3 out of immediately preceding 5 years including the fifth year; and average net annual profit after providing for depreciation, interest and tax during the immediately preceding 5 years should be at least INR 5 cr*."

20.4.4. Networth requirement for MF Lite AMC: MF Lite AMC shall abide by net worth requirements under Chapter IV of MF Regulations, as and when the total AUM of the MF Lite AMC exceeds INR 1 Lakh crore. In such instances, the MF Lite AMC shall not launch any new scheme or take further subscriptions in existing schemes, until it meets the networth requirement as per Chapter IV of MF Regulations.

20.4.5. Deployment of liquid net worth by MF Lite AMC: AMCs shall deploy the minimum net worth required either in cash, money market instruments, Government Securities, Treasury bills, Repo on Government securities, or in listed AAA rated debt securities without bespoke structures/structured obligations, credit enhancements or embedded options or any other structure/feature which increase the liquidity risk of the instrument on a continuous basis and such investments shall be unencumbered. For this purpose, investment in Mutual Fund schemes that in turn invest in aforementioned securities shall also be considered.

20.4.6. Acquisition of an MF Lite AMC:

(a) In case of Route 1 under Regulation 57(1)(g), the following shall be ensured:

(i) In case of change in control of an existing MF Lite AMC due to acquisition of shares, where the cost of acquisition is funded out of borrowings by a sponsor, the sponsor shall have sufficient other assets to encumber for borrowings other than the shares of the proposed AMC.

(ii) The sponsor's stake in the proposed AMC shall be free from encumbrance, in any form, at all points of times.

(b) In case of Route 2 under Regulation 57(1)(g), in addition to the conditions specified under Route 1 above, the minimum incremental capital contribution required in the AMC shall be funded only out of the net worth of the acquirer and not through borrowings.

20.4.7. Norms for shareholding

(a) New players desirous of launching only passive MF schemes shall register under the MF Lite framework.

(b) Existing MFs having both active and passive schemes may hive off respective passive schemes covered under MF Lite Framework, if they so desire, to a different group entity, thereby resulting in management of active and passive schemes by separate AMCs but under a common sponsor. In case of hiving off, the following shall need to be complied with:

(i) The sponsor shall completely segregate and ring-fence its resources including infrastructure, technology and staff etc. for passive MF management from the active MF management. However, the MF Lite AMC may outsource certain other support functions namely, sales and marketing, Human Resources (HR) and administration from the existing

AMC with an outsourcing agreement in place, with all transactions at arm's length basis.

(ii) Various regulatory requirements including continuous net worth requirement shall be made separately applicable to both the existing AMC and the MF Lite AMC.

(iii) MF Lite AMC can carry the past track records of passive schemes under it.

(iv) A sponsor shall be permitted to obtain up to 2 registrations i.e. one each for MF- active and MF- Lite

(v) The hive-off of the passive business by an existing AMC shall be made subject to the AMC (continuing with only active schemes) providing an exit option to the existing investors of the business being hived off.

(c) In terms of Regulation 59, if an existing mutual fund surrenders its existing registration and migrates as an MF Lite, the said AMC shall manage passive schemes based only on those underlying indices that are permitted under abovementioned Paragraph 20.2 and Paragraph 20.3 of this Master Circular.

20.4.8. <u>Trust Deed to be registered under the Registration Act:</u> In terms of Regulation 60, AMFI, in consultation with the Board, has prescribed a standard trust deed, in line with roles and responsibilities of trustees as per Chapter X of MF Regulations and provisions mentioned above.

20.4.9. <u>Roles and responsibilities of trustees</u>

(a) In terms of Regulation 62, the trustees shall seek information from AMCs pertaining to the issues mentioned therein. In case of any adverse observations, the trustee shall intimate the Board regarding the same.

(b) Trustees of an MF Lite may not be required to have a Risk Management Committee (RMC). Further, the requirement of an RMC for an MF Lite AMC shall be optional and the audit committee of AMC may undertake the additional role of RMC in case of MF Lite.

(c) Constitution of the audit committee shall be optional for trustees of an MF Lite AMC.

(d) The requirement under Paragraph 7.12 of this Master Circular shall be optional for trustees of an MF Lite AMC.

(e) In case an existing AMC doesn't hive off its passive schemes and continues to manage the passive schemes under the current MF

Regulations, the reduced roles and responsibilities of trustees as mentioned in Chapter X of MF Regulations shall also be applicable to the existing trustees of such AMC but only pertaining to the passive funds allowed under the MF lite framework.

(f) Apart from the above, reporting presently required to be made to trustees by AMC shall continue for MF Lite also, for information of the trustees. In case AMC fails to timely submit the same to trustee, the trustee shall intimate the same to the Board. Such information inter alia shall include the following:

(i) Information sharing of tracking error (in case of equity) and tracking difference (in case of debt) in case it exceeds specified limits.

(ii) Submission of declaration that votes cast by AMC are in best interest of investors.

(iii) Sharing of information regarding breakage of seal and/or breakdown of the time stamping process.

(iv) Sharing of information of change in TER.

(v) Information on declaration of record date, determination of quantum of dividend to be paid and ratification of actual dividend paid.

(g) In case the trustees find any adverse observations with respect to the aforesaid reporting, the trustee shall intimate the same to the Board.

20.4.10. Roles and responsibilities of Board of MF Lite AMCs

(a) While trustees of MF Lite shall have the overarching role of protection of the interest of investors, the Board of AMCs shall have the primary accountability for acting in the interests of the investors.

(b) The core responsibilities mentioned at Paragraph 7.8.1 of this Master Circular shall be vested on the Board of AMC and the trustees as under:

(i) The Board of AMC and trustees of an MF Lite AMC shall be responsible for the core responsibilities mentioned at sub-paragraphs (c), (d), (e), (f) and (g) of Paragraph 7.8.1 of this Master Circular.

(ii) The Board of AMC of an MF Lite AMC shall be responsible for the core responsibilities mentioned at sub- paragraphs (a) and (b) of Paragraph 7.8.1 of this Master Circular.

(c) Further, certain common responsibilities, currently entrusted upon both trustees and AMCs, under the extant MF Regulations, such as the following, shall be applicable only to the Board of AMCs of an MF Lite:

(i) Periodic reporting to the Board as required by MF Regulations and circulars issued there under.

(ii) Overall risk management of all scheme specific and AMC specific risks.

(iii) Filing of offer documents with the Board and obtaining regulatory approvals

(iv) Ensuring adequacy of infrastructure and sufficient key personnel with adequate experience and qualification to undertake management of assets at all times

(v) Appointment of key personnel including the chief investment officer, registrars and share transfer agents, compliance officer, auditor, custodian etc. and empanelment of brokers.

(vi) Responsibility for valuation of investments in accordance with the specified requirements of the MF Regulations.

(vii) Constitution of UHPC as per Regulation 63(8)(d) and Paragraph 7.10 of this Master Circular.

(d) The trustees are presently required to grant following approvals, which shall be accorded by the Board of AMC under the MF Lite framework:

(i) Approval for parking of funds pending deployment, in case it exceeds specified limit.

(ii) Approval for a detailed written policy on creation of segregated portfolio (in case of debt oriented mutual funds) and necessary monitoring of recovery of investment proceeds.

20.4.11. <u>Investment Management Agreement</u>: In terms of Regulation 62(1)(b) AMFI, in consultation with the Board, has prescribed a standard Investment Management Agreement in respect of MF Lite framework.

20.4.12. <u>Transactions through brokers:</u> In terms of Regulation 63(5)(a), the market makers' trades for creation and redemption of units shall be excluded from computation of the broker limits for MF Lite schemes.

20.4.13. <u>Registration of MF Lite Schemes</u>

(a) The fast tracking of SIDs shall be mandatory for passive schemes floated by AMCs registered under MF Lite framework.

(b) MF Lite AMCs shall not be required to file a separate KIM for the respective scheme.

20.4.14. Submission of Yearly AMC Report (YAR) report to SEBI

(a) The requirement of submission of HYTR to the Board shall not be applicable.

(b) Instead, the Board of MF Lite AMC shall furnish to the Board an YAR on a yearly basis furnishing the similar details as that of the extant HYTR.

20.5. *Provisions applicable to all passive schemes based on underlying indices permitted under Paragraphs 20.2 and 20.3 above, irrespective of the AMC being registered under the MF Lite Framework or not*[451]

20.5.1. Simplified Scheme Information Document: The format of the simplified SID for such schemes is enclosed as Format No. 5E. The simplified SID shall be applicable for filing of all passive schemes based on underlying indices those are permitted under Paragraphs 20.2 and 20.3 above.

20.5.2. Investor education and awareness

(a) The AMCs shall allocate funds towards investor education and awareness initiatives for passive schemes as under:

(i) Fund of Funds (investing more than 80% of its NAV in the underlying domestic passive fund) – Nil

(ii) Passive schemes and Overseas Fund of Funds (FoFs)- based on underlying indices as per Paragraphs 20.2 and 20.3 above: 5% of total BER charged to direct plans, subject to maximum of 0.5 bps of AUM.

(b) Out of the total amount transferred to AMFI for investor awareness by AMCs, AMFI shall allocate a minimum of 5 percent for focused investor education and awareness towards promoting passive funds, distinct from AMFI's general investor education initiatives.

20.5.3. Investment and trading in securities by the employees of the AMC(s) and Trustee(s): In terms of Paragraph 7.6 of Master Circular, in case of MF Lite AMC:

(a) Prior approval of employees' transactions shall be replaced with prior intimation. Thus, w.r.t MF Lite AMC, prior intimation of at least 3 working days before the date of transaction shall be mandated

[451] SEBI Circular No. SEBI/HO/IMD/PoD2/P/CIR/2024/183 dated December 31, 2024

and the requirement for reporting of employees' transactions within 7 calendar days shall be retained.

(b) In case of existing AMCs, the above provision shall be applicable to those employees who are only associated with passive schemes based on underlying indices those are permitted under Paragraphs 20.2 and 20.3 above.

20.5.4. Compliance and Disclosure requirements

(a) **Updation of SID and KIM**: The SIDs for MF Lite schemes shall be updated within 2 months from the end of each financial year.

(b) **Portfolio Disclosure** (refer to Paragraph 6.1 of this Master Circular):

(i) Debt passive schemes and Hybrid passive schemes shall disclose their scheme portfolio on a monthly basis within 10 calendar days of every month.

(ii) Equity passive schemes shall disclose their scheme portfolio within 10 calendar days from the close of each quarter.

(c) **Unaudited Half Yearly Financials:** The requirement for publishing unaudited half yearly financials of the passive schemes shall not be applicable. However, the Annual Reports of such schemes shall continue to provide such details.

20.5.5. Investments by passive schemes

(a) The underlying securities in which passive schemes may invest shall be equity, plain vanilla debt securities, physical commodities and exchange traded commodity derivatives.

(b) Investment in equity derivatives of underlying securities forming part of the index shall also be available as an investment option in case the underlying security is not available for purchase. However, investments in bespoke debt securities and debt derivatives shall not be allowed.

(c) Passive schemes shall not be allowed to invest in the following:

(i) Unlisted debt instrument

(ii) Bespoke or complex debt products

(iii) Securities with special features

(iv) Inter scheme transactions

(v) Short selling

(vi) Unrated debt and money market instruments (except G-Secs, T-Bills and other money market instruments)

(d) Investment in equity derivatives of underlying securities shall be allowed in instances of portfolio rebalancing or unavailability of the securities.

20.5.6. <u>Tracking difference (TD) for equity oriented passive schemes:</u> In case of equity oriented passive schemes, TD shall be targeted to be 50 bps (over and above actual TER charged). In case the same is not maintained, it shall be brought to the notice of trustees along with corrective actions taken by the AMC, if any.

20.6. All other relevant provisions of this Master Circular, unless the context otherwise requires, or is contradictory to the provisions of this Chapter, shall apply to a MF Lite, MF Lite schemes, and trustees and MF Lite AMCs in relation to such mutual funds and schemes.

CHAPTER 21: SPECIALIZED INVESTMENT FUND (SIF)[452]

21.1. Eligibility Criteria for SIF

21.1.1. A registered mutual fund may launch SIF, provided they meet the eligibility criteria under one of the following routes:

(a) **Route 1 - Sound track record**:

(i) Mutual Fund has been in operation for a minimum period of 3 years and has an average AUM of not less than INR 10,000 crores, in immediately preceding 3 years.

(ii) No action has been initiated or taken against the sponsor/asset management company ('AMC') under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years.

(b) **Route 2 – Alternate route**:

(i) The AMC has appointed:

(I) A Chief Investment Officer ('CIO') for the SIF with an experience of fund management of at least 10 years and has managed an average AUM of not less than INR 5,000 crores, and

(II) An additional Fund Manager for the SIF with experience of fund management of at least 3 years and has managed an average AUM of not less than INR 500 crores.

(ii) No action has been initiated or taken against the sponsor/AMC under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years.

(c) The AMC may share resources for operations across mutual fund and SIF.

(d) A registered Mutual Fund shall file an application, as per the application form provided under Format No. 2A, for prior approval with the Board for launch of an SIF.

21.2. Branding and advertisement requirements

21.2.1. AMCs shall ensure that the SIF has a distinct brand name and distinct logo, separate from that of its regular Mutual Fund.

[452] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/26 dated February 27, 2025, SEBI Circular No. SEBI/HO/IMD/IMD-RAC/P/CIR/2025/54 dated April 11, 2025

Provided that, the AMC may use the sponsor's or mutual fund's brand name in the offer documents, advertisements and promotional materials of the SIF for a period of five years from the date of approval for the launch of the SIF.

21.2.2. When referring to the sponsor's or mutual fund's brand name for SIF, the AMC shall use phrases such as "brought to you by," "offered by," or similar terms.

Illustration: An AMC managing "ABC Mutual Fund" may create a distinct SIF brand, such as "XYZ," with a unique logo. The SIF may initially be marketed as 'XYZ SIF – brought to you by ABC Mutual Fund' or 'XYZ SIF – offered by ABC Mutual Fund.'

21.2.3. The font size of the sponsor's or Mutual Fund's brand name in all offer documents, marketing, and promotional materials shall be equal to or smaller than the font size of the SIF's brand name

21.2.4. The AMC shall adhere to the advertisement guidelines applicable to Mutual Fund schemes for all investment strategies offered under the SIF.

21.2.5. The AMC shall maintain a separate website or dedicated webpage exclusively for the SIF, ensuring clear differentiation between the SIF's offerings and the regular Mutual Fund offerings.

21.3. Investment strategies

21.3.1. The following investment strategies shall be permitted to be launched under SIF:

(a) **Equity Oriented Investment Strategies**

Sr No.	**Category of Investment Strategy**	**Characteristics of Investment strategy**	**Type of investment strategy (uniform description of investment strategy)**	**Minimum redemption frequency**
(i)	Equity Long-Short Fund	Minimum investment in equity and equity related instruments – 80% and Maximum short exposure through unhedged derivative positions in equity and	An open ended/interval equity investment strategy investing in listed equity and equity related instruments including limited	**Daily** or any lesser redemption frequency as may be decided by the AMC

		equity related instruments: 25%	short exposure in equity through derivative instruments.	
(ii)	Equity Ex-Top 100 Long-Short Fund	Minimum investment in equity and equity related instruments of stocks excluding top 100 stocks by market capitalization – 65% Maximum short exposure through unhedged derivative positions in equity and equity related instruments of other than large cap stocks: 25%	An open ended/interval investment strategy investing in equity and equity related instruments including limited short exposure in equity through derivative instruments, of stocks other than large cap stocks.	**Daily** or any lesser redemption frequency as may be decided by the AMC
(iii)	Sector Rotation Long-Short Fund	Minimum investment in equity and equity related instruments of maximum 4 sectors – 80% Maximum short exposure through unhedged derivative positions in equity and equity related instruments: 25%* *Short exposure shall apply at the sector level, covering all stocks within that sector held in the portfolio. For instance, if the fund takes a short position in the Auto sector, all Auto sector stocks in the portfolio	An open ended/interval investment strategy investing in equity and equity related instruments including limited short exposure in equity through derivative instruments, of maximum four sectors.	**Daily** or any lesser redemption frequency as may be decided by AMC

		must be held as short positions.		

(b) **Debt Oriented Investment Strategies**

Sr No.	Category of Investment Strategy	Characteristics of Investment strategy	Type of investment strategy (uniform description of investment strategy)	Minimum redemption frequency
(i)	Debt Long-Short Fund	Investment in debt instruments across duration, including unhedged short exposure through exchange traded debt derivative instruments. Maximum short exposure through unhedged derivative positions in debt instruments: 25%*	Interval investment strategy investing in debt instruments including limited short exposure in debt instruments.	**Once in a week** or any lesser redemption frequency as may be decided by AMC
(ii)	Sectoral Debt Long-Short Fund	Investment in debt instruments of at least two sectors, with maximum investment of 75% in a single sector. Maximum short exposure through unhedged derivative positions in debt instruments: 25%* *Short exposure shall be across the sector, applicable for all the instruments of that particular sector held in the portfolio. Example: If the fund is short on Auto sector, then all debt	Interval investment strategy investing in debt instruments including limited short position in debt instruments, of minimum two sectors.	**Once in a week** or any lesser redemption frequency as may be decided by AMC

		instruments of the Auto sector, held in portfolio, shall be held as short positions.		

(c) **Hybrid Investment Strategies**

Sr No.	**Category of Investment Strategy**	**Characteristics of Investment strategy**	**Type of investment strategy (uniform description of investment strategy)**	**Minimum redemption frequency**
(i)	Active Asset Allocator Long-Short Fund	Dynamic investment across following asset classes: Equity, debt, equity and debt derivatives, InVITs and commodity derivatives. Maximum short exposure through unhedged derivative positions in equity and debt instruments: 25%	Interval investment strategy dynamically investing across equity, debt, equity and debt derivatives, InVITs and commodity derivatives, including limited short exposure on permitted instruments through derivatives.	**Two Times in a week** or any lesser redemption frequency as may be decided by AMC
(ii)	Hybrid Long-Short Fund	Minimum investment in equity and equity related instruments - 25% Minimum investment in debt instruments – 25% Maximum short exposure through unhedged derivative positions in equity and debt instruments: 25%	Interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives.	**Two Times in a week** or any lesser redemption frequency as may be decided by AMC

21.3.2. Only one investment strategy shall be permitted to be launched under each of the aforementioned categories.

21.4. Minimum investment threshold

21.4.1. The AMC shall ensure that an aggregate investment by an investor across all investment strategies offered by the SIF, at the PAN level, is not less than INR 10 lakh (hereinafter referred to as the 'Minimum Investment Threshold').

Provided that, the above provisions shall not be applicable for mandatory investments made by AMCs for designated employees under Paragraph 7.14 of this Master Circular[453].

21.4.2. The Minimum Investment Threshold of INR 10 lakh shall apply exclusively to investments under SIF and shall not include investments made by the investor in regular MF schemes of the same AMC.

21.4.3. The AMC may offer systematic investment options such as SIP', SWP and STP for investment strategies launched under the SIF, while ensuring compliance with the Minimum Investment Threshold.

21.4.4. The AMC shall monitor compliance with the Minimum Investment Threshold on a daily basis and ensure that there are no active breaches. The AMC shall ensure that the investor's total investment value does not fall below the Minimum Investment Threshold due to redemption transactions initiated by the investor.

(a) [454]In case of any active breach of the Minimum Investment Threshold by an investor, including through transactions on stock exchanges or off-market transfers:

(i) all units of such investor held across investment strategies of the concerned SIF shall be frozen for debit, and

(ii) a notice of 30 calendar days shall be given to such investor to rebalance the investments in order to comply with the Minimum Investment Threshold.

(b) Pursuant to the notice under Paragraph 21.4.4(a)(ii) above to the investor:

(i) in case investor rebalances his/her investments in SIF within the notice period of 30 calendar days, the units of SIF of such investor shall be unfreezed, and no further action shall be taken with regard to compliance with Minimum Investment Threshold.

[453] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/53 dated April 09, 2025
[454] SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/107 dated July 29, 2025

(ii) In case the investor fails to rebalance the investments within the aforesaid 30 calendar day period, the frozen units shall be automatically redeemed by the AMC, at the applicable Net Asset Value of the next immediate business day after the 30^{th} calendar day of the notice period

(c) For the purpose of SIF, the 'Active Breach' shall mean fall in the aggregate value of an investor's total investment across all investment strategies of SIF, below the Minimum Investment Threshold of INR 10 lakhs, on account of any transactions (i.e. redemption, transfer, sale etc.) initiated by the investor.

(d) The AMCs, RTAs and Depositories shall take necessary steps and put in place necessary systems for the implementation of this circular.

21.4.5. Passive breaches (occurrence of instances not arising out of omission and commission by AMC), such as those caused by a decline in NAV, shall not be treated as a violation of the Minimum Investment Threshold. However, if the total investment value falls below the threshold due to a passive breach, the investor shall only be permitted to redeem the entire remaining investment amount from the SIF

21.4.6. AMFI shall coordinate with recognized stock exchanges, depositories, and Mutual Fund RTAs to deploy systems and processes for the active monitoring of the Minimum Investment Threshold.

21.5. Restriction on investments

In terms of Regulation 52, the AMC shall ensure compliance with the following prudential norms:

Sr. no	**Particulars**	**Description**	**Maximum Investment/ exposure limit**	**Proviso**
1.	Investment by SIF Investment Strategy scheme in equity instruments	Investment in equity shares or equity related instruments of any entity by a SIF Investment Strategy	10% of NAV	The limit shall also be applicable for investment in units of Venture capital funds.

2.	Single issuer limit for investment in debt instruments	(a) Investment by a investment strategy of SIF 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 authorized to carry out such activities under the Act.	(i) **Overall limit-** 20% of NAV (ii) **Sub limits-** based on credit rating of the instruments for actively managed Investment Strategies of SIF – (I) 20% of its NAV in debt and money market securities rated AAA; or (II) 16% of its NAV in debt and money market securities rated AA; or (III) 12% of its NAV in debt and money market securities rated A and below issued by a	(A) Such limit shall also be applicable to mortgage backed securitized debt which are rated not below investment grade by a credit rating agency registered with the Board (B) Such limit shall not be applicable for investments in Government Securities, treasury bills and triparty repo on Government securities or treasury bills. (C) Such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the Board from time to time. (D) The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of Credit Rating Agencies between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating. Exposure to government money market instruments such as TREPS on G-Sec/ T-bills shall be treated as exposure to government securities.

			single issuer	
		(b) Additional Investment in any issuer as well as its instruments (based on ratings) with prior approval of the Board of Trustees and Board of Directors of the AMC	Additional 5% of NAV (i.e. upto maximum 25% of NAV)	
3.	Investment in paid-up capital of a company at mutual fund level having SIF Investment Strategies	Investment by mutual fund having SIF Investment Strategies, under all its schemes and Investment Strategies in any company's paid up capital carrying voting rights.	15% of paid-up capital of the company Or 15% of units of REITs issued by a single issuer	Investment in the asset management company or the trustee company of a mutual fund shall be governed by Regulation, 6(1)(a). Provided further that the 15% limit shall be inclusive of 10% limit for mutual fund schemes as specified at Item No. 5 under Paragraph 13.1. *Explanation: If a mutual fund under all its schemes owns 10% of any company's paid up capital carrying voting rights, then the SIF under all its investment strategies shall not own more than 5% of that company's paid up capital carrying voting rights.*
4.	Investment by SIF Investment Strategies in units of InvITs	(a) Under all Investment Strategies of SIF	20% of units issued by a single issuer	Provided that the 20% single issuer limit shall be inclusive of 10% limit for mutual fund schemes as specified at Item No. (a) under Paragraph 13.13.5.

		(b) Investment by SIF Investment Strategy in the units of InvITs	20% of NAV of Investment Strategy	Such limits shall not be applicable for investments in case of index fund or sector or thematic scheme pertaining to InvIT.
		(c) Investment by SIF Investment Strategy in the units of InvITs issued by a single issuer	10% of NAV of Investment Strategy	
5.	Investments in debt and money market instruments in a specific sector	(a) Investment in a particular sector	25% of net assets of Investment Strategy	Such limit shall be excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-secs, Tbills, short term deposits of Scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks.
		(b) Additional exposure to financial service sector through investment in Housing Finance Companies	10% of net assets of Investment Strategy *(over and above the limit of 25% mentioned above)*	(A) Additional exposure in securities issued by HFCs shall be rated AA and above and these HFCs are registered with National Housing Bank(NHB) (B) Overall maximum investment in housing finance companies shall not exceed the sector exposure limit of 25% of the net assets of the Investment Strategy. (C) Appropriate disclosures in this regard shall be made in ISID and KIM of respective schemes.
		(c) Additional exposure to financial service sector through investment in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.	5% of net assets of Investment Strategy (*over and above the limit of 25% mentioned above)*	

6.	All other investment restrictions applicable for schemes of mutual funds as specified under Paragraph 13.1 and Sixth Schedule of MF Regulations shall apply to investment strategies under the SIF, unless otherwise specified.

21.6. Investment in derivatives

21.6.1. Investment by SIF in eligible derivative products shall be as follows:

(a) The investment strategies under the SIF may take exposure of up to 25% of the net assets in permissible exchange traded derivative instruments, specifically for purposes other than hedging and portfolio rebalancing.

Explanation: This provision allows an investment strategy under the SIF to take unhedged short exposure through derivative instruments of up to 25% of net assets, in addition to derivative exposure undertaken for hedging and portfolio rebalancing purposes.

(b) The exposure to derivative contracts for the investment strategies under SIF shall be computed as follows:

(i) Futures (long and short) = Futures Price * Lot Size * Number of Contracts

(ii) Options bought = Option premium paid * Lot size * Number of contracts

(iii) Options sold = Market price of the underlying * Lot size * Number of contracts

(iv) In case of any other derivative exposure, the exposure shall be calculated as the notional market value of the contract.

(c) The total exposure at any point of time shall be the sum of exposure through instruments in both the cash market and derivatives market.

(d) Offsetting of exposure at the portfolio level shall be allowed for:

(i) Cash and derivative positions on the same underlying security

(ii) Between derivative positions on the same underlying security

The illustration on exposure calculation and offsetting of derivative positions is provided in **Annexure 13A**.

(e) The cumulative gross exposure through equity, debt, derivative positions (including commodity and fixed income derivatives), repo transactions and credit default swaps in corporate debt securities, InvITs, other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time shall not exceed 100% of the net assets of the investment strategy.

21.7. Subscription and redemption of units of investment strategies

21.7.1. Subscription and redemption frequencies:

(a) The subscription and redemption frequency of investment strategy under SIF shall be based on the nature of investments, including daily, weekly, fortnightly, monthly, quarterly, annually, fixed maturity, or other suitable intervals. The SIF may decide on the appropriate frequency of subscription/ redemption to allow the fund managers to adequately manage liquidity of the fund without imposing undue constraints on the investors.

(b) The subscription and redemption frequency of an investment strategy may also be distinct from each other.

Illustration: An investment strategy may permit daily subscriptions, while offering weekly redemptions.

21.7.2. Notice periods: Based on structure of the investment strategy and the liquidity risk associated with it, AMC may implement appropriate notice periods for redemption from the investment strategy of SIF, in the following manner:

(i) In case of notice period, the redeeming investor shall receive the value of units sold based on the fund's NAV at the end of the notice period.

(ii) Maximum duration of notice period shall not exceed 15 working days.

21.8. Listing of units of investment strategies

21.8.1. To provide an exit option for the redeeming investors, the units of all close ended and interval investment strategies of SIF shall be mandatorily listed on recognized stock exchange(s).

21.8.2. For the purpose of SIF, investment strategies with subscription and/or redemption frequency other than daily shall be classified as 'Interval investment strategies'.

21.9. Benchmarking of Investment Strategies

21.9.1. The investment strategies of SIF shall follow a single-tier benchmark structure.

Provided that, AMC at its discretion may also provide second tier benchmark for investment strategies as applicable for schemes of Mutual Funds under Paragraph 7.22.5 of this Master Circular.

21.9.2. The AMC shall appropriately select any broad market indices available, as a benchmark index depending on the investment objective and portfolio of the investment strategy.

21.9.3. The guiding principles for selection of benchmarks are as follows:

(a) Equity oriented investment strategies shall be compared against a suitable broad market index such as BSE Sensex or NSE Nifty or BSE 100 or CIRISL 500 etc

(b) Debt oriented investment strategies shall be compared with a suitable broad market index that is a representative of the fund's portfolio.

(c) Hybrid investment strategies shall be compared with suitable broad market benchmark wherever available.

21.10. Distribution of Specialized Investment Funds

21.10.1. An entity engaged in sale and/or distribution of Mutual Fund products, shall also be eligible to offer products under the SIF, subject to such entity having passed National Institute of Securities Markets ('NISM') Series-XIII: Common Derivatives Certification Examination.

21.10.2. AMFI and the AMCs shall ensure compliance with the above requirement by their agents and distributors.

21.11. Disclosure in offer documents

21.11.1. The following information shall be disclosed in the offer documents to enable the investors and unit holders to take an informed decision:

(a) Redemption and subscription frequency of the investment strategy.

(b) Notice period of the investment strategy, if any.

(c) Frequency of portfolio disclosure.

(d) Scenario analysis for derivative positions.

(e) Investment in derivatives along with the maximum limit on investment in derivatives for other than hedging and portfolio rebalancing exposure.

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(f) Liquidity risk management tools and their applicability.

(g) Any other relevant information.

21.11.2. The format of Investment Strategy Information Document (ISID) is provided at Format No. 5D.

21.12. Risk-Band

21.12.1. Similar to Mutual Fund schemes, the potential risk associated with the investment strategies of the SIF shall be depicted through a pictorial risk meter, termed as “Risk-band.

21.12.2. The Risk-band shall have following five levels of risks for investment strategies of SIF:

(a) Risk band level 1 (Lowest risk)

(b) Risk band level 2

(c) Risk band level 3

(d) Risk band level 4

(e) Risk band level 5 (Highest Risk)

21.12.3. The detailed standards regarding Risk-Band including the depiction, evaluation and calculation of risk levels of the Risk-Band has been issued by AMFI.

21.12.4. Based on the scheme characteristics, SIF shall assign risk level for schemes at the time of launch of NFO of the investment strategy.

21.12.5. Any change in risk band shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular investment strategy.

21.12.6. Risk-band shall be evaluated on a monthly basis and SIF/AMCs shall disclose the risk-band for all their investment strategies on their respective websites and on website of AMFI within 10 calendar days from the close of each month.

21.12.7. SIFs shall disclose the risk level of investment strategies as on March 31st of every year, along with number of times the risk level has changed over the year, on their websites and AMFI website.

21.13. Disclosure requirements

21.13.1. <u>Portfolio Disclosure</u>

The SIF shall disclose portfolio (along with ISIN), including derivative instruments, as on the last day of every alternate month (i.e. as on the end of May, July, September, November, January and March) for all its investment strategies (including debt based investment strategies) on the respective AMC website and on the website of AMFI within 10 calendar days from the close of such month in a user friendly and downloadable spreadsheet format. All other provisions regarding portfolio disclosure applicable to Mutual Fund schemes, shall also be applicable to the investment strategies under the SIF.

21.13.2. Scenario analysis:

The Investment Strategy Information Document (ISID) shall include a scenario analysis, depicting the expected loss to the investor due to market movements. AMFI, in consultation with SEBI, has prescribed a model format for scenario analysis.

21.13.3. Offer documents:

21.13.4. All offer documents (i.e. ISID/SAI/KIM) shall be available publicly and also on the website of the SIF and AMFI.

21.13.5. Standard disclaimer:

(a) All advertisements and promotional materials shall be accompanied by a standard warning in a legible font which shall state:

"Investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision."

(b) No addition or deletion of words shall be made to the standard disclaimer.

21.13.6. The Stock Exchanges, Clearing Corporations and Depositories are directed to:

(a) take necessary steps and put in place necessary systems for the implementation of the above provisions;

(b) make necessary amendments to the relevant bye-laws, rules and regulations, wherever applicable, for the implementation of the above provisions;

(c) bring the above provisions to the notice of market participants and also disseminate the same on their website.

21.14. Reporting requirements[455]

21.14.1. All reporting requirements applicable to mutual funds under the MF Regulations, this Master Circular, and any other circulars or guidelines

[455] SEBI Circular No. HO/24/13/12(4)2025-IMD-POD-1/I/2062/2026 dated January 08, 2026

issued thereunder, shall also apply to Specialized Investment Funds, unless specified otherwise.

21.14.2. All AMCs managing SIF shall additionally report compliance under Part IV as part of the CTR submitted for Mutual Funds.

21.14.3. The Trustees/Trustee Companies of Mutual Funds managing SIF shall additionally report compliance under clause 78 as part of the HYTR submitted for Mutual Funds.

21.15. Exemptions for SIF

21.15.1. The provisions under Paragraph 3.6.2(d) of this Master Circular, regarding maturity of securities in interval schemes, shall not be applicable to Interval Investment Strategies under SIF[456].

[456] SEBI Circular No. SEBI/HO/IMD/IMD-I POD1/P/CIR/2025/54 dated April 09, 2025

CHAPTER 22: MISCELLANEOUS

22.1. Common fund manager under Regulation 21[457]

22.1.1. In terms of Regulation 21 (b)(vi), the replication of minimum 70% of portfolio value shall be considered as adequate for the purpose of compliance with the said provision, provided that AMC has in place a written policy for trade allocation and it ensures at all points of time that the fund manager shall not take directionally opposite positions in the schemes managed by him.

22.1.2. Where a fund manager is common across the mutual fund schemes and schemes/products under other permissible activities of AMC, then the AMC shall:

(a) Disclose on its website, the returns of all the schemes (mutual fund, pension funds, offshore funds etc.) managed by the said manager, on a monthly basis.

(b) In case any performance advertisement is issued by the AMC for any scheme, then the details of returns of all the schemes (mutual fund, pension funds, offshore funds etc.) managed by that fund manager shall be provided.

(c) In case the difference between the annual returns provided by all the schemes managed by the same fund manager is more than 10% then the same shall be reported to the trustee and explanation for the same shall be disclosed on the website of the AMC.

22.2. Management and advisory services by AMCs to Foreign Portfolio Investors[458]

22.2.1. AMCs may provide management and advisory services in terms of Regulation 21(b) to FPIs falling under the following categories of FPIs as specified in SEBI (Foreign Portfolio Investors) Regulations, 2019:

(a) Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies including entities controlled or at least 75% directly or indirectly owned by such Government and Government related investor(s);

(b) Appropriately regulated entities such as pension funds, insurance or reinsurance entities, banks and mutual funds;

[457] SEBI Circular No. Cir/IMD/DF/7/2012 dated February 28, 2012
[458] SEBI Circular No. SEBI/HO/IMD/IMD-POD1/P/CIR/2023/005 dated January 06, 2023 & SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/155 dated December 16, 2019

(c) Appropriately regulated FPIs wherein (a) or (b) above hold more than 50% of shares/ units.

22.2.2. AMCs may also provide management and advisory services to FPIs operating from International Financial Centres (IFSC) and regulated by International Financial Services Centres Authority (IFSCA) and falling under the aforesaid categories.

22.2.3. Further, AMCs may also provide management and advisory services to FPIs operating from IFSC and regulated by IFSCA, not falling under the categories of FPIs specified under Paragraph 22.2.1 above, subject to the following:

(a) Such FPIs shall be allowed to invest in Mutual Fund schemes other than the schemes in the category of "thematic" as defined in Part IV of Chapter 3 of this Master Circular.

(b) For investment in equity and equity derivative securities listed on recognized stock exchanges in India, such FPI shall not take contra-position for a period of six months from the date of purchase or sale of such securities.

22.2.4. The proviso to Regulation 21(b)(vi) shall be applicable for the categories of FPIs as mentioned under Paragraph 22.2.1 above.

22.3. [459]*Limited Purpose Clearing Corporation ("LPCC") by AMCs*:

22.3.1. The LPCC has been set up for clearing and settling repo transactions in corporate debt securities, in accordance with the provisions of SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/202117 dated February 02, 2021 and SEBI Circular No. SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/0548 dated April 06, 2021.

22.4. [460]Mode of Payments and Despatch:

22.4.1. AMCs may use instruments or payment channels such as cheque, demand draft, dividend warrants, RTGS, NEFT, IMPS, direct credit, etc. or any other mode allowed by RBI from time to time, for payments including refunds to unitholders.

22.4.2. Further, AMCs may also use modes of dispatch such as speed post, courier etc. for payments including refunds to unitholders in addition to the registered post with acknowledgement due.

22.5. [461]Maintenance of Current Accounts in multiple banks by Mutual Funds:

[459] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/202117 dated February 02, 2021
[460] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[461] SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/610 dated August 04, 2021

22.5.1. Mutual funds shall 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.

22.6. [462]Guidelines on Accounting with respect to Indian Accounting Standards (IND AS):

22.6.1. AMCs shall prepare the Financial Statements and Accounts of the Mutual Fund Schemes in accordance with IND AS.

22.6.2. Accordingly, Mutual Fund Schemes shall prepare the opening balance sheet as on date of transition and the comparatives as per the requirements of IND AS.

22.6.3. Perspective historical per unit statistics mentioned in Clause 6 of Ninth Schedule of MF Regulations requires disclosure of scheme wise per unit statistics for the past 3 years. In this regard, Mutual Fund schemes may not be mandatorily required to restate the previous years published perspective historical per unit statistics as per requirement of IND AS for the first two years from first time adoption of IND AS. However, Mutual Fund schemes shall furnish following additional information in perspective historical per unit statistics:

(a) Label the previous Generally Accepted Accounting Principles (GAAP) information prominently as not being prepared in accordance with IND AS; and

(b) Disclose the nature of the adjustments that would be required to make it comply with IND AS. Mutual Funds schemes need not quantify those adjustments.

22.6.4. The Financial Statements of the Mutual Fund Schemes shall be prepared as per Format No. 4E.

22.7. Clearing and Settlement of OTC trades in Commercial Paper (CPs) & Certificates of Deposit (CDs)[463]:

22.7.1. All SEBI regulated entities shall settle their OTC trades in CDs and CPs on the lines of the process for settlement of OTC trades in corporate bonds, through National Securities Clearing Corporation Limited (NSCCL) and Indian Clearing Corporation Limited (ICCL). All transactions cleared and settled in this regard, will be subject to such norms as may be specified by NSCCL and ICCL.

[462] SEBI circular no SEBI/HO/IMD-II/DOF8/P/CIR/2022/12 dated February 04, 2022
[463] SEBI circular no Cir. /IMD/DF/8/2012 dated March 05, 2012, Refer SEBI email dated December 30, 2009

22.8. Disclosure requirement for AMCs[464]

22.8.1. In terms of Regulation 2(1)(d), AMCs shall disclose scheme wise investments, as on the last day of each quarter, in securities of such entities that are excluded from the definition of associate.

22.8.2. In this regard, the disclosure of Investment shall include ISIN wise value of investment and value as percentage of AUM of scheme. Such disclosure shall be made on the websites of respective AMCs and on the website of AMFI, within one month from the close of each quarter.

22.9. [465]Postal Ballot:

22.9.1. As per the existing provisions of the MF Regulations and various circulars issued thereunder, wherever consent or approval of unitholders is required, an option shall be given to unitholders. In this regard, it is clarified that the same can also be done through Postal Ballot mechanism.

22.9.2. For this purpose, voting through Postal Ballot shall mean voting by post or through any electronic mode.

22.10. [466]Exit period for Unitholders:

22.10.1. In order to bring uniformity, wherever exit option is required to be given to unitholders under the MF Regulations and circulars issued thereunder, unitholders shall be given a time period of at least 30 calendar days for the purpose of exercising the exit option, unless mentioned otherwise.

22.11. Updating contact details

22.11.1. 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[467].

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[464] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/111 dated August 25, 2022
[465] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[466] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021
[467] SEBI/HO/IMD/DF2/CIR/P/2018/92 dated June 05, 2018

APPENDIX: LIST OF RESCINDED CIRCULARS

SR. NO.	CIRCULAR NO.	DATE	SUBJECT
1.	HO/(92)2026-IMD-POD-2/I/6961/2026	March 13, 2026	Borrowing by Mutual Funds
2.	HO/24/12/12(5)2026-IMD-SEC-1/I/6373/2026	March 06, 2026	Introduction of Voluntary Lock-in / Debit freeze facility to Mutual Fund folios
3.	HO/(68)2026-IMD-POD-2/I/5780/2026	February 26, 2026	Valuation of physical Gold and Silver held by mutual fund schemes
4.	HO/24/13/15(2)2026-IMD-RAC4/I/5764/2026	February 26, 2026	Categorization and Rationalization of Mutual Fund Schemes
5.	HO/24/13/12(4)2025-IMD-POD-1/I/2062/2026	January 08, 2026	Compliance reporting formats for Specialized Investment Funds (SIF)
6.	HO/(83)2025-IMD-POD-1/I/2027/2026	January 07, 2026	Extension of timeline for implementation of additional incentives structure for distributors for onboarding new individual investors from B-30 cities and women investors
7.	HO/24/13/12(1)2025-IMD-POD-2/I/157/2025	November 28, 2025	Reclassification of Real Estate Investment Trusts (REITs) as equity related instruments for facilitating enhanced participation by Mutual Funds and Specialized Investment Funds (SIFs)
8.	HO/(83)2025-IMD-POD-1/I/152/2025	November 27, 2025	Additional incentives to distributors for onboarding new individual investors from B-30 cities and women investors
9.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/115	August 08, 2025	Transaction charges paid to Mutual Fund Distributors
10.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/107	July 29, 2025	Monitoring of Minimum Investment Threshold under Specialized Investment Funds (SIF)
11.	SEBI/HO/IMD/PoD2/P/CIR/2025/92	June 26, 2025	Timelines for rebalancing of portfolios of mutual fund schemes in cases of all passive breaches
12.	SEBI/HO/IMD/PoD2/P/CIR/2025/56	April 22, 2025	Change in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds
13.	SEBI/HO/IMD/IMD-RAC/P/CIR/2025/54	April 11, 2025	Specialized Investment Funds (‘SIF’) – Application and Investment Strategy Information Document (ISID) formats
14.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/53	April 09, 2025	Clarification on Regulatory framework for Specialized Investment Funds (‘SIF’)
15.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/38	March 28, 2025	Extension of timelines for submission of offsite inspection data
16.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/36	March 21, 2025	Facilitating ease of doing business relating to the framework on “Alignment of interest of the Designated Employees of the Asset

			Management Company (AMC) with the interest of the unitholders”
17.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/26	February 27, 2025	Regulatory framework for Specialized Investment Funds (‘SIF’)
18.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/23	February 27, 2025	Timelines for deployment of funds collected by Asset Management Companies (AMCs) in New Fund Offer (NFO) as per asset allocation of the scheme
19.	SEBI/HO/IMD/PoD1/P/CIR/2025/21	February 20, 2025	Clarification regarding Investor Education and Awareness Initiatives
20.	SEBI/HO/IMD/IMD-SEC-3/P/CIR/2025/15	February 12, 2025	Service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant)
21.	SEBI/HO/IMD/IMD-PoD-2/P/CIR/2025/6	January 17, 2025	Disclosure of Risk adjusted Return - Information Ratio (IR) for Mutual Fund Schemes
22.	SEBI/HO/IMD/PoD2/P/CIR/2024/183	December 31, 2024	Introduction of a Mutual Funds Lite (MF Lite) framework for passively managed schemes of Mutual Funds
23.	SEBI/HO/IMD/IMD-RAC-1/P/CIR/2024/179	December 20, 2024	Upload of Draft Scheme Information Documents
24.	SEBI/HO/IMD/PoD2/P/CIR/2024/174	December 13, 2024	Classification of Corporate Debt Market Development Fund (CDMDF) as Category I Alternative Investment Fund
25.	SEBI/HO/IMD/IMD-I PoD-1/P/CIR/2024/163	November 26, 2024	Valuation of repurchase (repo) transactions by Mutual Funds
26.	SEBI/HO/IMD/PoD1/CIR/P/2024/150	November 05, 2024	Disclosure of expenses, half yearly returns, yield and risk-o-meter of schemes of Mutual Funds
27.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/149	November 04, 2024	Investments in Overseas Mutual Funds/ Unit Trusts by Indian Mutual Funds
28.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144	October 22, 2024	Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015
29.	SEBI/HO/IMD/PoD2/P/CIR/2024/125	September 20, 2024	Flexibility in participation of Mutual Funds in Credit Default Swaps (CDS)
30.	SEBI/HO/IMD/PoD1/CIR/P/2024/106	August 05, 2024	Valuation of Additional Tier 1 Bonds (“AT-1 Bonds”)
31.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/107	August 05, 2024	Institutional mechanism by Asset Management Companies for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities
32.	SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/098	July 08, 2024	Ease of doing business - Streamlining of prudential norm for passive schemes regarding exposure to securities of group companies of the sponsor of Mutual Funds

33.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/29	April 30, 2024	Nomination for Mutual Fund Unit Holders – exemption for jointly held folios
34.	SEBI/HO/IMD/IMD-PoD-2/P/CIR/2024/30	April 30, 2024	Ease of doing business- Fund manager for Mutual fund schemes investing in commodities and overseas securities.
35.	SEBI/HO/IMD/IMD-RAC-2/P/CIR/2024/000015	March 12, 2024	Simplification and streamlining of Offer Documents of Mutual Fund Schemes – Extension of timelines
36.	SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175	November 01, 2023	Simplification and streamlining of Offer Documents of Mutual Fund Schemes
37.	SEBI/HO/IMD/PoD2/P/CIR/2023/152	September 27, 2023	Clarification regarding investment of Mutual Fund schemes in units of Corporate Debt Market Development Fund
38.	SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/160	September 06, 2023	Nomination for Mutual Fund Unit Holders – Extension of timelines
39.	SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/142	August 11, 2023	Timeline for the Exit Option Window Period for Change in Control of AMC
40.	SEBI/HO/IMD/PoD2/P/CIR/2023/128	July 27, 2023	Framework for Corporate Debt Market Development Fund (CDMDF)
41.	SEBI/HO/IMD/PoD2/P/CIR/2023/129	July 27, 2023	Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund
42.	SEBI/HO/IMD/IMD-I – PoD1/P/CIR/2023/126	July 26, 2023	Resources for Trustees of Mutual Funds
43.	SEBI/HO/IMD/IMD-I – PoD1/P/CIR/2023/125	July 20, 2023	New category of Mutual Fund schemes for Environmental, Social and Governance ("ESG") Investing and related disclosures by Mutual Funds
44.	SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/118	July 07, 2023	Regulatory Framework for Sponsors of a Mutual Fund
45.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/117	July 07, 2023	Roles and responsibilities of Trustees and board of directors of Asset Management Companies (AMCs) of Mutual Funds
46.	SEBI/HO/IMD/IMD PoD-2/P/CIR/2023/87	June 13, 2023	Corrigendum to Circular on Participation of Mutual funds in repo transactions on Corporate Debt Securities dated June 8, 2023
47.	SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/86	June 13, 2023	Regulatory framework for Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds
48.	SEBI/HO/IMD/IMD PoD-2/P/CIR/2023/85	June 8, 2023	Participation of Mutual funds in repo transactions on Corporate Debt Securities
49.	SEBI/HO/IMD/POD-II/CIR/P/2023/0069	May 12, 2023	Investment in units of Mutual Funds in the name of minor through guardian
50.	SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/60	April 25, 2023	Modifications in the requirement of filing of Offer Documents by Mutual Funds

51.	SEBI/HO/IMD/IMD-I POD2/P/CIR/2023/48	March 29, 2023	Review of time limit for disclosure of NAV of Mutual fund schemes investing overseas
52.	SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/47	March 28, 2023	Nomination for Mutual Fund Unit Holders – Extension of timelines
53.	SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/40	March 23, 2023	E-wallet investments in Mutual Funds
54.	SEBI/HO/IMD/IMD-POD1/P/CIR/2023/005	January 06, 2023	Management and advisory services by AMCs to Foreign Portfolio Investors
55.	SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2022/164	November 29, 2022	Introduction of credit risk based single issuer limit for investment by mutual fund schemes in debt and money market instruments
56.	SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161	November 25, 2022	Timelines for transfer of dividend and redemption proceeds to unitholders
57.	SEBI/HO/IMD/DOF2/P/CIR/2022/145	October 28, 2022	Addendum to SEBI Circular on Development of Passive Funds
58.	SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/132	September 30, 2022	Two-Factor Authentication for transactions in units of Mutual Funds
59.	SEBI/HO/IMD/DOF2/P/CIR/2022/111	August 25, 2022	Disclosure requirement for Asset Management Companies (AMCs)
60.	SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/105	July 29, 2022	Nomination for Mutual Fund Unit Holders – Extension of timelines
61.	SEBI/HO/IMD/DF2/CIR/P/2022/102	July 28, 2022	Addendum to SEBI Circular on Development of Passive Funds
62.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/82	June 15, 2022	Nomination for Mutual Fund Unit Holders
63.	SEBI/HO/IMD/IMD-I/DOF2/P/CIR/2022/81	June 09, 2022	Modification in Cyber Security and Cyber Resilience Framework of Mutual Funds/ Asset Management Companies (AMCs)
64.	SEBI/HO/IMD/DOF2/P/CIR/2022/69	May 23, 2022	Circular on Development of Passive Funds
65.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/49	April 11, 2022	Risk value of commodities for Risk-o-meter
66.	SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/41	March 31, 2022	Discontinuation of usage of pool accounts for transactions in the units of Mutual Funds, Two Factor Authentication ('2FA') for redemption and other related requirements: Extension of timeline
67.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/39	March 30, 2022	Timelines for Rebalancing of Portfolios of Mutual Fund Schemes
68.	SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/29	March 15, 2022	Discontinuation of usage of pool accounts for transactions in the units of Mutual Funds: Clarifications with respect to Circulars dated October 4, 2021
69.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/24	February 25, 2022	Swing pricing framework for mutual fund schemes – Extension of timeline

70.	SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/17	February 09, 2022	Audit Committee of Asset Management Companies (AMCs)
71.	SEBI/HO/IMD-II/DOF8/P/CIR/2022/12	February 04, 2022	Guidelines on Accounting with respect to Indian Accounting Standards (IND AS)
72.	SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/10	January 31, 2022	Change in control of the asset management company involving scheme of arrangement under Companies Act, 2013
73.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/698	December 22, 2021	Restoration of relaxed timelines w.r.t. validity of observation letter pertaining to Mutual Funds
74.	SEBI/HO/IMD/DF2/CIR/P/2021/683	December 10, 2021	Circular on Mutual Funds
75.	SEBI/HO/IMD-II/IMD-II_DOF10/P/CIR/2021/00677	December 10, 2021	Publishing Investor Charter and disclosure of Investor Complaints by Mutual Funds on their website and AMFI website
76.	SEBI/HO/IMD/DF2/CIR/P/2021/668	November 24, 2021	Norms for Silver Exchange Traded Funds (Silver ETFs) and Gold Exchange Traded Funds (Gold ETFs)
77.	SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/654	October 28, 2021	Investment/ trading in securities by employees and Board members of AMC(s) and Trustees of Mutual Funds
78.	SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652	October 27, 2021	Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes
79.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/641	October 06, 2021	Minimum percentage of trades carried out by Mutual Funds through RFQ platform
80.	SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/634	October 04, 2021	Circular on Mutual Funds
81.	SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/635	October 04, 2021	Discontinuation of usage of pool accounts for transactions in units of Mutual Funds on Stock Exchange platforms
82.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631	September 29, 2021	Swing pricing framework for Mutual Fund schemes
83.	SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630	September 27, 2021	Risk Management Framework (RMF) for Mutual Funds
84.	SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/629	September 20, 2021	Clarification with respect to Circular dated April 28, 2021 on 'Alignment of Interest of Key Employees ('Designated Employees') of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund schemes
85.	SEBI/HO/IMD/IMD-IDOF5/P/CIR/2021/624	September 02, 2021	Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the unitholders of the Mutual Fund schemes
86.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/621	August 31, 2021	Disclosure of Risk-o-Meter of scheme, benchmark and portfolio details to the investors
87.	SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/610	August 04, 2021	Maintenance of current accounts in multiple banks by Mutual Funds

88.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608	July 30, 2021	Deployment of unclaimed redemption and dividend amounts and instant access facility in Overnight Funds
89.	SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/0606	July 30, 2021	Intra-Day Net Assets Value (NAV) for Transactions in Units of Exchange Traded Funds directly with Asset Management Companies
90.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604	July 26, 2021	RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions/ service requests
91.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/603	July 23, 2021	Timelines related to processing of scheme related applications filed by AMCs
92.	SEBI/HO/IMD/DF4/P/CIR/2021/593	July 09, 2021	Valuation of securities with multiple put options present ab-initio
93.	SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/582	June 25, 2021	Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the unitholders of the Mutual Fund schemes
94.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/583	June 25, 2021	Prudential norms for liquidity risk management for open ended debt schemes
95.	SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/580	June 18, 2021	Norms for investment and disclosure by mutual funds in derivatives
96.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573	June 07, 2021	Potential Risk Class Matrix for debt schemes based on Interest Rate Risk and Credit Risk
97.	SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/571	June 03, 2021	Enhancement of Overseas Investment limits for Mutual Funds
98.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/566	May 31, 2021	Disclosure of the following only w.r.t schemes which are subscribed by the investor: a. risk-o-meter of the scheme and the benchmark along with the performance disclosure of the scheme vis-à-vis benchmark and b. Details of the portfolio
99.	SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/0560	April 30, 2021	Timelines for updation of Scheme Information Document (SID) and Key Information Memorandum (KIM)
100.	SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/555	April 29, 2021	Disclosure of the following only w.r.t schemes which are subscribed by the investor: a. risk-o-meter of the scheme and the benchmark along with the performance disclosure of the scheme vis-à-vis benchmark and b. Details of the portfolio
101.	SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/553	April 28, 2021	Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the unitholders of the Mutual Fund schemes
102.	SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550	April 12, 2021	Circular on Reporting Formats for Mutual Funds

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105.	SEBI/HO/IMD/DF4/CIR/P/2021/032	March 10, 2021	Review of norms regarding investment in debt instruments with special features, and the valuation of perpetual bonds
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184.	CIR/IMD/DF/4/2015	April 30, 2015	Product Labelling in Mutual Funds
185.	Cir/ IMD/ DF/ 15 /2014	June 20, 2014	Minimum Asset under Management (AUM) of Debt Oriented schemes
186.	CIR/IMD/DF/10/2014	May 22, 2014	Circular on Mutual Funds
187.	CIR/IMD/DF/07/2014	April 02, 2014	Disclosures pertaining to Assets Under Management
188.	CIR/IMD/DF/05/2014	March 24, 2014	Enhancing disclosures, investor education & awareness campaign, developing alternative distribution channels for Mutual Fund products, etc.
189.	CIR/IMD/DF/20/2013	November 29, 2013	Circular on Infrastructure Debt Fund (IDF)
190.	CIR/IMD/DF/16/2013	October 18, 2013	Gold Exchange Traded Fund scheme (Gold ETFs) and Gold Deposit Scheme (GDS) of Banks
191.	CIR / IMD / DF / 7 / 2013	April 23, 2013	Circular on Infrastructure Debt Fund
192.	CIR/IMD/DF/5/2013	March 18, 2013	Product Labelling in Mutual Funds
193.	CIR/IMD/DF/04/2013	February 15, 2013	Gold Exchange Traded Fund scheme (Gold ETFs) Investment in Gold Deposit Scheme (GDS) of Banks
194.	CIR/ IMD/ DF/02/2013	February 06, 2013	Time period of initial offering and allotment of units of Mutual Fund scheme eligible under Rajiv Gandhi Equity Savings Scheme, 2012 (RGESS)
195.	CIR/IMD/DF/24/2012	November 19, 2012	Circular on Mutual Funds
196.	CIR/IMD/DF/23/2012	November 15, 2012	Participation of mutual funds in Credit Default Swaps (CDS) Market as users ("Protection Buyers") and in repo, in corporate debt securities
197.	CIR/IMD/DF/21/2012	September 13, 2012	Steps to re-energize Mutual Fund Industry
198.	Cir/IMD/DF/6/2012	February 28, 2012	Circular on Mutual Funds
199.	Cir/IMD/DF/7/2012	February 28, 2012	Circular for Mutual Funds
200.	CIR / IMD / DF / 21 / 2011	December 13, 2011	Revised Format of Monthly Cumulative Report (MCR) incorporating investments in Infrastructure Debt fund
201.	CIR / IMD / DF / 19 / 2011	November 11, 2011	Participation of mutual funds in repo in corporate debt securities
202.	Cir/ IMD/ DF/ 16 / 2011	September 08, 2011	Amendment to SEBI (Mutual Funds) Regulations, 1996
203.	Cir/ IMD/ DF/13/ 2011	August 22, 2011	Circular for Mutual Funds
204.	CIR/IMD/DF/12/2011	August 01, 2011	Indicative Portfolios and Yield in close ended debt oriented mutual funds Schemes
205.	CIR/IMD/DF/9/2011	May 19, 2011	Option to hold units in Demat Form
206.	CIR/MFD/DF/4/2011	March 09, 2011	Usage of Load Balance

207.	Cir/ IMD/ DF/20/2010	December 06, 2010	Half Yearly Report by Trustees
208.	Cir / IMD / DF / 19 / 2010	November 26, 2010	Circular for Mutual Funds
209.	CIR/IMD/DF/17/2010	November 09, 2010	Facilitating transactions in Mutual Fund schemes through the Stock Exchange infrastructure
210.	Cir / IMD / DF / 15/ 2010	October 22, 2010	Consolidation or merger of Schemes
211.	CIR/IMD/DF/10/2010	August 18, 2010	Transferability of Mutual Fund units
212.	Cir/ IMD/ DF/ 11/ 2010	August 18, 2010	Review of norms for investment and disclosure by Mutual Funds in derivatives
213.	Cir / IMD / DF / 9 / 2010	August 12, 2010	Updation of investor related documents
214.	Cir / IMD / DF / 8 / 2010	August 06, 2010	Amendments to SEBI (Mutual Funds) Regulations, 1996
215.	Cir / IMD / DF / 6 / 2010	July 28, 2010	Additional Mode of payment through Application Supported by Blocked Amount (hereinafter referred to as 'ASBA') in Mutual Funds
216.	Cir / IMD / DF / 5 / 2010	June 24, 2010	Certificate Programme for sale and/or distributors of mutual fund products
217.	Cir / IMD / DF / 4 / 2010	June 21, 2010	Valuation of Debt and Money Market Instruments
218.	Cir / IMD / DF/ 2 / 2010	May 13, 2010	Disclosure of investor complaints with respect to Mutual Funds
219.	SEBI/IMD/CIR No. 18/ 198647/2010	March 15, 2010	Circular for Mutual Funds
220.	SEBI/IMD/CIR No. 17/ 193751/2010	February 04, 2010	Standard warning in Advertisements by Mutual Funds
221.	SEBI/IMD/CIR No.16/ 193388/2010	February 02, 2010	Valuation of Debt and Money Market Instruments
222.	SEBI/IMD/CIR No.15/191378 /2010	January 18, 2010	Advertisement by mutual funds
223.	SEBI/IMD/CIR No 14/187175/2009	December 15, 2009	Modification to existing SEBI circulars on Mutual Funds
224.	SEBI/IMD/CIR No.12 /186868 /2009	December 11, 2009	Transaction through some MF distributors and compliance with SEBI circular on AML
225.	SEBI/IMD/CIR No./ 13/187052 /2009	December 11, 2009	AMFI Guidelines for change of mutual fund distributor
226.	SEBI /IMD / CIR No.11/183204/ 2009	November 13, 2009	Facilitating transactions in Mutual Fund schemes through the Stock Exchange infrastructure
227.	SEBI/IMD/CIR No. 10/178129/09	September 29, 2009	Statement of Additional Information (SAI) and Scheme Information Document (SID) to be made available on SEBI website
228.	SEBI/IMD/CIR No. 8/176988/2009	September 16, 2009	System Audit of Mutual Funds

229.	SEBI/IMD/CIR No. 8/174648/2009	August 27, 2009	Code of Conduct for Intermediaries of Mutual Funds
230.	SEBI/IMD/CIR No.7/173650/2009	August 17, 2009	Exit load - Parity among all classes of unit holders
231.	SEBI / IMD / CIR No. 6 /172445/ 2009	August 07, 2009	Exit load - Parity among all classes of unit holders
232.	SEBI/IMD/CIR No. 5/169030/2009	July 08, 2009	Revision in filing fees - Amendments to SEBI (Mutual Funds) Regulations, 1996
233.	SEBI/IMD/CIR No. 4/ 168230/09	June 30, 2009	Mutual Funds - Empowering Investors through transparency in payment of commission and load structure
234.	SEBI/IMD/CIR No.3/166386/2009	June 15, 2009	Guidelines for Investment by Mutual Funds in Money Market Instruments
235.	SEBI/IMD/CIR No. 2/166256/2009	June 12, 2009	Valuation of debt securities by Mutual Funds
236.	SEBI/IMD/CIR No. 1/165935 / 2009	June 09, 2009	Guidelines for investment by Mutual Funds in Indian Depository Receipts (IDRs) and copies of gazette notifications dated April 08, 2009 and June 05, 2009
237.	SEBI/IMD/CIR No. 15/157701/09	March 19, 2009	Portfolio Format for debt oriented close-ended and interval schemes/plans
238.	SEBI/IMD/CIR No. 13/150975/09	January 19, 2009	Portfolio of “Liquid Schemes” and nomenclature of “Liquid Plus” schemes
239.	SEBI/IMD/CIR No. 14/151044/09	January 19, 2009	Indicative Portfolios and Yields in Mutual Funds Scheme
240.	SEBI/IMD/CIR No. 12/147132/08	December 11, 2008	Review of Provisions relating to Close Ended Schemes
241.	SEBI/IMD/CIR No. 11/142521/08	October 24, 2008	Applicability of Net Asset Value (NAV) for Income/Debt oriented Mutual Fund scheme(s)/plan(s) (Other than liquid fund schemes)
242.	SEBI/IMD/CIR No. 10 /141712/08	October 20, 2008	Standardizing format of Abridged Scheme wise Annual Report Format and Reduction in time period for dispatch to the unitholders - Amendments to SEBI (Mutual Funds) Regulations, 1996
243.	SEBI/IMD/CIR No. 9/141601/08	October 18, 2008	Valuation of Debt securities by Mutual Funds
244.	SEBI/IMD/CIR No.8/132968/08	July 24, 2008	Abridged Scheme wise Annual Report and period disclosures to Unit holders
245.	SEBI/IMD/CIR No.7/129592/08	June 23, 2008	Parking of Funds in Short Term Deposits of Scheduled Commercial Banks by Mutual Funds - Pending deployment
246.	SEBI/IMD/CIR No.6/127947/08	June 06, 2008	Short Selling and Securities Lending and Borrowing & Net Settlement of Government Securities Transactions - Amendments to SEBI (Mutual Funds) Regulations, 1996

247.	SEBI/IMD/CIR No. 5/126096/08	May 23, 2008	Simplification of Offer Document and Key Information Memorandum of Mutual Funds schemes
248.	SEBI/IMD/CIR No.4/124477/08	May 02, 2008	Notification on Real Estate Mutual Fund schemes and initial issue expenses
249.	SEBI/IMD/CIR No. 3/124444/08	April 30, 2008	Revised Monthly Cumulative Report (MCR)
250.	SEBI/IMD/CIR No.2/122577/08	April 08, 2008	Overseas Investments by Mutual Fund
251.	SEBI/IMD/CIR No.1/122201/08	April 03, 2008	Revision in Filing Fees and Registration Fees - Amendment to SEBI (Mutual Funds) Regulations, 1996
252.	SEBI/IMD/CIR No. 14/120784/08	March 18, 2008	Load on Bonus Units and units allotted on Reinvestment of Dividend
253.	SEBI/IMD/CIR No. 13/118899/08	February 29, 2008	New Scheme Report
254.	SEBI/IMD/CIR No. 12/ 118340 /08	February 26, 2008	Standard warning in Advertisements by Mutual Funds
255.	SEBI/IMD/CIR No. 11/ 115723 /08	January 31, 2008	Removal of Initial Issue Expenses
256.	SEBI/IMD/CIR No. 10/ 112153 /07	December 31, 2007	Waiver of Entry Load for Direct applications
257.	SEBI/IMD/CIR No.9/108562/07	November 16, 2007	Circular for Mutual Funds
258.	SEBI/IMD/CIR No.8/107311/07	October 26, 2007	Parking of Funds in Short Term Deposits of Scheduled Commercial Banks by Mutual Funds - Pending deployment
259.	SEBI/IMD/CIR No.7/104753/07	September 26, 2007	Overseas Investments by Mutual Fund
260.	SEBI/IMD/CIR No. 6/98057/07	July 05, 2007	Bi-monthly Compliance Test Reports (CTRs)
261.	SEBI/IMD/CIR No.5 /96576/07	June 25, 2007	Extension of time for uploading of NAVs of Fund of Fund schemes
262.	SEBI/IMD/CIR No.4 /95754/07	June 11, 2007	Gazette notification dated May 28, 2007
263.	SEBI/IMD/CIR No.3/93334/07	May 14, 2007	Investment in ADRs/GDRs/Foreign Securities and overseas ETFs by Mutual Funds
264.	SEBI/IMD/CIR No.2/91600/07	April 20, 2007	REVISED MONTHLY CUMULATIVE REPORT (MCR)
265.	SEBI/IMD/CIR No.2/91033/07	April 17, 2007	REVISED MONTHLY CUMULATIVE REPORT (MCR)
266.	SEBI/IMD/CIR No. 1/ 91171 /07	April 16, 2007	Parking of Funds in Short Term Deposits of Scheduled Commercial Banks by Mutual Funds - Pending deployment

267.	SEBI/IMD/CIR No. 15/87045/2007	February 22, 2007	Additional Reporting with Monthly Cumulative Report (MCR)
268.	SEBI/IMD/CIR No.14 /84243/07	January 15, 2007	Circular for Mutual Funds
269.	SEBI/IMD/CIR No.13/83589/07	January 04, 2007	Investments in ADRs/GDRs/Foreign Securities and Overseas EFT by Mutual Funds
270.	IMD/CIR/12/80083/2006	November 20, 2006	Dispatch of Account Statement
271.	SEBI/IMD/CIR No.11/78450/06	October 11, 2006	Uniform Cut Off Time for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/Plan(s)
272.	SEBI/IMD/CIR No.10 / 77780/06	September 28, 2006	Uniform Cut Off Time for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/Plan(s)
273.	SEBI/IMD/CIR No.9/74364/06	August 14, 2006	Gazette notification dated August 03, 2006
274.	SEBI/IMD/CIR No.8 / 73580/06	August 04, 2006	Filing of Annual Information Return to be filed by Mutual Funds
275.	SEBI/IMD/CIR No. 7 / 73202 /06	August 02, 2006	Investments in ADRs/GDRs/Foreign Securities and Overseas EFTs by Mutual Funds
276.	SEBI/IMD/CIR No. 6 / 72245 /06	July 20, 2006	Revised Monthly Cumulative (MCR) and Annual Statistical Report (ASR)
277.	SEBI/IMD/CIR No.5/70559/06	June 30, 2006	Undertaking from Trustee for New Scheme Offer Document
278.	SEBI/IMD/CIR No.4/69458/06	June 16, 2006	Gazette notification dated May 22, 2006
279.	SEBI/IMD/CIR No. 2/65348/06	April 21, 2006	Introduction of Gold Exchange Traded Funds in India.
280.	SEBI/IMD/CIR No. 3/65370/06	April 21, 2006	Dividend Distribution Procedure for Mutual Funds
281.	SEBI/IMD/CIR No. 1/64057/06	April 04, 2006	Rationalization of Initial issue expenses and dividend distribution procedure for Mutual Funds
282.	SEBI/IMD/CIR No. 5/63714/06	March 29, 2006	Review of time limit for updating NAV on AMFI website
283.	SEBI/IMD/CIR No. 5/63715/06	March 29, 2006	Applicability of Investment restrictions for securitized debt
284.	SEBI/IMD/CIR No.4/58422/06	January 24, 2006	Gold ETF
285.	SEBI/IMD/CIR No.3/50241/05	September 26, 2005	Investments in ADRs/GDRs/Foreign Securities by Mutual Funds
286.	SEBI/ IMD/CIR No.2/46603/2005	August 10, 2005	Unique Client Code (UCC) for Mutual Fund schemes/plans
287.	SEBI/ IMD/CIR No.1 /42529/2005	June 14, 2005	Minimum number of investors in the Scheme(s)/Plan(s) of Mutual Funds

288.	SEBI/ IMD/CIR No.11/36222/2005	March 16, 2005	Compliance Test Report (CTR)
289.	SEBI/IMD/CIR No. 10/ 16521/04	July 28, 2004	Key Information Memorandum
290.	SEBI/IMD/CIR No. 9/ 6016/04	March 25, 2004	Uniform Cut Off Time for applicability of Net Asset Value (NAV) of Mutual Fund Scheme(s)/plan(s)
291.	SEBI/IMD/CIR No. 7/ 5573/04	March 19, 2004	Investment in Foreign Securities by Mutual Funds
292.	SEBI/IMD/CIR No. 8/ 5611/04	March 19, 2004	Uniform Cut Off Time for applicability of Net Asset Value (NAV) of Mutual Fund Scheme(s)/plan(s)
293.	SEBI/IMD/CIR No. 6/ 4213/04	March 01, 2004	Mentioning Bank Account Numbers & PAN by investors
294.	SEBI/ IMD/CIR No. 5/265/ 2004	February 16, 2004	Gazette notification dated January 15, 2004
295.	SEBI/ IMD/CIR No. 4/2627/ 2004	February 06, 2004	Guidelines for Participation by Mutual Fund in Derivative Trading
296.	SEBI/IMD/CIR No. 03/2564/04	February 05, 2004	REVISED MONTHLY CUMULATIVE REPORT (MCR)
297.	SEBI/IMD/CIR No. 02/254/04	February 04, 2004	Certification of Agents/distributors and employees
298.	SEBI/IMD/CIR No. 01/1756/04	January 27, 2004	Unique Client Code for Schemes/Plans of Mutual Funds
299.	SEBI/IMD/CIR No. 10/22701/03	December 12, 2003	Minimum number of investors in the Schemes/Plans of Mutual Funds
300.	SEBI/IMD/CIR No. 9/20306/03	November 12, 2003	Investment by Mutual Funds in Short Term Deposits of Scheduled Commercial Banks
301.	SEBI/IMD/CIR No.8/18944/03	October 06, 2003	Investment Limits for Government Guaranteed Debt Securities
302.	SEBI/MFD/CIR No.7/13391/03	July 11, 2003	Investment/trading in securities by employees of Asset Management Companies and Mutual Fund Trustee Companies
303.	SEBI/MFD/CIR No.6/12357/03	June 26, 2003	Advertisement by Mutual Funds
304.	SEBI/MFD/CIR No.5/12031/03	June 23, 2003	Consolidation of Schemes
305.	MFD/CIR No.04/11488/2003	June 12, 2003	Role of Chief Executive Officers and Fund Managers & Fund of Funds
306.	SEBI/MFD/CIR No.3/158/03	June 10, 2003	Investment in Interest Rate Derivatives
307.	SEBI/MFD/CIR No.2/6855/03	April 04, 2003	Guidelines for Investment in Foreign Securities by Mutual Funds
308.	SEBI/MFD/CIR No.1/6693/03	April 03, 2003	Certification and Registration of Intermediaries
309.	MFD/CIR No.23/066/2003	March 07, 2003	Investment Valuation Norms for Mutual Funds

310.	MFD/CIR No.22/2311/03	January 30, 2003	Conversion of Close ended Schemes to open-ended schemes
311.	MFD/CIR/21/25467/2002	December 31, 2002	Guidelines for participation by Mutual Funds in Trading in Derivative Products
312.	MFD/CIR/20/23230/2002	November 28, 2002	Registration of Intermediaries
313.	MFD/CIR/19/22474/2002	November 20, 2002	Reconciliation Procedure for investment in Government Securities
314.	MFD/CIR/18/21826/2002	November 07, 2002	Investment in Foreign Securities
315.	MFD/CIR/16/21105/2002	October 28, 2002	Appointment of Independent Directors
316.	MFD/CIR/16/20844/2002	October 24, 2002	Gazette notification dated September 09, 2002
317.	MFD/CIR/15/19133/2002	September 30, 2002	Risk Management System
318.	MFD/CIR/14/18337/2002	September 19, 2002	Portfolio Disclosures
319.	MFD/CIR/13/16799/2002	August 29, 2002	Independent Directors on Boards of AMCs and Trustee Companies
320.	MFD/CIR/12/16588/2002	August 28, 2002	Quarterly reports on movement in net assets & New Scheme report
321.	MFD/CIR/10/16159/2002	August 22, 2002	Rounding off of NAVs
322.	MFD/CIR/10/15895/2002	August 20, 2002	Circular for Mutual Funds
323.	MFD/CIR/09/247/2002	July 23, 2002	New Scheme Report
324.	MFD/CIR/08/514/2002	July 22, 2002	Uniformity in calculation of Sale and Repurchase Price & Rounding off NAVs
325.	MFD/CIR/ 07/213/2002	July 02, 2002	Circular for Mutual Funds
326.	MFD/CIR/ 06/210/2002	June 26, 2002	Code of Conduct for intermediaries of Mutual Fund
327.	MFD/CIR/05/432/2002	June 20, 2002	Circular for Mutual Funds
328.	MFD/CIR/04/430/2002	June 19, 2002	Circular for Mutual Funds
329.	MFD/CIR/03/526/2002	May 09, 2002	Investment in Unlisted Equity shares
330.	MFD/CIR/02/110/02	April 26, 2002	Revised Annual Statistical Report (ASR)
331.	MFD/CIR/01/071/02	April 15, 2002	Benchmarks for Debt-Oriented and Balanced Funds schemes
332.	MFD/CIR/17/419/02	March 30, 2002	Guidelines for Investment in Foreign Securities by Mutual Funds
333.	MFD/CIR/16/400/02	March 26, 2002	Introduction of Benchmarks
334.	MFD/CIR/15/041/2002	March 14, 2002	Publication of audited annual accounts by mutual funds
335.	MFD/CIR/ No.14/442/2002	February 20, 2002	Circular for Mutual Funds
336.	MFD/CIR No.13/370/02	January 16, 2002	SEBI Investors Education Programme-Investments in Mutual Funds
337.	MFD/CIR No.12/362/02	January 03, 2002	Rendering investment advice and reporting of compliance officer to SEBI

338.	MFD/CIR/11/354/2001	December 20, 2001	Independent Directors on Boards of AMCs and Trustee Companies.
339.	MFD/CIR No.10/310/01	September 25, 2001	Certification Programme and Disclosure Standards.
340.	MFD/CIR/9/230/2001	August 14, 2001	Circular for Mutual Funds
341.	MFD/CIR/No.8/290/01	July 30, 2001	Clients Codes For Mutual Funds
342.	MFD/CIR/07/206/2001	July 19, 2001	Discontinuing Monthly Statistical Reports (MSTATS)
343.	MFD/CIR/06/275/2001	July 09, 2001	Circular for Mutual Funds
344.	MFD/CIR No.5/153/2001	May 24, 2001	Circular for Mutual Funds
345.	MFD/CIR No.4/216/2001	May 08, 2001	Investment/trading in securities by employees of Asset Management Companies and Mutual Fund Trustee Companies
346.	MFD/CIR/ No.3/211/2001	April 30, 2001	Circular for Mutual Funds
347.	MFD/CIR No.2/205/01	April 27, 2001	Validity of Scheme Offer Documents.
348.	MFD/CIR/1/200/2001	April 20, 2001	Format for Half-Yearly of Unaudited Financial Results
349.	MFD/CIR/13/087/2001	March 28, 2001	Gazette Notification and publication of NAV of close ended scheme
350.	MFD/CIR/14/088/2001	March 28, 2001	Guidelines for Valuation of securities
351.	MFD/CIR No. 12/175/01	February 15, 2001	Launch of Additional Plans under existing schemes
352.	MFD/CIR/10/039/2001	February 09, 2001	Circular for Mutual Funds
353.	MFD/CIR No.11/171/01	February 09, 2001	Disclosure of NAVs on AMFI website
354.	MFD/CIR/9/120/2000	November 24, 2000	Circular for Mutual Funds
355.	MFD/CIR/8(a)/104/2000	October 03, 2000	Guidelines for Mutual Funds
356.	MFD/CIR/8/92/2000	September 18, 2000	Guidelines for valuation of securities for Mutual Funds
357.	MF/CIR/07/404/2000	July 31, 2000	Monthly Cumulative Report (MCR)
358.	MFD/CIR/6/73/2000	July 27, 2000	Recording of investment decisions by Mutual Funds
359.	MFD/CIR/5/360/2000	July 04, 2000	Revised Format of Compliance Test Reports (CTRs)
360.	MFD/CIR/4/51/2000	June 05, 2000	Guidelines for Advertisement by Mutual Funds
361.	MFD/CIR/3/292/2000	May 30, 2000	Gazette Notification dated May 22,2000
362.	SEBI/MFD /CIR/2/266/2000	May 19, 2000	Payment of interest for delay in dispatch of redemption or repurchase proceeds.
363.	MFD/CIR/1/189/2000	April 10, 2000	Gazette Notification dated March 14, 2020 and Money Market Mutual Funds Schemes
364.	MF/CIR/12/109/2000	February 22, 2000	Submission of soft copies of offer document
365.	MFD/CIR/011/061/2000	February 01, 2000	Guidelines for participation by Mutual Funds in Trading in Derivative

366.	MFD/CIR NO.010/024/2000	January 17, 2000	Frequency of Portfolio Disclosure, Formation of Audit Committee & Formation of Valuation committee by AMC
367.	MFD/CIR/09/014/2000	January 05, 2000	Applicability of Investment Restrictions, Responsibilities of Trustees etc.
368.	MFD/CIR/08/23026/99	December 23, 1999	Clarification on Reporting of Transactions by Mutual Funds
369.	MFD/CIR/07/384/99	December 17, 1999	Reporting of Transactions by Mutual Funds.
370.	MFD/CIR NO.5/062/99	September 30, 1999	Investments in ADRs/GDRs by Mutual Funds
371.	MFD/CIR NO.4/052/99	September 01, 1999	Investments in ADRs/GDRs by Mutual Funds
372.	MFD/CIR/01/047/99	February 10, 1999	Guidelines for Participation in Stock Lending Scheme
373.	IIMARP/MF/CIR/07/826/98	April 15, 1998	SEBI Circular dated April 15, 1998
374.	IIMARP/MF/CIR/06/793/98	March 31, 1998	Standard Offer Document and Key Information Memorandum
375.	IIMARP/MF/CIR/04/571/98	March 04, 1998	Corrigendum dated February 06, 1998 to Gazette notification dated January 12, 1998
376.	IIMARP/MF/CIR/01/294/98	February 04, 1998	Gazette Notification dated January 12, 1998 and Clarifications
377.	IIMARP/MF/CIR/14/1570/97	August 18, 1997	Compliance Test Formats
378.	IIMARP/MF/CIR/11/1171/97	June 20, 1997	Amendment in SEBI (Mutual Funds) Regulations, 1996
379.	IIMARP/MF/CIR/10/1076/97	June 05, 1997	Submission of Compliance Test Formats
380.	IIMARP/CIR/08/845/97	May 07, 1997	Submission of Statistical Information/Bio-data of Key-Personnel
381.	IIMARP/MF/CIR/07/844/97	May 05, 1997	Filing of Offer Documents/Disclosure of NAV And Guaranteed Return Scheme
382.	IIMARP/ MF/CIR/05/788/97	April 28, 1997	Formats of Statistical Information/Compliance Reports/Bio-Data of key personnel of AMCs
383.	IIMARP/MF/CIR/01/428/97	February 28, 1997	Limitations of Fees and expenses charged to schemes and filing Of offer document of schemes
384.	SMD-II(N)/2113/94	April 12, 1994	No 1% listing deposit from Mutual Funds
385.	IIMARP/10772/93	July 14, 1993	Reporting by Mutual Funds - New Scheme Reports
386.	SEBI/HO/IMD/DF2/CIR/P/2020/156	August 24, 2020	Master Circular for Mutual Funds

ANNEXURES

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ANNEXURE 1: CATEGORIZATION OF MUTUAL FUND SCHEMES[468]

Annexure 1A – Methodology for Portfolio Overlapping

1. Weightage of each scrip in a scheme shall be calculated as: Investment made in a particular scrip (ISIN) wise as percentage of AUM of the scheme.
2. Portfolio overlap shall be computed at the level of individual ISINs. Only common scrips held by both schemes shall be considered for overlap calculation, scrips not common to both schemes shall be assigned a weightage of zero.
3. For each common scrip, the minimum weightage between the two schemes shall be considered.
4. The overall portfolio overlap between the two schemes shall be the sum of such minimum weightages of all common scrips as indicated in the illustrative table below:

Scrips	**Weightage of Scrip in Scheme A**	**Weightage of Scrip in Scheme B**	**Overlap**
Scrip P	10%	25%	10%
Scrip Q	15%	30%	15%
Scrip R	20%	10%	10%
Scrip S	10%	-	0
Scrip X	-	25%	0
Scrip Y	25%	10%	10%
Scrip Z	20%	-	0
Total	100%	100%	**45%**

5. Accordingly, portfolio overlap shall be calculated using the following formula:

   Portfolio Overlap (%) $=\sum_{i=1}^{n} \min(w_{iA}, w_{iB})\ X\ 100$

   w_{iA} - represents the weightage of the i^{th} common security (ISIN) in Scheme A

   w_{iB} - represents the weightage of the i^{th} common security (ISIN) in Scheme B

   w_i - $\dfrac{\text{Market value of security } i}{\textit{Total AUM of the scheme}}$

[468] SEBI Circular No. HO/24/13/15(2)2026-IMD-RAC4/I/5764/2026 dated February 26, 2026

Annexure 1B – Life Cycle Funds

An open ended fund with a target date maturity following a glide path investing in a mix of asset classes i.e. Equity, Debt, InvITs, ETCDs, Gold & Silver ETF.

1. Mutual Fund may launch Life Cycle Funds with a minimum tenure of 5 years and a maximum tenure of 30 years. Such fund may be launched for tenures in multiple of 5 years and a maximum of 6 funds by a Mutual Fund can be active for subscription at any given point in time. Additionally, as each fund reaches less than 1 year to maturity, such fund may be merged with nearest maturity Life Cycle Fund with positive consent from the unitholders.

2. Asset Allocation for Life Cycle Funds to be followed in following manner:

<u>For Life Cycle Funds with maturity of 30 years</u>

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ETCDs/InvITs (%)
15-30 Years	65-95	5-25	0-10
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

<u>For Life Cycle Funds with maturity of 25 years</u>

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)
15-25 Years	65-95	5-25	0-10
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

<u>For Life Cycle Funds with maturity of 20 years</u>

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)

15-20 Years	65-95	5-25	0-10
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 15 years

Years to Maturity	**Investment in Equity (%)**	**Investment in Debt (%)**	**Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)**
10-15 Years	65-80	5-25	0-10
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 10 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)
5-10 Years	50-65	5-25	0-10
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

For Life Cycle Funds with maturity of 5 years

Years to Maturity	Investment in Equity (%)	Investment in Debt (%)	Investment in Gold/Silver ETFs/ ETCDs /InvITs (%)
3-5 Years	35-50	25-50	0-10
1-3 Years	20-35	25-65**	0-10
< 1 Years	5-20	25-65**	0-10

*** Exposure in debt instruments shall be limited to AA & above rated instruments with residual maturity less than the target maturity of scheme.*

ETCDs shall be based only on Gold/Silver.

For years to maturity less than 10 years, all Life Cycle Funds may take equity arbitrage exposure upto 50% in addition to the investment range specified for equity while ensuring that total investment in equity and equity related instruments *remains within 65%- 75% in such schemes (as defined above).*

3. In order to inculcate financial discipline, in life cycle funds, an exit load of 3% would be chargeable on any exit by an investor within one year of investment; an exit load of 2% within first two years of investment and 1% in the first three years of investment.

4. Life Cycle Funds shall follow benchmark framework as prescribed for Multi Asset Allocation Fund.

5. Life Cycle Funds shall include the maturity date in the nomenclature of the scheme, for e.g. Life Cycle Fund 2055, Life Cycle Fund 2045 etc.
    a. An AMC may opt to continue 'Children's Fund', however such AMC may not launch 20 years life cycle fund and may launch either/all of remaining 5 life cycle funds.
    b. An AMC may opt to continue 'Retirement Fund', however such AMC may not launch 30 years life cycle fund and may launch either/all of remaining 5 life cycle funds.
    c. An AMC may opt to continue both 'Children's Fund' and 'Retirement Fund', however such AMC may not launch 20 years and 30-year life cycle fund and launch either/all of remaining 4 life cycle funds only i.e. 5 year, 10 year, 15 year and 25 year.
    d. An AMC may discontinue 'Children's Fund' and 'Retirement Fund' and opt to launch 6 life cycle funds. All subscriptions in the aforesaid schemes shall be stopped and such schemes shall be merged with any other scheme as per the approval of the Board.

Annexure 1C – Standardized Framework for Fund of Fund (FoF) Schemes

Applicability- The captioned framework is applicable for all Fund of Fund Schemes having more than one underlying funds.

CATEGORISATION OF FUND OF FUND SCHEMES (with multiple underlying Funds)

AMCs may launch FOFs with multiple underlying funds under the following broad categories:

S.no.	Category of FOF	Sub-Category	Description
1.	**Equity oriented FOF (Domestic)**	**Diversified FOF**	FOFs that invests in schemes which are based on varied market caps e.g. large-cap, mid-cap, Nifty 100, Nifty 50 etc are allowed under this sub-category and these underlying schemes should not be based on factors like momentum, volatility, etc.
		Sectoral /Thematic FOF	FoF based on • a single sector; or • a single theme; or • Multi-sector.
2.	**Debt oriented FOF (Domestic)**		These FoFs shall invest in domestic debt oriented MF schemes based on • different categories of debt schemes as per Paragraph 3.8 of this Master Circular. • a single category of debt schemes as per Paragraph 3.8 of this Master Circular on Mutual Fund.
3.	**Hybrid FoF(Domestic)**	**Aggressive Hybrid FoF**	Investment in underlying Equity oriented schemes- 65% to 80%; Investment in underlying Debt oriented schemes - 20% to 35%.
		Conservative Hybrid FoF	Investment in underlying Equity oriented schemes- 10% to 25%; Investment in underlying Debt oriented schemes - 75% to 90%.
		Income plus Arbitrage FOF	Investment in underlying Debt oriented schemes – up to 65%. Balance investment in only arbitrage based underlying schemes.

		Dynamic Asset Allocation FoF	Investment in equity / debt oriented schemes that are managed dynamically
		Multi Asset Allocation FoF	Investment in Equity oriented schemes, Debt oriented schemes + Commodity based schemes* (and any other asset class based scheme as permissible by SEBI from time to time), subject to minimum investment of 10% in each of the three categories of schemes. *currently only gold and silver based passive schemes are allowed to be launched under commodity based schemes.
4.	**Commodity based FoF(Domestic)**		Investment in commodity funds which invest in Gold and/or Silver or any other commodity that may be permitted by SEBI from time to time.
5.	**Overseas FoF**[1]	**Equity oriented FOF (Overseas)**	
		Country specific Equity FoF	FOFs investing in overseas equity oriented schemes that provides exposure to the equity markets of a particular country
		Thematic/Sector based Equity FoF	FOFs investing in overseas equity oriented schemes that are based on a single theme/sector
		Region specific Equity FoF[2]	FOFs investing in overseas equity oriented schemes that provides exposure to the equity markets of a particular region
		Debt oriented FOF (Overseas)	
		Country specific Debt FoF	FOFs investing in overseas debt oriented schemes that provides exposure to the debt markets of a particular country
		Region specific Debt FoF[2]	FOFs investing in overseas debt oriented schemes that provides exposure to the debt markets of a particular region
6.	**Domestic and Overseas FOF**[1]	**Diversified Equity FOF**	FOFs investing in domestic and overseas equity oriented schemes which should not be based on the factors like momentum, quality, etc. Minimum investment in underlying domestic and overseas schemes should be at least 35% each.

		Sectoral /Thematic based Equity FOF	FoF investing in domestic and overseas equity schemes based on • a single sector; or • a single theme; or • Multi-sector. Minimum investment in underlying domestic and overseas schemes should be at least 35% each.
		Debt oriented FOF	FOFs investing in domestic and overseas debt oriented schemes. Minimum investment in underlying domestic and overseas schemes should be at least 35% each.

Note:

1. W.r.t Overseas FoFs, the AMC to take into account certain parameters such as liquidity in such overseas funds, a certain threshold of collective AUM following the overseas indices of such overseas funds, compliance of such indices with portfolio concentration norms for passive indices etc.
2. List of regions for launch of Region specific FOFs is placed at **Annexure 1C(i)**. Further, AMFI in consultation with SEBI may define additional list of "regions" for Region specific FOFs.
3. Minimum investment in FOF schemes -95% of total assets (in line with the categorisation circular). AMC has to ensure that the remaining portion of the investment shall not be in contrast to the strategy of the scheme.
4. AMCs shall ensure that only those underlying overseas schemes are selected which have exposure in securities as defined under Securities Contract (Regulation) Act, 1956 and other applicable regulations/guidelines.

The AMC may launch schemes in each of the above mentioned categories of FoFs with multiple underlying under the following three options:

a) **Active option**- FOFs investing in multiple active funds.

b) **Passive option**- FOFs investing in multiple passive funds.

c) **Active and passive option** - FOFs investing in multiple active and passive funds.

Benchmark

List of appropriate benchmarks that could be used by Mutual funds for the respective category of FOF schemes is placed at **Annexure 1C(ii).**

Nomenclature of FOF Schemes

The nomenclature of FOF schemes for each category of FOF schemes is placed at **Annexure 1C(iii)**.

Number of FoFs permitted to be launched by an AMC

Number of FoF schemes permitted to the Mutual funds under above-mentioned categories of FOF schemes is placed at **Annexure 1C(iv)**.

If the number of existing FoF schemes of a Mutual fund under any particular category is more than the number of FoFs permitted under the particular sub-category of FoF as mentioned at **Annexure 1C(iv)**, such FoFs will be grandfathered. However, Mutual fund will not be allowed to launch more FoFs under that particular sub-category.

Re-categorisation of Existing FOF Schemes

Mutual funds are required to ensure that all the FoFs shall comply with the aforesaid requirements. Further, in case the number of existing FoFs of an AMC under any particular category/sub-category is greater than or equal to the number of FoFs permitted under that category/sub-category as mentioned in **Annexure 1C(iii)**:

a) The AMC may *merge* the existing FoF schemes falling under a category/sub-category to reduce the number of FoFs under that category/sub-category in compliance with relevant MF Regulations/ Circulars issued thereunder;

b) If the AMC is somehow not able to merge existing FoFs falling under a category/sub-category due to scheme features, investment objective, etc., then such existing FoF schemes may be *grandfathered* from the requirement of restricted number of FOFs in particular category/sub-category based on request and rationale received from the concerned AMC. Further AMCs while making the request for grandfathering for overseas FOF category of schemes may also include distinct terminology in the scheme name for the purpose of providing more clarity to the unitholders, such distinct term may include US Treasury 1-3 year, NASDAQ, etc.

Annexure 1C(i) – Name of Regions

Sr.No.	Name of Regions
1	ASEAN
2	Europe
3	Asia
4	Asia Pacific
5	Africa
6	Middle East
7	North America
8	South America
9	Oceania/Australia

Annexure 1C(ii) – Benchmark for FOFs

<table>
<tr><th>S.No.</th><th>Type of FoF</th><th></th><th>Benchmark to be used</th></tr>
<tr><td>1</td><td>Equity oriented FOF (Domestic)</td><td colspan="2">NIFTY 500 TRI or S&P BSE 500 TRI or Tier 1 Benchmark for closely related to the Theme/factor</td></tr>
<tr><td>2</td><td>Debt oriented FOF (Domestic)</td><td colspan="2">NIFTY Composite Debt Index A-III or, CRISIL Dynamic Bond A-III Index or benchmark close to the duration/credit profile</td></tr>
<tr><td rowspan="4">3</td><td rowspan="4">Hybrid FOF(Domestic)</td><td>Aggressive Hybrid FoF</td><td rowspan="3">Tier 1 Benchmark – Hybrid category</td></tr>
<tr><td>Conservative Hybrid FoF</td></tr>
<tr><td>Dynamic Asset Allocation FoF</td></tr>
<tr><td>Income Plus Arbitrage FOF</td><td>Policy framework for Composition of Benchmark of Income Plus Arbitrage FoF
1. The benchmark should represent both debt and arbitrage schemes , in line with the weights under asset allocation of the schemes.
2. Additionally, the weightages of these benchmarks should be at least the minimum of the asset allocation range of that particular asset class.
3. AMCs are advised to use an appropriate combination of the broad indices that represent each asset class as mentioned below:

Broad Fixed Income Indices
NIFTY Short Duration Debt Index
NIFTY Composite Debt Index
CRISIL Short Term Bond Fund Index
CRISIL 10 year Gilt Index
CRISIL Composite Bond Fund Index

Arbitrage Fund Indices
NIFTY 50 Arbitrage
CRISIL Arbitrage Index</td></tr>
</table>

			4. Additionally, AMCs need to ensure the following requirements: a) While constructing the benchmark for a Income plus arbitrage FOF scheme, once a benchmark index is selected for underluing debt and arbitrage schemes the same should not be changed. For example – if for debt schemes, NIFTY Short Duration Debt Index is chosen, it should not be changed on an ad-hoc basis by the AMC and may be changed only after following a due process including prior intimation/ approval of SEBI. b) Likewise, once weights for underlying debt and arbitrage schemes for constructing the benchmark is decided by an AMC, the AMC may not change the weights without following due process including prior intimation/ approval of SEBI. c) The weights of underluing debt and arbitrage schemes in the benchmark may be allotted suitably based on Scheme Information Document/ Investment Pattern of Scheme. For example, it should not happen that while the actual investment in debt by the scheme is generally 10%, the benchmark weight for the debt index is 50%. d) Further, the respective benchmark to be used for underluing debt and arbitrage schemes should be only from the aforesaid limited set of Indices mentioned hereinabove.
		Multi Asset Allocation FoF	Multi Asset- As per the policy framework for composition of benchmark of multi asset allocation fund category
4	**Commodity based FoF(Domestic)**	Gold + Silver (or any other allowed Commodities) Weightages of these benchmarks should be at least the minimum of the investment range of that particular underlying fund.	
5	**Overseas FOF**	Benchmark of the underlying overseas MF schemes or broad market benchmark or weightages of these benchmarks should be at least the minimum of the investment range/duration/credit profile of that particular overseas underlying fund as per the SID.	
6	**Domestic and Overseas FOF**	Benchmark of the underlying overseas MF schemes or broad market benchmark or weightages of these benchmarks should be at least the minimum of the investment range/duration/credit profile of that particular overseas underlying fund as per the SID.	

Annexure 1C(iii) – Nomenclature for FOFs

S. No.	FoF	Available Proposed Name		
		Active option	**Passive option**	**Active and Passive option**
1	**Equity oriented FOF(Domestic)**			
	· Diversified FOF	<<Name of Mutual Fund>> Diversified Equity <<Distinct Keyword>> Active FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps than the word "all cap" will be used.	<<Name of Mutual Fund>>Diversified Equity <<Distinct Keyword>> Passive FOF	<<Name of Mutual Fund>> Diversified Equity <<Distinct Keyword>> Omni FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps than the word "all cap" will be used.
	· Sectoral /Thematic FOF	<<Name of Mutual Fund>> <<name of sector/theme/multi sector>> Active FOF	<<Name of Mutual Fund>> <<name of sector/theme/multi sector>> Passive FOF	<<Name of Mutual Fund>> <<name of sector/theme/multi sector>> Omni FOF
2	**Debt oriented FOF(Domestic)**	*Based on single debt category* - <<Name of Mutual Fund>> <<name of category of debt fund>> Active FOF or *Based on diversified debt category* - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>>Active FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.	*Based on single debt category* - <<Name of Mutual Fund>> <<name of category of debt fund>>Passive FOF or *Based on diversified debt category* - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>> Passive FOF	*Based on single debt category* - <<Name of Mutual Fund>> <<name of category of debt fund>> Omni FOF or *Based on diversified debt category* - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>>Omni FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.
3	**Hybrid FoF(Domestic)**			
	· Aggressive Hybrid	<<Name of Mutual Fund>> <<Aggressive Hybrid>> Active FOF	<<Name of Mutual Fund>> <<Aggressive Hybrid>> Passive FOF	<<Name of Mutual Fund>> <<Aggressive Hybrid>> Omni FOF
	· Conservative Hybrid	<<Name of Mutual Fund>><<Conservative Hybrid>> Active FOF	<<Name of Mutual Fund>><<Conservative Hybrid>> Passive FOF	<<Name of Mutual Fund>><<Conservative Hybrid>>Omni FOF
	· Dynamic Asset Allocation	<<Name of Mutual Fund>> <<Dynamic Asset Allocation>> Active FOF	<<Name of Mutual Fund>> <<Dynamic Asset Allocation>> Passive FOF	<<Name of Mutual Fund>> <<Dynamic Asset Allocation>> Omni FOF
	· Income plus Arbitrage	<<Name of Mutual Fund>> <<Income plus Arbitrage>> Active FOF	<<Name of Mutual Fund>> <<Income plus Arbitrage>> Passive FOF	<<Name of Mutual Fund>> <<Income plus Arbitrage>>Omni FOF
	· Multi – Asset	<<Name of Mutual Fund>> <<Multi – Asset>> Active FOF	<<Name of Mutual Fund>> <<Multi – Asset>> Pssive FOF	<<Name of Mutual Fund>> <<Multi – Asset>> Omni FOF
4	**Commodity based FoF(Domestic)**	-	<<Name of Mutual Fund>> <<Name of commodity/commodities >> Passive FOF	-
5	**Overseas FoF**			

	· Country specific Equity FoF	<<Name of Mutual Fund>> <<name of country>> specific Equity Active FOF	<<Name of Mutual Fund>> <<name of country>> specific equity Passive FOF	<<Name of Mutual Fund>> <<name of country>> specific Equity Omni FOF
	· Thematic/Sector based Equity FoF	<<Name of Mutual Fund>> <<name of theme/sector>> overseas Equity Active FOF	<<Name of Mutual Fund>> <<name of theme/sector>>overseas Equity Passive FOF	<<Name of Mutual Fund>> <<name of theme/sector>> overseas Equity Omni FOF
	· Region specific Equity FoF	<<Name of Mutual Fund>> <<name of region>>specific Equity Active FOF	<<Name of Mutual Fund>> <<name of region>>specific Equity Passive FOF	<<Name of Mutual Fund>> <<name of region>>specific Equity Omni FOF
	· Country specific Debt FoF	<<Name of Mutual Fund>> <<name of country>> specific Debt Active FOF	<<Name of Mutual Fund>> <<name of country>> specific Debt Passive FOF	<<Name of Mutual Fund>> <<name of country>> specific Debt Omni FOF
	· Region specific Debt FoF	<<Name of Mutual Fund>> <<name of region>> specific Debt Active FOF	<<Name of Mutual Fund>> <<name of region>> specific Debt Passive FOF	<<Name of Mutual Fund>> <<name of region>> specific Debt Omni FOF
	Domestic and overseas FOF			
	· Diversified Equity FOF	<<Name of Mutual Fund>> domestic and overseas diversified equity<<Distinct Keyword>>Active FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps than the word "all cap" will be used.	<<Name of Mutual Fund>> domestic and overseas diversified equity <<Distinct Keyword>>Passive FOF	<<Name of Mutual Fund>> domestic and overseas diversified equity <<Distinct Keyword>>Omni FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps than the word "all cap" will be used.
6	· Sectoral /Thematic based Equity FOF	<<Name of Mutual Fund>> domestic and overseas <<name of sector/theme/multi sector>> Active FOF	<<Name of Mutual Fund>> domestic and overseas <<name of sector/theme/multi sector>> Passive FOF	<<Name of Mutual Fund>> domestic and overseas <<name of sector/theme/multi sector>> Omni FOF
	Debt oriented FOF	*Based on single debt category* - <<Name of Mutual Fund>> <<name of category of debt fund>> Active FOF or *Based on diversified debt category* - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>>Active FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.	*Based on single debt category* - <<Name of Mutual Fund>> <<name of category of debt fund>>Passive FOF or *Based on diversified debt category* - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>> Passive FOF	*Based on single debt category* - <<Name of Mutual Fund>> domestic and overseas<<name of category of debt fund>> Omni FOF or *Based on diversified debt category* - <<Name of Mutual Fund>> domestic and overseas diversified <<Distinct Keyword>>Omni FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.

Annexure 1C(iv) – Number of FOFs permitted to be launched by an AMC

S. No.	FoF	Active option	Passive option	Active and Passive option
1	**Equity oriented FOF(Domestic)**			
	· Diversified FOF	2	2	2
	· Sectoral /Thematic FOF	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme
		Multi Sector - 1 scheme	Multi Sector- 1 scheme	Multi Sector- 1 scheme
2	**Debt oriented FOF(Domestic)**	2	2	2
3	**Hybrid FoF(Domestic)**			
	· Aggressive Hybrid	1	1	1
	· Conservative Hybrid	1	1	1
	· Dynamic Asset Allocation	1	1	1
	· Income plus Arbitrage	1	1	1
	· Multi – Asset	1	1	1
4	**Commodity based FoF(Domestic)**	N.A	1	N.A
5	**Overseas FoF**			
	· Country specific Equity FoF	1 scheme per country	1 scheme per country	1 scheme per country
	· Thematic/Sector based Equity FoF	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme

		Multi-Sector- 1 scheme	Multi-Sector- 1 scheme	Multi-Sector- 1 scheme
	· Region specific Equity FoF	1 scheme per region	1 scheme per region	1 scheme per region
	· Country specific Debt FoF	1 scheme per country	1 scheme per country	1 scheme per country
	· Region specific Debt FoF	1 scheme per region	1 scheme per region	1 scheme per region
6	**Domestic and overseas FOF**			
	· Diversified Equity FOF	2	2	2
	· Sectoral /Thematic based Equity FOF	Sector / themes/multi-sector- 1 scheme per sector/ theme/multi-sector	Sector / themes/multi-sector- 1 scheme per sector/ theme/multi-sector	Sector / themes/multi-sector- 1 scheme per sector/ theme/multi-sector
	· Debt oriented FOF	2	2	2

ANNEXURE 2: GUIDELINES REGARDING THE MARKET MAKING FRAMEWORK[469]

1. Market Making in ETFs

The following broad points shall be considered while designing the market making framework in ETFs:

1.1. Obligations of AMC: Obligations shall, *inter-alia*, include:

1.1.1. AMCs to enter into agreement with at least two Market Makers (MMs) for each ETF.

1.1.2. AMCs may select MMs based on various criteria including experience in the capital market, capital adequacy, net worth, infrastructure, volume of business, etc.

1.2. Obligations and responsibilities of a Market Maker: Obligations shall, *inter-alia*, include:

1.2.1. **Quote:** MM shall be mandated to provide a two-way quote during such minimum time frame for which the MM may be required to make market. MM shall guarantee execution of orders at quoted price and quantity for quotes given by it.

1.2.2. **Minimum timeframe:** The minimum time frame for which the MM is required to make the market shall be 75% of the time during market hours of a trading day. Further, MM shall also be mandated to be present in the Best Buy/Sell order/quote for e.g. top 5 buy/sell order/quote.

1.3. Information to be collected from Stock Exchanges: AMCs to collect the following information from SEs on daily basis:

1.3.1. Total quantity traded by the MM in a particular ETF and its % trade to total quantity traded in the market of that ETF.

1.3.2. Minimum, Maximum and Median prices at which the MM has executed the trades.

1.3.3. Minimum, Maximum and Median spread at which the MM has provided the quotes.

1.4. Compensation of MM: The issue of compensation is to be decided between the AMC and the MM. It may have recourse to factors such as trading volume, bid-ask spread in units of ETFs, and such other information as may be required to formalize performance based incentive structure.

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[469] SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022

ANNEXURE 3: DETAILS OF ESG STRATEGIES[470]

1. **Exclusion:** Exclude securities based on certain ESG related activities, business practices, or business segments. The strategy should specify

   1.1. the characteristic / type of exclusion (Adverse impact, Controversy, Faith)

   1.2. threshold or condition for exclusion, and

   1.3. reference, where applicable, to any law/ regulation/ third-party standard/ guideline/ framework used in the establishment or evaluation of the criterion.

2. **Integration:** Explicitly consider ESG related factors that are material to the risk and return of the investment, alongside traditional financial factors, when making investment decisions.

3. **Best-in-class & Positive Screening:** Aim to invest in companies and issuers that perform better than peers on one or more performance metrics related to ESG matters. The details/specifics of the metrics should be disclosed.

4. **Impact investing:** Seeks to generate a positive, measurable social or environmental impact alongside a financial return and how the Fund Manager intends to achieve the impact objective.

   Provide methodology used to assess the effect that investments have, or may have, on environmental or social or governance issues. Describe the process for identifying and avoiding, mitigating, or managing adverse effects that the scheme or underlying companies' activities have, or may have, on environmental or social issues. The fund should seek a non-financial (real world) impact and evaluate if that impact is being measured and monitored.

5. **Sustainable objectives:** Aim to invest in sectors, industries, or companies that are expected to benefit from long-term macro or structural ESG-related trends. Describe the focussed objective including rationale for focussing on that objective.

6. **Transition or transition related investments:** Aim to invest in companies and issuers that support/facilitate environmental transition and just transition. The investment should generate a positive and measurable social and environmental transition.

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[470] Inserted by SEBI Circular No. SEBI/HO/IMD/IMD-I –PoD1/P/CIR/2023/125 dated July 20, 2023

ANNEXURE 4: RISK MANAGEMENT FRAMEWORK (RMF) FOR MUTUAL FUNDS[471]

1. RMF Standards

(i) AMCs shall establish a RMF for its mutual fund business. The RMF of mutual funds shall have the following characteristics:

a. Be structured, efficient and timely.

b. Be an integral part of the mutual fund's processes and governance framework, at both the operational and strategic level, and consider all available information i.e. both internal and external.

c. Be customized to both AMC's and scheme's risk profile, focuses on potential risks and implements mitigation and control measures to explicitly address uncertainty.

d. Be dynamic and flexible enough to identify new risks that emerge and make allowances for those risks that no longer exist.

e. Recognize that people and culture have an impact on its effectiveness, and accordingly the framework must communicate and consult with stakeholders throughout.

f. Protect reputation.

(ii) The objectives of RMF should assist the management and the Board of Directors of both AMC and Trustees in:

a. Demonstrating high standards of due diligence in daily management.

b. Promoting proactive management and early identification of risk.

c. Assigning and increasing accountability and responsibility in the organization.

d. Managing risk within the tolerance limits defined in the RMF.

(iii) The RMF of mutual funds shall comprise the following components:

a. Governance and Organization

b. Identification of Risks.

c. Measurement and Management of Risks.

d. Reporting of Risks and related Information.

1.1. Governance and Organization

(i) Risk Management shall be an independent and specific function of the AMC.

[471] SEBI/HO/IMD/IMD-1 DOF2/P/CIR/2021/630dated September 27, 2021

(ii) There should be at least one CXO level officer identified to be responsible for the risk management of specific functions of the AMC/Mutual Fund. For instance, there should be dedicated risk officers for various key risks such as Investment Risk (by Chief Investment Officer), Compliance Risk (by Chief Compliance Officer), Operational Risk (by Chief Operating Officer or similar functionary responsible for the respective functions overseen), Cyber Security (by Chief Information Security Officer), etc.

(iii) The policy on risk management of the mutual fund should have clarity on roles and responsibility assigned to CXOs and the same needs to be disclosed on their website.

(iv) AMC should have a Chief Risk Officer (CRO), who would be responsible for the overall risk management of the mutual fund operation including the key risks. This is in addition to one CXO level officer responsible for each key risk type. The CXO shall be the "Head of Department" or official of the AMC up to one level below CEO, other than CRO. However, for the overall risk management of the mutual fund, along with the management, both board of AMC and trustees should also be responsible. For this purpose, both the AMC and the trustees should mandatorily have separate Risk Management Committees (RMCs). These committees shall undertake annual review of RMF at both AMC and scheme level. The CRO should be part of the RMCs. The RMCs shall report to the Board of AMCs and trustees respectively and also recommend long term solutions regarding risk management both at the AMC level as well as the scheme level.

(v) There shall be clear demarcation between the roles and responsibilities of the respective CXOs and the CRO. For instance, while defining the role of CRO, it should be ensured that the CRO would be responsible for the overall governance of the RMF; the investment decisions and the other functions of CIO are not encroached upon and the risk taking ability of CIO in accordance of the scheme objective is not hindered. The CRO or the risk management function of the CRO cannot be entrusted with day to day functioning, the responsibility for which shall lie with the respective CXOs.

(vi) The AMC should maintain risk metric for each mutual fund scheme. The risk metric should incorporate each key risk type like investment risk, liquidity risk, credit risk, etc. along with the path to maintain the targeted risk level. The metric may incorporate evaluation of risk levels vis-à-vis an appropriate benchmark, wherever applicable. The RMCs shall meet at least once in a quarter to review various risks including risk metrics at both the scheme and the AMC level and assist the board of AMCs and trustees in discharging their duties in this regard.

1.1.1. Risk Management Policy

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. The mandatory and recommendatory elements for inclusion in the risk management policy, approved by the board of AMC and trustees, are outlined below:

1.1.1.1. Mandatory Elements

(i) There shall be an approved policy on the RMF both at AMC and scheme level.

(ii) A risk appetite framework should be in place at both AMC and scheme level. Quantification of the framework in the form of a metric for key risks shall include but not limiting to credit risk, market risk and liquidity risk, etc. and targeted path of improvement. The metric, wherever applicable, should incorporate an appropriate benchmark vis-à-vis which the measurements of risk and targeted risk levels may be made.

(iii) There should be a Delegation of Power (DoP) framework covering daily risk management, daily risk reporting and corrective actions at various levels of management.

(iv) Formation of RMCs (of both AMC and Trustees), its roles and responsibilities.

(v) Each CXO level officer to take ownership of risks and manage risk level for those risks as are applicable to their area of operation.

(vi) Clarity on roles and responsibility assigned to CXOs

(vii) Responsibility of line management and process ownership for risk management and reflection of the same in the performance appraisal through Key Result Areas (KRAs) of key officials of line management. The performance may be evaluated vis-à-vis an appropriate benchmark, if applicable.

(viii) All aspects of risks that the AMC can face along with the mitigation plans, including but not limited to:

a. Risk management practices in fund management, customer service, marketing and distribution.

b. Disaster recovery and business contingency planning.

(ix) Limit management framework for the material or key risks.

(x) Risk assessment & monitoring measures and tools for all risks with quantified risk indicators and limits thereto.

(xi) Implementation of scenario analysis and stress testing.

(xii) Risk mitigation requirements and control mechanisms.

(xiii) Additional triggers that could require review of the RMF, including:

a. Material claims or litigations from customers or incidents.

b. Material findings from internal or external audits.

c. Adverse media attention impacting reputation risk.

d. Adverse observations from the regulator(s), etc.

e. Key risk indicator breaches.

f. New regulatory requirements.

g. Sector-relevant developments or incidents.

1.1.1.2. Recommended Elements

i. Use of technology to automate risk management, reporting and compliance.

1.1.2. Risk Management Function – Responsibility of Board of AMC, Trustees and the Management

1.1.2.1. <u>Risk Management - Role of the Board of AMC and Trustees</u>

(i) Approving the RMF policies and procedures including the risk metrics at scheme level.

(ii) Defining, reviewing and approving the AMC's and scheme's risk appetite framework.

(iii) Periodic monitoring of risk appetite versus actual risk at scheme level.

(iv) Event based monitoring of Risk appetite versus actual risk at scheme level.

(v) Define specific responsibility of the management, including CEO

(vi) Approval for policy for risk based KRAs and KRAs at level of CEO and up to one level below CEO. Suggest modifications in KRA outcomes and link compensation to those KRAs.

(vii) Review of actions taken by Board of AMC and management in respect of risk management.

(viii) Reporting of material risk related observations to SEBI on periodic basis.

(ix) Setting up of the risk management function and developing appropriate structures and procedures to ensure that it can function independently.

(x) Approving a methodology for Board Evaluation of the RMF (either through outsourced or self-assessment) on an annual basis.

(xi) Annual review of effectiveness of the AMC and/or management's risk management function and policies including risk metrics to address the risk outcomes.

(xii) Trustee may recommend reduction/ change in the risk level of the schemes within the Potential Risk Class (PRC).

(xiii) For assessing the effectiveness of the RMF,

a. The board of AMC should seek an annual report through an internal management assessment process or from a third party covering all key risks and key risk metrics both at the AMC and scheme level.

b. The RMCs of both AMCs and Trustees shall meet at least once in a quarter to review various risks including the risk metrics at both AMC and scheme level.

c. The Board of AMC should have all relevant information of appropriate committee(s) (with the mandate and membership), CRO, CXO(s) for specific risk management, audit functions, investor relations, investment and credit decisions, etc.

1.1.2.2. Risk Management - Role of the Management

(i) The risk management role of the management can be broadly classified into risk management roles and responsibilities of the CEO, CRO, CIO, CXOs and the fund manager.

(ii) The overall role of the management shall be as below:

a. Overseeing the risk management function.

b. Keeping the Board of AMC and Trustees informed on new or emerging risks.

c. Putting in place a mechanism for risk reporting on quarterly basis to the Board of AMC and trustees, covering all risks including risk metrics, escalation of material risk related incidents, if any, and timely and corrective actions taken in specific cases of risk escalation. This may be carried out with an objective to address the root cause in escalation of such risks and also to improve the measurement and control mechanism for prevention of reoccurrence of such risks.

d. Establishing an organization-wide risk-conscious culture.

e. Inclusion of risk management as a parameter for performance appraisal (through KRAs or equivalent) of all the officials of the AMC at the level of CEO and up to two levels below CEO.

f. Establishing human resource practices pertaining to hiring, orientation and training in order to send messages to employees regarding the organization's expected standards on integrity, ethical behavior, competence and risk management.

1.1.2.2.1. Risk Management - Role of Chief Executive Officer (CEO)

(i) The CEO shall be responsible for all the risks at both AMC and Scheme level.

(ii) The CEO shall

a. ensure that the outcomes of risk management function are reported to him on a monthly basis

b. define specific responsibility of CIO and CXO regarding risk management

c. define a risk appetite framework for schemes and AMC.

d. define appropriate risk metric for respective CXO, CIO, fund manager, etc.

e. ensure adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken, if any.

f. The CEO shall approve the corrective action on various findings and report to the board of AMC and trustee regarding the same and also escalate to board of AMCs and trustees, if required, any major findings being reported.

1.1.2.2.2. Risk Management - Role of Chief Risk Officer (CRO)

(i) The CRO shall be responsible for ensuring that there is an effective governance framework and reporting framework of risk management in line with the regulatory requirements.

(ii) The risk management roles of the CRO are as under:

a. Implementation of Risk management framework across the organization.

b. Review specific responsibility of management, including CEO, CIO, CXOs, and Fund Managers.

c. Put in place mechanism for risk reporting at least on a quarterly basis to the board of AMC, trustees and RMCs, covering all risks including risk metrics, escalation of material risk related incidents, timely and corrective actions taken, if any.

d. Independent assessment of reporting of risk to various committees and CEO, etc.

e. Put in place mechanism for reporting to CEO - Including outcomes for risk management function on monthly basis.

f. The reporting of risk as above is independent from the CIO and verified by the risk team.

g. There is a DoP approved by the Board of AMC for risk management by CRO covering the following:

1) Daily risk management

2) Daily risk reporting

3) Corrective actions at the level of Fund manager, CIO and CEO.

h. The CRO shall inform to board of AMCs, trustee and risk committees regarding any major findings or corrective actions required and also update on closure or the status of various recommendations.

1.1.2.2.3. Risk Management - Role of Chief Investment Officer (CIO)

(i) Daily management of risk and necessary reporting relating to Investment risk of all scheme(s) such as market Risk, liquidity Risk, credit risk etc. and other scheme specific risks (Compliance Risk, Fraud Risk, etc.) lies on the CIO.

(ii) In respect of all schemes CIO should ensure:

a. Adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken, if any.

b. Defining specific responsibility of Fund Managers

c. Adherence to risk appetite framework - maintain risk level for schemes

(iii) CIO will calculate the overall risk by taking in to account the weighted average of (i) the risk-o-meter and (ii) the events of defaults. Both (i) and (ii) are to be calculated in terms of a number taking into account the risko-meter and events of defaults or early mortality of investments which may inter alia include credit default, change in yield, change in NAV, external shock or unusual redemptions, etc. to quantify the overall risk.

(iv) The CIO shall escalate the corrective actions taken, if any, to the CEO and the CRO.

1.1.2.2.4. <u>Risk Management - Role of other CXOs</u>

(v) The CXOs shall be responsible for the governance of the respective risk types.

(vi) In respect of respective risk type, CXO should ensure:

a. Adherence to the guidelines pertinent to SEBI in respect of RMF and relevant principles thereunder including risk identification, risk management, risk reporting (both periodic and escalation of material incident) and corrective actions taken.

b. Defining specific responsibility regarding risk management of key personnel reporting to them.

c. Maintaining risk level as per the risk metric.

(vii) The CXOs shall take immediate corrective action for non-compliance or major finding post approval from CEO as per DoP and shall report to CRO regarding the risk reports.

(viii) The CXO shall escalate to CEO and the CRO any major findings reported by respective risk management function.

1.1.2.2.5. <u>Risk Management - Role of Fund Manager (FM)</u>

(i) The FM shall be responsible for daily management of investment risk of managed scheme(s) such as market Risk, liquidity Risk, credit risk and other scheme specific risks and appropriate risk reporting of any risk related event to CIO.

(ii) In respect of schemes managed by them, FMs should ensure:

a. Adherence to relevant SEBI guidelines in respect of RMF and relevant principles thereunder including risk identification, risk management, reporting and corrective actions etc.

b. Adherence to risk appetite framework to maintain appropriate risk level for schemes.

c. If there is any need of change in the risk appetite of the scheme within the PRC of that particular scheme, the same is to be with the approval of the CIO.

(iii) The FM shall take corrective action, if required, as per the approved DoP and escalate major risk related event to CIO.

1.2. Identification of Risks

For the identification of risks, the RMF should address the following key questions:

1.2.1. What are the different types of risks faced by the mutual fund/AMC and its mutual fund schemes?

1.2.2. What is the probability of the happening of each of the above risks, considering the control environment and automation within the AMC, external factors or dependencies such as market infrastructure, outsourced activities, etc. and available historical risk data?

1.2.3. What is the likely impact of key risk events, in terms of financial loss, reputation loss, impact on investors/ unit holders and regulatory action?

1.2.4. What are the emerging or new risks due to new business lines, new products, statutory changes, changes in external environment or market infrastructure, etc.?

1.2.5. The mandatory and recommendatory elements for identification of risks, are outlined below:

1.2.5.1. Mandatory Elements

(i) Each AMC shall identify on an ongoing basis, the specific risks to be covered within the RMF, based on the nature, scale and complexity of its business, the risk profiles and strategies of the funds it manages, and the impact of different risks on its mutual funds business.

(ii) Documented risk profile for each of the key functions incorporating events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives, sources of risks and areas impacted due to the event.

1.2.5.2. Recommendatory Elements

(i) Formalized risk appetite statement (incorporating themes such as investment, sales, and operational losses as a result of in-house or outsourced activities) both at the scheme and AMC level.

1.3. Measurement and Management of Risks

1.3.1. AMC should have approved internal policy for measurement of various scheme specific risks (such as governance risk, investment risk, liquidity risk, credit risk) through appropriate risk metrics.

1.3.1.1. It should reflect the Risk-O-Meter and the PRC of the scheme vis-a-vis the scheme benchmark.

1.3.1.2. The policy should have the defined guidelines regarding the appropriate risk metric with role clarity depending on the responsibility of each person.

1.3.2. AMCs should have approved internal policy for measurement of organization wide risk like operational risk, technology risk, legal risk, talent risk, outsourcing risk, etc.

1.3.3. Having identified and documented the applicable risks, the risk management function should develop process/tools to measure and manage those risks. For this purpose, the following needs to be considered for each risk category:

(i) Ascertaining the measurement criteria for each risk category (qualitative and quantitative criteria).

(ii) Documentation of measurement tool(s) for each risk category, i.e. Risk and Control Self-Assessment (RCSA), stress testing, scenario analysis, etc.

(iii) Determination of required frequency of monitoring.

(iv) Developing a process for escalation.

(v) Determination and documentation of remedial or mitigating actions.

Wherever appropriate, it is recommended that AMCs consider documenting risk limits based on their risk appetite.

1.3.4. The mandatory and recommendatory elements for measurement and management of risks, are outlined below:

1.3.4.1. Mandatory Elements

(i) The AMCs shall have established structure and responsibility across the three lines of defense:

a. Business Operations.

b. Oversight functions like Risk Management and Compliance.

c. Internal Audit.

(ii) Internal Audit and Oversight functions like Risk Management and Compliance shall ensure the following:

a. There should be a dedicated internal auditor at the AMC level for audit of the RMF of the AMC.

However, the same may be carried out by independent auditor appointed by trustees, provided that the personnel undertaking the said audit have relevant expertise in the domain of risk management necessary for both the AMC level and the scheme level audit. In such scenario, care must be taken that no conflict arises w.r.t submission of independent audit reports by the auditor to the audit committee and the Board of both the AMC and the trustees for the conduct of their respective audit functions.

b. The internal auditor should audit both the scheme level and AMC level risks.

c. The internal auditor should audit compliance with the internal policies of the AMC on risk management as well as the applicable rules and regulations mandated by SEBI on risk management.

d. For the processes being audited by the internal auditor, a noncompliance rate shall be computed. The non-compliance rate may be computed based on sampling out of the total number of processes being audited.

e. The internal auditor should submit the internal audit report to the audit committee of the AMC and the Board of AMC representing the noncompliance rate as audited in the books of accounts of the AMC and its schemes. While submitting to the audit committee, the noncompliance level shall be converted to an overall internal audit score represented in the form of a number providing a quantitative representation of the internal audit report. This number shall be generated considering all key risk types.

f. Further, this number shall be compared in subsequent internal audits to analyze the improvement in minimizing the non-compliance level at the AMC. This shall reflect the degree of rectification of noncompliance as done at the level of AMC. Therefore, this number may be represented in the form of a "Rectification Index" in the internal audit report.

(iii) There shall be an RCSA process with defined frequency.

(iv) There shall be an established mechanism for reporting to the CRO, management and the Board of AMC and Trustees.

(v) Periodic review of policy frameworks shall be done to ensure that the said policies are up-to-date responding to new strategic priorities and risks and the monitoring mechanisms are working to ensure compliance with the updated policies.

(vi) Mechanisms are established for management to make use of early warning indicators to identify, evaluate, and respond to changes quickly.

(vii) Periodic stress tests are performed on critical risks and the impact of risks are assessed based on acceptable tolerances.

(viii) Based on the management of the risk level as defined by respective risk metric of CXOs, necessary corrective actions must be taken to address any short comings. The output of the risk level shall be an indicator of the performance of the respective CXOs and shall form one of the inputs for their performance review.

1.3.4.2. Recommendatory Elements

(i) There should be independent testing and verification of efficacy of corporate governance standards and business line compliances, validation of the RMF and assurance over the risk management processes by external agency.

1.4. Reporting of Risks and Related Information

1.4.1. Adequate risk reporting is an integral part of the risk management framework and it is important that those responsible for different functions within the AMC shall ensure that they exercise sufficient oversight to report on their risk profile and risk management actions.

1.4.2. The mandatory elements for reporting of risk and related information, are outlined below:

1.4.2.1. Mandatory Elements

(i) In order to ensure that the risk management function obtains the necessary information from other departments as well as from outsourcing partners (wherever applicable), a structured bottom-up reporting process should be designed and the risk management function should perform meaningful and independent analysis of such information.

(ii) The outcomes of the risk management function should mandatorily be reported to the management at least once on a monthly basis and to the Board of AMC and Trustees on a quarterly basis. Trustees may forward the results and steps taken to mitigate the risk along with their comments to SEBI in the half-yearly trustee reports.

(iii) Risk reports should consider the following:

a. It should be holistic (considering all risk categories identified), timely and accurate.

b. It should incorporate the risk metrics comprising the risk profile of all schemes and the risk profile consolidated across the departments and the AMC level. It should also incorporate the rectification index as calculated in the internal audit report for both the AMC and the scheme level.

c. It should contain all necessary information to assess whether appropriate measures have been taken by the management to control and mitigate all relevant risks.

d. It should provide information on existing as well as new risks including a statement on severity (e.g. low, medium, high) and its evolution over time, and the measures to mitigate existing risks where possible.

(iv) The Risk management function shall ensure that any significant emerging risk issues that are not adequately addressed by the responsible functional department are promptly reported to the management or the risk management team and to the Board of AMC.

2. Managing Key Risks

a. MF Regulations *vide* various circulars has prescribed certain norms which would cover many aspects of risk management such as, stress testing, internal credit risk assessment, cyber security and system audit, liquidity buffer, creation of segregated portfolio, investment restrictions, investment due diligence, etc. that are to be adhered to by the mutual funds. The following sections incorporate comprehensive guidelines for management of various key risks by the AMCs, elements of which may overlap with the above mentioned norms and in such cases, the detailed norms specified in the relevant circular must be strictly followed.

b. These key risks may be divided in to two broad categories.

   i. Scheme specific risks

   ii. AMC specific risks

c. The scheme specific risks are the risks majorly associated with the core activities of investment and portfolio management. The AMC specific risks are the risks associated with the functioning of the mutual fund business by the AMC.

d. The scheme specific risks may be divided in to the following categories.

   i. Investment risk

   ii. Credit risk

   iii. Liquidity risk and

   iv. Governance risk

   The AMC specific risks may be divided in to the following categories.

   i. Operational Risk

   ii. Technology, Information Security and Cyber Risk

   iii. Reputation and Conduct Risks

   iv. Outsourcing Risk

   v. Sales and Distribution Risk

   vi. Financial Reporting Risk

   vii. Legal & Tax Risks and

   viii. Talent Risk

The compliance risk shall be applicable for both investment management activity (scheme specific risk) and business activity of AMC (AMC specific risk).

<u>The following sections incorporate comprehensive guidelines for management of the key risks</u>

2.1. Investment Risk

2.1.1. Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

2.1.2. Investment risk management should be based on reasonable investor expectations about the risks that the mutual fund will take in order to achieve its investment objectives, which can be thought of as the fund's risk profile or risk appetite. A fund's risk profile should be stated in its communications with investors including in its Scheme Information Document (SID) and marketing materials, which state the fund's investment strategies and risk factors. The SID shall also incorporate any other elements of risk appetite as may be stipulated by AMCs and Trustees.

2.1.3. Investment risk management should involve both controlling risk by limiting certain risk exposures and the size & probability of losses, as well as using a number of active investment techniques that seek to align the fund's investments with its investment objectives, its risk profile, and the portfolio manager's investment convictions.

2.1.4. Risk control should focus on placing limits on a fund's investment positions and concentrations. These limits should include the investment restrictions mentioned in the fund's SID as well as any limits and restrictions imposed by the risk management function within the regulatory limits. Risk control activities may include reviewing portfolio concentrations and adjusting portfolio holdings accordingly; evaluating and reviewing new and/or complex instruments, such as derivatives, and imposing conditions and limits on their use; monitoring and limiting credit exposure from issuers of portfolio securities and from counterparties; and ensuring that a fund is managed in compliance with the SID and the regulatory investment restrictions.

2.1.5. The mandatory and recommendatory elements for managing investment risk, are outlined below:

2.1.5.1. Mandatory Elements

(i) The AMC should have the following policies / process:

a. An investment universe to be updated periodically and responsibility for the same should be clearly defined.

b. An investment policy for investment in various asset classes/ securities as permitted by SEBI from time to time and policy on hedging of interest rate risk, foreign exchange risk, price risk, etc.

c. Policy on participation in IPOs/FPOs including policy on participation in IPOs/FPOs of associate/ group company(ies).

d. Trade execution policy.

e. Policy on trade allocation and Inter-Scheme Transfers (ISTs).

f. Investment valuation policy.

g. Broker empanelment policy.

h. Trustee should review the portfolio at frequency as required by MF Regulations.

(ii) The AMC must ensure that investment risk is adequately factored in by:

a. Setting up an Investment committee which has close coordination with related departments, and monitors market risk.

b. Setting limits for issuer/ sector exposure vis-a-vis benchmark (in line with MF Regulations and internal limits).

c. Setting limits for investment in debt and money market instruments of various credit qualities.

d. Having all relevant documents and disclosures (that are required for listing) with regard to the debt and money market instruments before finalizing the deal for investment into the respective instruments so that mutual funds as investors into such instruments are not at an informational disadvantage vis-à-vis other market participants or lenders.

e. Review of passive breaches and corrective actions.

(iii) Investment Committee shall be responsible for the following:

a. Review of Investment Policy at a pre-defined frequency.

b. Reviewing the Investment plan or policy to meet the investment objectives documented in the SID.

c. Any other responsibility as assigned by the management.

(iv) The AMC should conduct the following to manage and monitor investment risks (at scheme level or aggregate portfolio level, whichever is applicable):

a. Redemption analysis.

b. Investor concentration analysis. Both single investor and/or group concentration.

c. Monitor investment risk at a defined frequency.

d. Managing and monitoring investment restrictions for overseas investment, if any.

e. Monitor investment risk at individual portfolio level and also concentration risk and other relevant risks at aggregate level in a structured manner.

f. Stress testing for investment risk.

g. Consider investment risk while launching new products.

h. Ensure that Trade Allocation policy is adhered to along with adequate information to identify those allocations that are out of line with the normal percentage allocation across funds.

i. Quantitative risk analysis using metrics such as VaR, Sharpe Ratio, Treynor Ratio, Information Ratio, etc.

j. Prepare and maintain management reports on topics discussed and conclusions made at investment committee meetings (including interest rate prospects, risk-taking and hedging policy, etc.)

k. Distributor concentration analysis.

(v) Further, it should be ensured that:

a. Actual risk measures and reports are adapted to the risk characteristics of the individual asset classes, and capture dependencies between risks (e.g. market risk and liquidity risk).

b. Actual risk measures address risks in normal and stressed market conditions.

c. Actual risk measures cover all risk types in the portfolio, including counterparty credit and liquidity risks (assets, investors).

d. Appropriate tools are adopted for measurement of market and credit risks on different types of investment products.

e. Adequate processes and controls are in place to ensure that risk reporting is complete, accurate, timely and meets the needs of various stakeholders.

f. Adequate documentation of calculations, analyses and decisions is maintained.

g. Performance and positions with regard to objectives of schemes are reviewed.

h. Performance vis-à-vis scheme benchmarks and performance of peer group(s) is reviewed.

i. Exceptions are defined and their monitoring is conducted.

j. Exceptions in style drift and portfolio concentration are reviewed.

k. In cases of inter scheme transfer, the scheme (s) buying the securities must conduct an enhanced level of due diligence.

2.1.5.2. Recommendatory Elements

The AMCs may consider the following practices:

a. Regular analysis on bulk trades and block deals of large values.

b. Formulating a plan for assessing and monitoring risks of investing in multiple markets.

c. Setting limits for minimum number of stocks/securities, cash (net of derivatives), stocks/securities vis-a-vis benchmark and Beta range.

2.2. Credit Risk

2.2.1. The credit risk relevant to mutual funds is the issuer credit risk attributable to individual securities and the negative outlook on specific sectors or industries and its consequent impact on the credit exposures.

2.2.2. The mandatory and recommendatory elements for managing credit risk, are outlined below:

2.2.2.1. Mandatory Elements

(i) To manage credit risk, the AMC must have a robust framework comprising:

a. An approved and documented Credit Risk Management policy.

b. Analysis and evaluation of ratings received from multiple credit rating agencies for securities across portfolios, at all points of time i.e. before investing in such securities/instruments or products and also on continuous basis.

c. Formal procedure for AMCs to carry out their own credit assessment of assets and reduce reliance on credit rating agencies. For this purpose, all AMCs shall have an appropriate policy and system in place to conduct an in-house credit risk assessment or due diligence of debt and money market instruments or products at all points of time i.e. before investing in such instruments or products and also on continuous basis.

d. Adequate provisions to generate early warning signals (including yield based alerts) on deterioration of credit profile of the issuer. Based on the alerts generated, the AMCs shall take appropriate measures and report the same to trustees.

e. Concentration limits (counterparty wise, group wise, industry or sector wise, geography wise) monitoring.

f. Stress testing for credit risk - applying shocks based on rating downgrades, negative outlook on specific industries and the consequent impact on credit exposures.

2.2.2.2. Recommendatory Elements

(i) Over a period of time and having regard to the size, scale and complexity of the fixed income portfolio, AMCs may consider developing sector level standards for implementing internal credit assessment based models to measure credit risk in line with the prevailing global best practices.

2.3. Liquidity Risk

2.3.1. Thinly traded securities carry the danger of not being easily saleable at or near their real values. Further, all securities run the risk of not being saleable in tight market conditions at or near their real values. Measuring and monitoring liquidity risk is an important aspect of risk management.

2.3.2. The mandatory and recommendatory elements for managing liquidity risk, are outlined below:

2.3.2.1. Mandatory Elements

(i) Liquidity Risk has to be modelled at the level of each scheme (except schemes that do not have continuous liquidity requirements like close ended and interval schemes) and should display alerts pertaining to asset liability mis-match on monthly basis and in line with any other relevant guidelines as specified by SEBI in this regard from time to time. The aforesaid model, should be based on the following key principles:

a. The secondary market liquidity of assets of the scheme, shall be incorporated into the liquidity risk management model.

b. For debt and money market instruments, the total asset value shall be classified in various maturity buckets for e.g. assets maturing in days 0-30, 30-60, 60-90 and so on. Debt and money market instruments that have a demonstrable secondary market liquidity shall be classified into a lesser maturity bucket depending upon the reasonable time in which particular value of the said instrument can be expected to be offloaded. In the absence of demonstrable secondary market liquidity, the instruments shall be strictly classified based only on the maturity dates.

c. Liabilities of scheme shall be modelled in similar buckets based on back testing of historical data for subscription and redemption amounts in the respective schemes. The back testing period should be sufficiently long (say for last 5 years) to include spikes in redemptions because of market wide events. Organization specific factors/risks that may have a bearing on redemptions should also be factored into the model.

d. Liquidation of assets at near the value ascribed to each asset in the scheme portfolio in specified period of time, shall be one of the factors to be considered in liquidity risk management.

e. The model should incorporate forward looking asset liability mis-match for the scheme at different periods of time at least up to next 30 days.

(ii) The AMC should have policy in place on management of the mis-match in putative liabilities vis-à-vis the liquid assets of each scheme. It should follow the following principles:

a. There should be an upper limit or threshold on the mis-match in putative liabilities vis-à-vis the liquid assets of each scheme. The upper limit shall be customized depending on size or type of the scheme.

b. There should be a system based mechanism to generate alerts as per point(a) above.

c. The policy shall include monthly reporting to Board of AMC and Trustees and on quarterly basis to SEBI in a standard format (prescribed by AMFI in consultation with SEBI).

d. The report shall include the details of alerts generated by the system regarding asset liability mis-match in excess of the defined threshold and subsequent actions taken to address the same. The scheme wise mis-match limits shall be put in the system and all alerts shall be managed effectively.

(iii) Stress testing should be mandatorily conducted for all schemes (excluding close ended and interval schemes) appropriately atleast on monthly basis. The results of the stress testing may be placed before trustees in every quarter. Trustees may forward the results along with their comments and steps taken, if any, to SEBI in the half-yearly trustee reports. With respect to stress testing of open ended debt schemes, norms have been provided under Paragraph 5.2 of this Master Circular and the same must be adhered to and any future guidelines issued by SEBI in this regard may suitably be followed.

(iv) The policies and procedures implemented by the AMC should include the following:

a. Measures and limits for monitoring liquidity risk - cash flow approaches, ratios/tools for monitoring market liquidity (including equity market), etc.

b. Measures for managing intra-day liquidity and controls around the same.

c. Stress testing policy to align the stress testing requirements mandated by SEBI for mutual funds in India specifically incorporating:

1. Risk parameters used and methodology adopted to conduct the stress tests.

2. Procedure to deal with stress events and early warning signals.

d. Overview of funding plans/strategy during normal and stressed events, including contingency funding plan.

(v) Systematic classification and evaluation of liquidity risks should be initiated by performing following activities:

a. Evaluation and disclosure of liquidity risk associated with schemes/products in the SID.

b. Controls around preparation and accuracy of cash flows.

c. Management of collateral and margins for execution and settlement of derivatives, securities and money-market instruments.

2.3.2.2. Recommendatory Elements

(i) AMCs may consider introducing the following measures:

a. Judicious use of intraday / overnight borrowing lines to address liquidity / settlement risks faced by the mutual funds. Uncommitted lines of credit available with the AMC may not be useful in real time of stress and therefore while assessing liquidity risk of AMC, these lines should be treated differently than committed lines.

b. Internal committee with the mandate to review and provide direction on liquidity risk management.

c. Identifying and reporting appropriate and relevant information to the management, for decision making.

d. Reporting to the Board of AMC on any other material outcomes and events.

2.4. Governance Risk

2.4.1. Governance risk is a risk that the persons who are in position of power or fiduciary responsibility towards the holders of security (equity/debt), do not act in the best interest of such stakeholders, rather compromise the interest of such stake holders for their personal gain.

2.4.2. The act of people with power may significantly impact the equity market price of the shares along with having a direct impact on debt issuances.

2.4.2.1. Mandatory Elements

a. The AMC shall have an approved policy to deal with governance risk of the investee companies.

b. The policy shall incorporate measures such as assessment of whether there are enough system checks and balances in the governance structure of the issuer to prevent such wrong doing and also assessment of track record or history of the issuer to monitor the trend of their past behavior.

c. The policy shall also include guidelines on how it identifies and monitors any conflicts of interest involving members of the Board/ KMPs of the investee company.

d. The AMC shall adhere to the "Stewardship Code" prescribed by SEBI for mutual funds which inter alia includes continuous monitoring of the investee companies on various matters such as operational and financial performance, corporate governance, related party transactions, opportunities or risks including ESG risks, etc., bearing in mind the SEBI (Prevention of Insider Trading) Regulations while seeking information from the investee company for the purpose of monitoring etc.

2.5. Operational Risk

2.5.1. Operational risk refers to the risk of loss resulting from inadequate or failed processes, people and systems or from external events, e.g. internal fraud, external fraud, physical damage caused by nature or man-made, etc.

2.5.2. As operational risk could manifest in any function or process within the organization or at a third party service provider, it is important to have adequate monitoring and tracking of all elements that can go wrong. This includes fails, reconciliation differences, customer complaints, guideline breaches, systems issues, process gaps, system bugs, etc. It is equally important to have an escalation process as any undue delay in reporting could magnify the loss or turn a gain into a loss.

2.5.3. The key for effective operational risk management should be to create a process that tracks the various elements of operational risk over time, to identify trends that could be an early warning signal, and to implement an exception/escalation process that ensures the problems which are significant, large, aged or growing dealt with at increasingly higher levels of management.

2.5.4. Paragraph 7.25 of this Master Circular has provided indicative guidelines encompassing system audit framework. The systems and processes as elaborated in the aforementioned paragraphs must be in place and any future guidelines issued by SEBI in this regard may be suitably followed.

2.5.5. The mandatory elements for managing operational risk, are outlined below:

2.5.5.1. Mandatory Elements

(i) The AMC should implement the following policies:

a. Operational risk management policy, shall cover the following key elements:

1. Purpose and scope.
2. Governance Structure - Roles and Responsibilities.
3. Identification of operational risk events.
4. Management of the operational risk events, e.g. reversal of positions, rectifications, etc.
5. Guidelines regarding transactions with associates, group entities, related parties or even with other stakeholders, such as distributors, channel partners, brokers, etc.
6. Escalation and reporting.
7. Compensation of loss, if any.
8. Follow-up actions, e.g. strengthening of systems and processes, training, etc.
9. Communication with external stakeholders - regulators, investors, distributors, etc.
10. Implementation of a ‘new product approval' process to ensure that all functions have the systems, people, processes to support a new product
11. Recording and documentation.

b. The Dealing room policy incorporating the non- usage of mobile, restricted internet access, dedicated recorded lines, handling of information, etc. In this regard, the detailed guidelines on this aspect as provided in Paragraph 7.15 of this Master Circular as well as in the part B of Fourth Schedule of MF Regulations or any further SEBI guidelines may be referred to.

c. Roles and responsibilities are defined for the following:

1. Time stamping, application processing and confirmation,
2. Review of KYC and investor declarations as specified through various SEBI regulations,
3. Timely and accurate credit identification (for investor subscription) and bank reconciliations (banks/custody).
4. A system to track and report high value transactions (including bulk redemptions) to the Investment management function.
5. Control oversight on brokerage computation and payment, redemptions, inter-scheme switches, maturity payments in closed ended funds, dividend payouts, tax and other statutory payments, subscription refunds, identification of unclaimed amounts and their deployment as per regulatory requirements, etc.
6. Review of 'value dated' transactions, reversals, broker/ distributor code changes, etc.
7. Incident reporting and escalation matrix for the same.
8. Maintaining a Chinese wall between the different businesses earned out by the Asset Management Company (such as PMS, AIF, Overseas Investments, Advisory, Mutual Funds, etc.)
9. Documented process to review human errors in transaction processing to identify training needs and corrective actions to prevent the errors in the future.

d. There is an adequate RCSA process for operational risks on a periodic basis with a structured reporting methodology.

e. The AMC should perform the following:

1. Analyze and classify frauds into internal (within the organization) and external (by persons outside the organization) frauds, identify root causes and incorporate monitoring mechanisms to address fraud scenarios.
2. Reporting of frauds and near miss incidents to the Board of AMC and Trustees on quarterly basis.

f. Insurance cover shall be obtained for first and third party losses:

1. The mutual fund must have insurance cover against third party losses arising from errors and omissions:

   (a) Third party liabilities refer to liabilities arising out of financial loss to investors or any other third party, incurred due to errors and omissions of directors, officers, employees, trustees, R&T agents, custodians etc.

(b) The level and type of cover should be recommended by the AMC and approved by the Trustees.

2. Further, the AMC shall have insurance to cover first party losses:

(a) First party losses are those which impact the insured and include asset based losses (due to natural or unnatural disasters such as fire, flood, burglary, etc.) as well as financial or data losses.

(b) They also include losses due to the acts of employees of the insured and computer based crimes such as hacking or virus attacks that may impact the data of the mutual fund, etc.

(c) Key details of the same, together with claims thereunder, shall be annually reported to the Trustees.

g. The AMC should have an integrated system (front-mid-back) to perform the following functions:

1. Order generation
2. Position-keeping (Positions on all supported products are updated in real time). Trades can be accounted for by an electronic feed.
3. Pre-trade compliance checks
4. Order execution
5. Deal booking
6. Straight-through processing to allow one-time capture of trade details.
7. System check on preset parameters and reporting of breaches e.g. whether investments made in permitted securities or limits on deal size, etc. have been adhered.
8. Automatic time-stamping of deals.
9. Maker-checker authorisations.
10. Exception reporting.
11. Generation of deal confirmations.
12. Monitoring of outstanding confirmations, settlements and payments.
13. Cash management.
14. Integrated reporting across the Mutual Fund.
15. The back office system should facilitate daily fund projections to ascertain liquidity and settlement requirements.

h. The AMC should have documented procedures for the following:

1. Trade confirmations, settlements.
2. Cash flow Management.
3. Collateral Management.
4. Corporate Actions.
5. Margin Management.
6. Security Master Creation.
7. Pricing and Valuation.
8. Corporate action tracking and accounting.
9. Oversight on Service Providers – Custodians, Fund Administrators - SLA tracking, Parallel Valuation and calculation of NAV. The oversight over custodians shall inter alia include, receipt of daily position report from custodian, end of day reconciliation of positions with custodian data and once a week complete reconciliation of fund accounting system records with custodian records.

i. The AMC may implement the following depending upon the scale and complexity of business:

a. Documenting a Fraud Response Plan and reporting of near miss incidents.

b. Developing Fraud Risk scenarios and updating with changing business dynamics, documentation thereof being maintained in appropriately designed and updated Fraud Risk Registers (capturing details such as past fraud incidents).

c. Using data analytics as a key tool for identifying fraud patterns and indicators.

d. Conducting a fraud control and reporting' training program.

2.6. Compliance Risk

2.6.1. Failure by the AMC to meet its regulatory obligations or manage changes in legal statutory and regulatory requirements may result in investigations, fines, financial forfeiture, or regulatory sanctions and material loss to investors and the organization.

2.6.2. The mandatory and recommendatory elements for managing compliance risk, are outlined below:

2.6.2.1. Mandatory Elements

(i) The AMC shall establish and maintain policies as required by applicable statutes and regulations, including policies to address the following:

a. Know Your Client (KYC), Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT)

b. Outsourcing

c. Customer Complaints & Investor Grievance – Should inter alia include details of adherence to SEBI regulations with regard to investor servicing and complaint resolution, tracking complaint resolution, update of complaint log and forwarding of complaints and the Management Information System (MIS) to compliance officer, complaint resolution process being reviewed by compliance officer. The compliance officer shall review the complaints with an objective to catch early warning signs for fraud or any systemic issues.

d. Related Party Transactions.

e. Front running

f. Conflict of Interest.

g. Employee Trading (including issues related to Insider Trading).

h. Code of Conducts.

i. Commission and other sales & marketing costs.

j. Commercial Bribes or Kickbacks.

k. Fraud Risk Management

l. Whistle Blowing

m. Information Security and Data Privacy

n. Gifts and Entertainment

o. Record Retention

p. Dealing Room Policy

q. All disclosure requirements (including derivative transactions, off balance sheet items and contingent liabilities, etc.).

(ii) There should be defined responsibilities for:

a. Filing of timely and accurate regulatory reports to the Regulator(s) and Board of AMC and Trustees as prescribed by the applicable laws and regulations.

b. Pre-use review of AMC's marketing materials (collateral, brochures etc.), website uploads, digital advertising and performance advertising etc.

c. Monitoring that all investments and holdings are consistent with disclosures made to clients and applicable restrictions.

d. Mechanism for prevention or detection of possible insider trading at the personnel or portfolio levels.

e. Review for adequacy of disclosures made to the investors regarding significant risks such as liquidity, counterparty and credit (quality of investments made mainly debt based on the credit rating), investment, and other risk areas.

f. Measures to prevent and detect trading violations involving short selling.

g. Maintenance of all required licenses, registrations, approvals and permissions.

(iii) AMCs should have an Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) program with the following attributes:

a. Employees understand obligations and contents of policies to effectively carry out their AML/CFT responsibilities.

b. Transaction Monitoring is done to identify Suspicious Activities.

c. Suspicious Transactions Reporting is done to the relevant authorities.

d. Adequate training programs to ensure employees are constantly aware of money laundering/financing of terrorism risks and measures (focus on their roles and responsibilities).

(iv) AMCs should have systems in place to detect and prevent securities market violations including securities market frauds and malpractices at their end:

a. A report containing details of the alerts generated and the subsequent actions taken in this regard should be submitted to trustees on a quarterly basis.

b. Trustees may forward the results along with their comments and steps taken, if any, to SEBI in the half-yearly trustee reports.

2.6.2.2. Recommendatory Elements

(i) The following policies may be incorporated by the AMCs depending on complexity and scale of operations:

a. Political Contributions.

b. Outside business activity policy.

(ii) The AML/CFT program of the AMCs may include the following depending on the size and scale:

a. Investor awareness programs (literature or pamphlets or such) to educate clients about the AMC’s AML/CFT obligations.

b. Review of client risk scoring model to ensure effectiveness of the AML/CFT program.

c. Independent or External review of AML/CFT policies to ensure their effectiveness.

2.7. Technology, Information Security and Cyber Risk

2.7.1. Given the huge dependence on technology, any system failure could trigger a variety of risks, e.g. operational risk, compliance risk. etc. Technology Operations should support processing and storage of information, such that the required information is available in a timely, reliable, secure and resilient manner.

2.7.2. Increasing disclosure requirements on public portals by AMCs required a focused approach towards data management. Digitalization and online platforms have given rise to need for effectively mitigating information security and cyber risks.

Paragraph 5.10, 5.11 & 7.25 of this Master Circular has reference to guidelines relating to cyber security and cyber resilience framework and audit framework encompassing systems and processes for Mutual Funds/AMCs. The systems and processes as specified must be in place and any future guidelines issued by SEBI in this regard may be suitably followed.

2.8. Reputation and Conduct Risks

2.8.1. The risk of damage to the firm's reputation that could lead to negative publicity, costly litigation, a decline in the customer base or the exit of key employees and therefore, directly or indirectly, financial loss or revenue shrinkage.

2.8.2. Conduct risk is often defined as the risk to the delivery of fair customer outcomes or to market integrity.

2.8.3. The mandatory and recommendatory elements for managing reputation and conduct risk are outlined below:

2.8.3.1. Mandatory Elements

(i) The management must look into reputation and conduct risks and inculcate their significance in the AMC culture by,

a. Integrating reputation and conduct risk considerations into strategy setting and business planning.

b. Establishing a crisis management policy (to minimize or neutralize negative publicity in the event of any incident or bad conduct by an employee).

c. Establishing monitoring tool(s) for social media grievances, etc.

(ii) The Board of AMC should approve and monitor the effectiveness of implementation of an enforceable code of ethics and business conduct; in the event of a material breach in conduct or a significant reputation risk event, the Board of AMC should be informed.

(iii) The following practices must be adopted by the AMC:

a. While designing or improving the products, the complexity of the product and consumer behaviours must be considered.

b. Impact assessment should be undertaken for sales and promotion expenses (i.e. evaluation of value added v/s cost incurred) using appropriate techniques, e.g. analysis of complaints, compliance monitoring program, data analytics, mystery shopping, etc.

c. Preventive measures and monitoring mechanism should be implemented to mitigate mis-selling risks.

2.8.3.2. Recommendatory Elements

(i) AMCs may consider adopting:

a. Reputation risk policy.

b. Media interaction policy and procedures

c. Assessment and management of reputation via brand management tools, data analytics, business intelligence.

d. Framework / Process to review and action any negative mention in traditional or social media.

e. Procedures to monitor reputation risk on an ongoing basis.

(ii) The management may be involved in increasing awareness about conduct risk within the AMCs by:

a. Conducting training programs for conduct risk awareness.

b. Monitoring conduct risk indicators.

c. Incorporating conduct performance as part of the AMCs' sales and marketing team metrics.

2.9. Outsourcing Risk

2.9.1. Inadequate management of outsourced processes lead to errors, frauds, Inefficiencies, poor quality investor services, breach of fiduciary duties data pilferages and long term impact on reputation and contractual obligations.

2.9.2. Asset management companies often rely on third parties including Custodians, Fund Administrators, R&T agents, and various types of outsourced service providers who perform operational, accounting, recordkeeping and other types of services. In utilizing the services of such third parties, it is important from a risk management perspective to keep in mind that asset managers have ongoing fiduciary obligations to their customers even though they have delegated certain of their roles to others. It is therefore critical to perform careful reviews of the capabilities of third parties at inception of relationships and on an ongoing basis, and to review information provided by third parties for completeness, balance and accuracy in order to be able to determine whether such third parties meet the risk management, credit, operational, legal and other relevant standards of the reviewing company with respect to the function they are performing.

2.9.3. The mandatory and recommendatory elements for managing Outsourcing risk, are outlined below:

2.9.3.1. Mandatory Elements

(i) Risk management with respect to any outsourced activity should be done in the manner as if the activities were being done in-house.

(ii) There shall be a dedicated person in the AMC who would be responsible for the outsourced activities of each outsourced vendor.

(iii) The AMC should have a Board approved Outsourcing Policy incorporating the following aspects (as well as other applicable regulatory requirements):

a. Listing of core activities which cannot be outsourced.

b. Procedure for outsourcing, including risk and materiality assessment.

c. Monitoring and control of outsourced activities (as part of outsourcing risk management program).

d. Information security and confidentiality (including data privacy/ protection standards).

e. Criteria for selection and minimum qualification.

f. Minimum quality standards.

g. Tenure of agreement.

h. Responsibility for outsourced functions.

i. Acceptable level of deviations.

j. Periodic review of service levels and pricing.

k. Restriction on sub-delegation or sub-contracting.

l. Right for inspection and audit.

m. Approval authorities.

n. Service level agreement.

o. Archival and retrieval of documents/data.

p. Insurance requirements.

q. Incident reporting and escalation matrix.

(iv) Before outsourcing any activity, the AMC should ensure the following is in place:

a. Outsourcing agreements with service provider are legal and binding as per the law.

b. Due diligence (including AML/CFT, if applicable) is conducted on the service provider, where the outsourced activity is material, which may include the following considerations:

   1. Availability of qualified and experienced service providers to perform the service on an ongoing basis
   2. Arrangements for structured review of the capability and experience of service providers
   3. Evaluation of relevant personnel for critical functions, to evaluate their specific competencies and execution capabilities
   4. A disaster recovery and business continuity plan exist with regard to the contracted services and products, and that the adequacy and effectiveness of the same is maintained and tested periodically by the service provider.

c. Analysis of the benefits and risks of outsourcing the proposed activity as well as the service provider risk, and determination of the cost implications for establishing the outsourcing arrangement.

(v) After outsourcing any activity, the AMC shall ensure:

a. Outsourcing vendors' process/people/systems are reviewed.

b. A periodic internal review is done on the functioning of outsourced activities (like Fund Accounting and R&T agent functions) at least annually.

c. An effective structured tool (IT / manual) is used to review/benchmark the performance of the third party service providers (Fund Administrators / Custodians / R&T agents) vis-a-vis the SLA.

d. The result of the review documented and risks emanating from them are highlighted and remediation plans are monitored on an ongoing basis.

e. Communication of its error tolerance, code of conduct and objective to its third party service providers (Fund Administrators / Custodians / R&T agents).

f. The service provider should test business continuity and contingency plan on a periodic basis to ensure adequacy and effectiveness'.

(vi) The Mutual Fund should establish reconciliation procedures with regard to periodic reconciliation between fund accounting system, R&T system and bank account and conduct a periodic audit of all investor-related activities, carried out both by the Mutual Fund and the R&T agent, to ensure that all allotments, redemptions, income distributions and commission distributions have been accurate and timely.

(vii) The Mutual Fund should ensure that the fund accounting systems used (inhouse or by the fund accountant to whom this activity has been outsourced) facilitate:

a. Validation of NAV calculations.

b. Automated and manual price feeds.

c. Identification of missing prices.

d. Flagging of price variances beyond pre-established tolerance levels.

2.9.3.2. Recommendatory Elements

(i) To enhance protection over outsourcing risk, AMCs may include the following as part of their evaluation / monitoring program:

a. Consider fraud vulnerabilities in the outsourced process, including:

1. Detailed periodic fraud risk assessment program
2. Fraud response plan
3. Fraud risk register
4. Reporting to the AMC's Board

b. Maintain an exit strategy including a pool of comparable service providers, in the event that a contracted service provider is unable to perform or in the event of a critical fraud.

2.10. Sales and Distribution Risk

2.10.1. As most AMCs outsource or use other channels for distributing products, such as banks, IAs, brokers, NBFCs, Distributors, etc., there is a need of monitoring risks associated with managing distribution channels and processes, commission pay-outs, brokerage disbursements, sales expenses, etc.

2.10.2. The mandatory and recommendatory elements for managing sales and distribution risk, are outlined below:

2.10.2.1. Mandatory Elements

(i) The KRA/performance appraisal at the relevant CXO level must capture the performance in managing the risk of mis-selling. The risk of mis-selling may incorporate the components like the number of mis-sellings, outcomes in the inspection report, analysis of the portfolio of investors, analysis based on assessment of appropriateness to the investors, etc. As an example, a parameter to gauge mis-selling may be the analysis of whether growth in the AUM of a scheme is on account of performance or mainly due to higher commission paid to distributor.

(ii) The AMC shall also be responsible for the mis-selling done by the persons associated with selling of mutual funds including distributors. The performance disclosure to investors, if any, by the distributors should be true and fair. It should not be misleading to the investor by representing any selective time period representing the favorable return.

(iii) Detailed analysis should be done at the AMC level to verify mis-sellings, if any.

(iv) All the sales staff and distributers must be NISM certified with the required qualifications prescribed by SEBI/AMFI.

(v) The AMC must implement the following procedures relating to distributor commissions:

a. Analytical tools/ audit procedures used to review trends/errors in brokerage/ commission disbursements.

b. An approved methodology for determining commission structures applicable to distributors / products, together with an authorization matrix for approving deviations and reporting cost-benefit outcome.

c. Ensuring that commissions and other payments made to distributors adhere to AMFI and regulatory requirements.

(vi) Conducting regular performance reviews for distributors.

(vii) Conducting enhanced due diligence of distributors where appropriate (suitable policy to be incorporated)

2.10.2.2. Recommendatory Elements

(i) Distribution risks can be further monitored by:

a. Monitoring marketing, sales and promotional expenses which includes the nature of expenses and approval matrix for the expenses.

b. Monitoring and reporting the cost-benefit outcome of the marketing, marketing, sales and promotional expenses

c. Undertaking mystery shopping.

d. Claw back provisions in the commission structures to provide adequate protection from continuous services to the investors.

2.11. Financial Reporting Risk

2.11.1. Absence of internal control over financial reporting with regard to the mutual fund schemes, may pose the following risks:

(i) Improper maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets

(ii) Absence of reasonable assurance that transactions are recorded as necessary to permit calculation of NAV and preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of the management and the Board

(iii) Failure to prevent or timely detect unauthorized acquisition, use, or disposition of assets that could have a material effect on the NAV and/or financial statements.

2.11.2. The mandatory elements for managing financial reporting risk, are outlined below:

2.11.2.1. Mandatory Elements

(i) The AMC should have detailed accounting policies and procedures for Mutual Fund accounting.

(ii) Adequate segregation of duties must be created within the Finance (or relevant) function for Mutual Fund accounting.

(iii) There should be documentation and regular testing of internal controls over financial reporting of Mutual Fund schemes.

2.12. Legal & Tax Risks

2.12.1. Legal & Tax risk is the risk of loss to an institution which is primarily caused by:

(i) A defective transaction.

(ii) A claim (including a defense to a claim or a counterclaim) being made or some other event occurring which results in a liability for the institution or other loss (for example, as a result of the termination of a contract).

(iii) Failing to take appropriate measures to protect assets (for example, intellectual property) owned by the institution.

(iv) Change in law

(v) Misinterpretation of statutes and regulations.

(vi) Failure to collect or pay appropriate taxes, or submit required returns or information.

2.12.2. The mandatory elements for managing legal and tax risk, are outlined below:

2.12.2.1. Mandatory Elements

(i) The AMC should have documented processes and defined responsibilities for:

a. Calculation and deposit statutory levies applicable to Mutual Funds.

b. Acceptance of applications from permitted jurisdictions.

c. Monitoring of risks emanating from tax related aspects and their redressal.

d. Implementation of new and amended statutory and regulatory requirements.

(ii) To mitigate legal risks, the AMC should have documented processes and defined responsibilities for:

a. Review of material agreements.

b. Authorized personnel for execution and registration of legal agreements and documents.

c. Centralized register of all legal agreements

d. Archival of physical and electronic versions of all legal agreements and documents.

2.13. Talent Risk

2.13.1. Talent risk is the risk of not having the right people in place at the right time to drive current and future business growth.

2.13.2. The mandatory and recommendatory elements for managing talent risk, are outlined below:

2.13.2.1. Mandatory Elements

(i) With respect to talent risk, there should be proper succession planning for identified key positions. At no point of time the AMC is deprived of the services of any Key Managerial Person.

(ii) The AMC should have adequately documented policies and procedures for:

a. Recruiting staff with appropriate experience, skill levels, and degree of expertise to undertake specialized business operations., in particular, those relating to risk management

b. Employing screening procedures, including background checks, for job applicants, particularly for key positions.

c. Creation of policies for recruiting, retaining and remunerating staff, especially for key personnel.

d. Evaluation of the candidate's capability and experience to manage the risks associated with the concerned role is should be a key element of the recruitment process.

e. Adequate back-ups for key people are present.

2.13.2.2. Recommendatory Elements

(i) AMCs may implement a remuneration policy that prevents excessive risk taking and also ensures retention of good talent.

(ii) A Remuneration Committee, comprising mainly of non-executive directors may be established to review and recommend the policy relating to the remuneration of key management personnel, including the CEO, Fund Managers, etc.

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ANNEXURE 5: REPORTING FOR ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML) APPLICATIONS AND SYSTEMS OFFERED AND USED BY MUTUAL FUNDS[472]

Systems deemed to be based on AI and ML technology

Applications and Systems belonging but not limited to following categories or a combination of these:

1. Natural Language Processing (NLP), sentiment analysis or text mining systems that gather intelligence from unstructured data. – In this case, Voice to text, text to intelligence systems in any natural language will be considered in scope. E.g.: robo chat bots, big data intelligence gathering systems.

2. Neural Networks or a modified form of it. – In this case, any systems that uses a number of nodes (physical or software simulated nodes) mimicking natural neural networks of any scale, so as to carry out learning from previous firing of the nodes will be considered in scope. E.g.: Recurrent Neural networks and Deep learning Neural Networks.

3. Machine learning through supervised, unsupervised learning or a combination of both. – In this case, any application or systems that carry out knowledge representation to form a knowledge base of domain, by learning and creating its outputs with real world input data and deciding future outputs based upon the knowledge base. E.g.: System based on Decision tree, random forest, K mean, Markov decision process, Gradient boosting Algorithms.

4. A system that uses statistical heuristics method instead of procedural algorithms or the system / application applies clustering or categorization algorithms to categorize data without a predefined set of categories.

5. A system that uses a feedback mechanism to improve its parameters and bases it subsequent execution steps on these parameters.

6. A system that does knowledge representation and maintains a knowledge base.

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ANNEXURE 6: UNIT HOLDER PROTECTION COMMITTEE (UHPC)[473]

1. Membership / constitution:

a) The Chairperson of the Committee shall be an independent director.

b) The UHPC of AMC shall have minimum three directors as members.

c) At least two-third members of the UHPC 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.

d) The members of the UHPC will be appointed by the board of directors of AMC.

e) The UHPC shall invite expert / representative of unit holders as an invitee for matters as it may deem fit necessary.

2. Meetings:

a) The Chairperson of the UHPC 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 UHPC, 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.

3. Reporting:

a) The AMC shall present agenda of the UHPC 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 UHPC of AMC shall brief board of directors of the AMC on the proceedings of the meeting. Further, minutes of the meeting of the UHPC shall also be placed before the board of directors of Trustee Company.

4. Powers and responsibilities

4.1 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

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conduct, issues and advise the management appropriately about rectifying systemic issues, if any.

c) Review measures and steps taken to reduce unit holder complaints

4.2 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

4.3 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 with respect to resolving, reporting and disclosures of complaints and grievances

c) Review of inactive folios[474], 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 MF Regulations.

e) Review of transfer, transmission, and nomination process.

f) Review of adherence to service standards adopted with respected 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 21(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.

[474] SEBI Circular No. SEBI/HO/IMD/IMD-SEC-3/P/CIR/2025/15 dated February 12, 2025

4.4 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 Turn Around Time (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.

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ANNEXURE 7: SYSTEM AUDIT[475]

Annexure 7A - System Audit framework for MFs/AMCs

IT Environment	
Organization Details	
Name	
Address	
What is the IT team size (Employees)?	
What is the IT team size (Vendors)?	
IT Setup & Usage	
Data Center and DR Site (Location, owned/outsourced)	
Network Diagram (schematic) with WAN connectivity	
Network/ Security Systems: (Please specify Version/make/model)	
- Routers	
- Switches	
- Proxy servers	
- Firewall	
- Intrusion Detection Systems	

[475] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/57 dated April 11, 2019

- Intrusion Prevention Systems				
- Remote Access Servers				
- Data Leakage Prevention (specify network and/ or host)				
- Privileged Identity Management				
- Others (please specify e.g. WIPS)				
Total number of workstations (incl. laptops) & users				
Primary Operating Systems in use for workstations?				
Application Systems				
Application System	**Location of server(s)**	**HW/OS/DB for DB Server**	**HW/OS/DB for Web Server**	**HW/OS/DB for Web Server**
e.g. Front Office System				
e.g. Back Office System				
e.g. Email System				
e.g. Intranet System				
e.g. File Server System				

e.g. Finance & Accounting System				

Annexure 7B - System Audit Program Checklist

The checklist is intended to provide guidance to the Mutual Funds/Asset Management (MFs/AMCs) Companies and Firms/ Companies appointed by MFs/AMCs for performing the systems audit. MFs/AMCs are responsible for ensuring that adequate and effective control environment exists over the IT systems in use for supporting business operations, including that at vendors/ third parties supporting operations like Register & Transfer Agents (RTAs), Fund Accountants, Custodians etc.			
Audit Objective Question No	**Audit Objective Heading**	**Sub-Heading**	**Audit Checklist**
1	**IT GOVERNANCE**		**IT GOVERNANCE**
1a	**IT GOVERNANCE**	**IT Governance Framework**	**IT Governance framework:** Whether an IT Governance framework exists which requires defining of: - An IT Organization Structure - Frameworks used for IT governance - Organization wide IT governance processes including policy making, implementation and monitoring to ensure that the governance principles are followed as desired
1b	**IT GOVERNANCE**	**IT Strategy Committee**	**IT Strategy Committee:** - Whether an IT Strategy Committee exists with representations from Board of Directors (BOD), senior IT and business management and reporting to the BOD? - Is the IT strategy committee has members with skills and understanding of processes, information technology and information security in the context of Mutual Fund and other business of the organization? - Are roles and responsibilities of the IT Strategy Committee defined? - Does the IT Strategy Committee meet at least twice in a year?

1c	**IT GOVERNANCE**	**IT Risk Management**	**IT Risk Management:** - Whether organization has a defined IT risk management framework covering amongst others process and responsibilities of risk assessment, management and monitoring? - Does the risk management framework include the following: a. Identification of IT assets subject to risk management b. Identification of threats related to those IT assets c. Assessment of probability of occurrence of threats d. Defining risk mitigation methods in line with threats, risk categorization and probability e. Process to be followed for monitoring of risks identified and mitigation methods implemented - Is the IT risk management framework approved by the BOD? - Has the organization established risk management committee that oversee and provide direction with respect to IT risk?
1d	**IT GOVERNANCE**	**IT Policies and Procedures:**	**IT Policies and Procedures:** - Whether a defined and documented IT policy exists and is approved by the BOD? - Is the current state of IT architecture documented including infrastructure, network and application components to show system linkages and dependencies? - Whether defined and documented procedures exist for all components, which amongst others include: a. IT Assets Acquisition (including retrial) b. Logical access management c. Change management d. Backup and recovery e. Automated batch jobs f. Incident management

			g. Problem management h. Data Center Operations i. Operating systems and database management j. Network and communication management k. End user computing l. Acceptable use of IT assets, etc. - Does IT policy comprise of the IT organization structure, roles and responsibilities of key IT management personnel, IT strategic management process and processes for ensuring adherence with compliance requirements?
1e	**IT GOVERNANCE**	**IT Organization Structure**	**IT Organization Structure:** - Whether a defined organization structure exists with defined authorities, reporting lines and responsibilities related to IT governance including a designated Chief Information Officer (CIO)/ Chief Technology Officer (CTO), Chief Information Security Officer (CISO) and heads for key IT teams managing IT operations, IT applications, IT infrastructure, IT risk management/ reviews? - Are roles and responsibilities of IT Organization defined?
1f	**IT GOVERNANCE**	**IS Audit**	**Information Systems (IS) Audit:** - Is there a defined IS audit framework including process and responsibilities to be followed for IS audits, IS audit calendar, scope definition, review, reporting process and monitoring progress against non-compliances? - Are IS audit plans, reports, findings and action plans reported management and audit committee of board as appropriate?
2	**INFORMATION SECURITY**		**INFORMATION SECURITY**

2a	**INFORMATION SECURITY**	**Information Security function**	**Information Security function:** - Whether an information security function exists distinct from IT function with dedicated responsibility of defining and monitoring implementation of information security policies and controls? - Is there a designated CISO responsible for overseeing the information security function and for ensuring information security procedures are defined and implemented? - Does the information security function include representations from departments and operations across the organization including internal and client facing functions and including all organization locations?
2b	**INFORMATION SECURITY**	**Information Security policy**	**Information Security policy:** - Whether a defined and documented information security policy exists and is approved by the BOD? - Whether the information security framework ensures security requirements are in-built into key IT architecture, operations and other non-IT aspects, including but not limited to: a. Access management - Physical and Logical b. Infrastructure and applications change management c. Backup and recovery d. automated batch jobs e. Incident management (including security incidents) f. Problem management g. Data center Operations h. Operating systems and database management i. Network and communication management j. End user computing, in addition consider phone, faxes, photocopiers, scanners, etc. k. Security Operations - logging and monitoring - Whether defined and documented

			procedures exist for the following: a. Hardening procedures, standards and guidelines for operating systems, databases, servers and network devices b. Use of cryptography c. Third Party Security d. Human Resource controls for information security e. Information classification guidance and process including mechanisms for storage, transmission and disposal of information - Whether the information security framework/ policy is reviewed on an yearly basis at a minimum?
2c	**INFORMATION SECURITY**	**Information Security Risk Management**	**Information Security Risk Management:** - Whether a defined process exists and is followed for Information Security (IS) risk management on an annual basis, at a minimum? - Whether the IS risk management is performed in line with the organization and IT risk management framework? - Whether the risk assessment is performed for new functions, processes, teams and locations. Whether relevant risk mitigation and monitoring actions are implemented as per the defined framework?
2d	**INFORMATION SECURITY**	**Cyber Security**	**Cyber Security:** - Whether Mutual Funds / AMCs has complied with the provisions of Cyber Security and Cyber Resilience prescribed under Paragraph 5.10 of this Master Circular and any further guidelines by SEBI with regard to cyber security for MFs / AMCs?

2e	**INFORMATION SECURITY**	**Information Security Awareness**	**Information Security Awareness:** - Whether information security and cybersecurity processes are communicated to employees, contractors, third parties, etc.? - Whether information security and cybersecurity trainings are conducted as part of induction as well as periodic trainings?
2f	**INFORMATION SECURITY**	**Information Privacy**	**Information Privacy:** - Whether defined and documented privacy policy exists and is approved by the BOD? - Whether procedures have been defined in line with applicable regulations with respect to: a. Privacy notice b. Choice & consent c. Data collection d. Data use, retention & disposal e. Access to data f. Disclosure to third parties g. Security controls for private data h. Monitoring & enforcement
2g	**INFORMATION SECURITY**	**Human Resource Controls**	**Human Resource Controls:** - Whether policies and procedures have been implemented to address HR controls as part of information security? - Whether hiring policies are defined in line with IT operations and information security requirements? - Whether induction trainings are conducted for all new joiners? - Whether all new joiners are required to confirm and accept the organization's policies and procedures with respect to information technology, information security and cybersecurity? - Whether background check procedures are performed for all new joiners?

2h	**INFORMATION SECURITY**	**Digital Technologies**	**Digital Technologies:** - Whether the organization has a defined process to identify, develop and implement digital technologies supporting internal and external facing functions? - Whether all digital technologies including mobile applications, web-based portals, mobile websites, cloud storage, etc. are implemented only after performing risk assessment, testing and where required independent reviews? - Whether the organization has a defined and approved social media usage policy to address information security and reputational risks arising out of the same?
2i	**INFORMATION SECURITY**	**Third Party Security**	**Third Party Security:** - Whether the organization has a defined vendor management framework and is approved by the BOD? - Whether the vendor management framework includes processes to be followed for vendor due diligence, selection, risk assessment, onboarding, contracting and monitoring? - Whether vendors are on boarded only after performing a technical due diligence, risk assessment and background checks? - Whether formal contracts are signed with vendors and include the following at a minimum: a. Services provided b. Processes to be followed c. Service Level Agreements and related penalty clauses, if any d. Confidentiality, service continuity and data privacy clauses e. Performance monitoring processes and reports to be provided f. Escalation procedures g. Right to access and audit

2j	**INFORMATION SECURITY**	**Information Security Compliance**	**Information Security Compliance:** - Has the organization implemented procedures to assess compliance against defined information security procedures in the form of periodic assessments/ reviews? - Are critical functions within the organization subject to stringent security reviews by internal teams or external agencies, where necessary? - Are IS review reports, findings and action plans reported to IT/IS risk committees, IT Strategy Committee of BOD as appropriate?
3	**ACCESS MANAGEMENT**		**ACCESS MANAGEMENT**
3a	**ACCESS MANAGEMENT**	**Access Policies and procedures**	**Access Policies and procedures:** - Whether defined and documented policies and procedures exist for managing access to applications and infrastructure (including network, operating systems and database) and are approved by relevant authority? - Whether the defined procedures include responsibilities and process to be followed for: a. Access grant and modification including definition of authorization matrix as per system b. Access revocation procedures including notification as well as timeliness of revocation c. Access rights and Roles review procedures for all systems d. Privileged access to systems e. Review of access logs for privileged users f. Segregation of Duties (SOD) - Whether appropriate risk acceptance is taken 0in the event entire approved procedures ca0nnot be implemented due to system limitations? In such cases, whether alternate risk mitigation measures are implemented?

3b	**ACCESS MANAGEMENT**	**Privileged access**	**Privileged access:** - Whether privileged access to systems is available to limited authorized personnel? - Whether privileged access to systems is subject to more stringent security controls (such as Privileged Identity Management Solutions, more stringent password parameters, etc.) as compared to normal users? - Whether access rights for privileged users are monitored on periodic basis? - Whether logs of privileged users are stored and reviewed on a periodic basis based on criticality of systems?
3c	**ACCESS MANAGEMENT**	**Access Administration**	**Access Administration:** - Whether role-based and least privilege access mechanisms are in-built into systems to enable authorized access as per job roles? - Whether access administration requests, related approvals/ notifications and related actions (creations, revocation and modification) are logged and documented using automated tools with date-time stamps and appropriate evidences are retained as per defined procedures for review and audit purpose? - Whether creation and modification of access to systems requires a formal approval based on a defined authorization matrix? - Whether access revocation notifications are sent on a timely basis? - Whether access is revoked on a timely basis on the last working date of the user? - Whether sufficient monitoring mechanisms have been implemented to ensure all access administration requests are addressed as per procedures? - Whether users are provided with unique user identifier as per organizations naming conventions?

3d	**ACCESS MANAGEMENT**	**Access Authentication**	**Access Authentication:** - Whether appropriate authentication mechanisms are used for access to systems including use of passwords, One Time Passwords (OTP), Single Sign on, etc.? - Following password parameters should be defined [In brackets some prevalent practices are shared]: a. Minimum length (e.g. 8 characters) b. Complexity (combination of alphabets (upper case and lower case)/ numbers/ symbols.) c. Maximum Age (e.g. 90 days) d. History (e.g. 3) e. Account lockout threshold (e.g. 3 or 5 attempts) - Whether defined procedures require usage of unique user IDs for each individual? - Whether usage of generic IDs and default IDs is prohibited unless necessary and with risk acceptance sign-off? In such cases ownership and accountability for usage of generic IDs should be documented. -Whether the system allows for automatic session logout after a system defined period of inactivity?
3e	**ACCESS MANAGEMENT**	**Access Review and Monitoring**	**Access Review and Monitoring:** - Whether access rights to systems are reviewed on a periodic basis based on criticality of systems? - Whether access logs of users having access to critical activities are monitored? - Whether rule based automated or manual alerts are implemented for unauthorized access or activities, whether such alerts are monitored and addressed on a timely basis? - Whether audit trails of critical activities including key business transactions, modification of security parameters,

			masters' updates, and access administration activities are available with details around related user IDs, approvers and date-time stamps. Whether audit trails are retained for evidence, review and audit purposes? - Whether control mechanisms such as periodic reconciliation of user lists with HR lists, deactivation of users with no logins for a defined timeframe, etc. have been deployed to ensure any unauthorized access is timely terminated?
3f	**ACCESS MANAGEMENT**	**Segregation of Duties (SOD)**	**Segregation of Duties (SOD):** - Whether a defined and documented SOD matrix exists describing key roles within the systems and conflicting rights? - Whether access approvals, creations and modifications are performed based on approved SOD matrix? - Potential SOD conflicts are investigated during periodic access reviews and corrective actions are taken, if any.
3g	**ACCESS MANAGEMENT**	**Physical Access Administration**	**Physical Access Administration:** - Whether defined and documented procedures exist for managing physical access to data center and processing facilities? - Whether creation of physical access requires documentation of appropriate approvals as per authorization matrix? - Whether revocation of physical access is performed on a timely basis on the last working day of the user? - Whether physical access administration requests, related approvals/ notifications and related actions (creations and modification) are logged and documented using automated tools with date-time stamps and appropriate evidences are retained as per defined procedures for review and audit purpose?

			- Whether access to restricted areas is reviewed at least once a year? - Whether physical access logs are available and retained for investigation purpose as per guidelines? - Whether physical access related incidents and invalid access attempts are monitored on a periodic basis?
3h	**ACCESS MANAGEMENT**	**Physical Security**	**Physical Security:** - Whether appropriate physical security mechanisms have been deployed including guarding entrance, usage of access control system, door alarms, turnstiles, biometric access, etc.? - Whether appropriate visitor access controls have been implemented including logging of visitor access including equipment carried, visitor escorting, issue and reconciliation of visitor badges, etc.? - Whether Closed Circuit Tele Vision (CCTV) has been installed in restricted areas for monitoring, and logs for the same are retained for investigation purpose? - Whether appropriate environmental security measures such as fire alarms, smoke detectors, water detectors, Air-conditioners, etc. have been implemented. Whether environmental controls are monitored on a periodic basis. Are environmental security devices maintained at regular intervals as prescribed by the vendor?
4	**CHANGE MANAGEMENT**		**CHANGE MANAGEMENT**
4a	**CHANGE MANAGEMENT**	**Change Management Policies and Procedures**	**Change Management Policies and Procedures:** - Whether organization has established formalized change management policy and procedures that define processes to be followed for changes made to all systems including applications and infrastructure (networks, operating

			systems, databases, etc.) including emergency and configuration changes, capturing the version history and approval history? - Whether appropriate guidance is available for categorization and prioritization of changes?
4b	**CHANGE MANAGEMENT**	**Change Administration**	**Change Administration:** - Whether changes to applications and infrastructure (networks, operating systems and databases), including requests to third party service providers are approved and authorized by both authorized IT and business management personnel, as per defined authorization matrix? - Whether for each change, a risk evaluation process is carried out and results of the same are approved by authorized personnel? -Whether test cases library is maintained and updated to enable comprehensive testing? - Whether changes for relevant applications, including infrastructure changes are tested and documented during User Acceptance testing (UAT). Whether there is a formal signoff of the UAT results provided by the business prior to implementation? - Whether changes for applications, including infrastructure (OS/DB) changes are tested and documented during system, unit, and regression testing, where applicable. Whether there is a formal signoff of the test results by the technology team prior to UAT performed by business? - Whether the procedures require sign-off from information security team for ensuring that security controls have been in-built into the systems? - Whether a post implementation review is performed and recorded for each change migrated to production environment? - Whether there exists a procedure to log emergency changes made to relevant

			applications and underlying infrastructure, which are authorized by business and IT management within defined time frame of being migrated to production environment? - Whether new systems or modules including major changes are subject to application security testing before deployment? - Whether software development is performed based on industry accepted coding standards?
4c	**CHANGE MANAGEMENT**	**Segregation of Duties (SOD), environments and version control**	**Segregation of Duties (SOD), environments and version control:** - Whether there exists a segregation of production, development and test environments? - Whether the organization has implemented a change management versioning tool to maintain audit trails for all types of changes including applications, databases, operating systems and networks? - Whether implemented changes are reviewed on a periodic basis and inappropriate or unauthorized activities are investigated and communicated to respective individuals? - Whether a formal process exists for granting user access to migrate changes to the production environment for relevant applications based upon approval by authorized personnel? - In case of any new system or module implementation, whether adequate procedures were performed to ensure accurate and complete transfer of data?
5	**INCIDENT MANAGEMENT**		**INCIDENT MANAGEMENT**
5a	**INCIDENT MANAGEMENT**	**Incident Management Policies and Procedures**	**Incident Management Policies and Procedures:** - Whether management has established formalized incident management policy and procedures that define processes to

			be followed for incidents related to all systems including applications and infrastructure (networks, operating systems, databases, etc.) capturing the version history and approval history? - Whether appropriate guidance is available for categorization and prioritization of incidents?
5b	**INCIDENT MANAGEMENT**	**Incident Resolution**	**Incident Resolution:** - Whether incidents are logged using automated tools with a unique ID assigned to each incident? - Whether incidents are classified based on their severity and urgency. Whether severity of incidents can be changed only by authorized personnel? - Whether a root cause analysis is performed for each incident and documented? - Whether a known error database is maintained for resolution and workaround details for similar incidents? - Whether details of resolution provided against each incident is documented against the ticket logged? - Whether incidents are tracked and monitored for resolution on a timely basis? - Whether recurring incidents are identified and logged as problems?
5c	**INCIDENT MANAGEMENT**	**Service Level Agreements (SLAs)**	**Service Level Agreements (SLAs):** - Whether formal SLAs have been defined for each incident type and agreed with business and the incident management team? - Whether SLAs are tracked using automated tools to identify timely escalation to be performed? - Whether escalation matrix has been defined and configured using automated tools? - Whether SLA monitoring reports are generated and sent to senior management on periodic basis and relevant actions are taken?

5d	**INCIDENT MANAGEMENT**	**Security Incident Management**	**Security Incident Management:** - Whether management has defined and documented procedures for identifying security related incidents by monitoring logs generated by various IT assets such as Operating Systems, Databases, Network Devices, etc.? - Whether security incidents / events are detected, classified, investigated and resolved in a timely manner? - Whether periodic reports are published for various identified Security incidents? Whether the logging facilities and log information are protected from tampering and unauthorized access? - Whether security incidents are reported to SEBI in the prescribed format within stipulated timelines?
6	**BACKUP & RECOVERY**		**BACKUP & RECOVERY**
6a	**BACKUP & RECOVERY**	**Backup Administration**	**Backup Administration:** - Whether documented policies and procedures exist for backup scheduling, implementation and monitoring capturing version history and approval history? - Whether regular/ periodic back up of relevant data and programs is taken as per the approved backup policies and frequency [e.g., daily, weekly, etc.] configured via backup tool? - Whether access to backup tools is restricted to authorized personnel? - Whether modifications to backup schedule are performed through the formal change management process? - Whether appropriate data is backed up including at a minimum database records, audit trails, reports, user activity logs, transaction history, alert logs, etc.? - Whether execution of backups are monitored for successful completion and failures are investigated and closed?

6b	**BACKUP & RECOVERY**	**Backup Storage**	**Backup Storage:** - Whether backup tapes are stored onsite in a secure fireproof storage? - Whether access to onsite backups are limited to authorized personnel? - Whether backup tapes are sent for offsite storage on a periodic basis? - Whether offsite storage of tapes is monitored on a periodic basis?
6c	**BACKUP & RECOVERY**	**Restoration**	**Restoration:** - Whether restoration testing is performed on a periodic basis and issues, if any are resolved? - Whether request based restorations are performed only after obtaining approvals from business head?
7	**JOB PROCESSING**		**JOB PROCESSING**
7a	**JOB PROCESSING**	**Job Processing**	**Job Processing:** - Whether documented policies and procedures exist for automated job scheduling, implementation and monitoring capturing version history and approval history? - Whether automated jobs are processed as per the approved policies and frequency [e.g., daily, weekly, etc.] and configured via automated tool? - Whether access to job processing tools is restricted to authorized personnel? - Whether modifications to job schedules are performed through the formal change management process? - Whether execution of automated jobs are monitored for successful completion and failures are investigated and closed?

8	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**		**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY**
8a	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**	**BCP Organization**	**BCP Organization:** - Whether the organization has a BCP Committee that provides oversight on BCP planning and functioning in the organization? - Whether the organization has a dedicated BCP Head or Coordinator overall responsible for development of the enterprise BCP framework in conjunction with internal and external facing functions within the organization through a defined process? - Whether the organization has a dedicated BCP Team or Crisis Management team to execute the BCP plan, when required. Does the BCP team have representations from various functions and locations of the organization? - Whether roles and responsibilities of all members of the BCP organization are defined and documented?
8b	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**	**BCP Methodology and Plan**	**BCP Methodology and Plan:** - Whether the organization has a defined and documented BCP methodology which is approved by the BOD? - Whether the BCP methodology includes a process wise approach for development and maintenance of the BCP framework including Business Impact Analysis (BIA), Risk Assessment (RA), BCP Strategy, and BCP Plan? - Whether a documented BCP plan exists and is approved by the BOD? - Whether the BCP is developed based on the approved methodology and includes at a minimum the following:

			a. Organization's strategy for BCP b. Inputs from BIA and RA conducted c. BCP / DR procedures d. Conditions for activating plans e. BCP Team and responsibilities f. Maintenance schedules g. Awareness and education activities h. Resumption procedures i. Responsibilities of employees j. Emergency and fall back procedures
8c	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**	**BCP Plan**	**BCP Plan:** - Whether a BIA is conducted including identification of critical processes within the organization and their dependencies on other processes, vendor dependencies and resources. Whether Recovery Time Objective (RTO) and Recovery Point Objective (RPO) has been calculated as part of the BIA. Whether the BIA is approved by the business, technology and risk teams? - Whether a Risk Assessment is conducted for all critical processes identified in the BIA including identification of risks and threats and their impact, probability and priority. Whether the RA is conducted across parameters including people, processes and technology. Has the organization identified and implemented appropriate procedures and systems for risk mitigation? - Whether a documented BCP plan exists and is approved by the BOD. Whether the BCP is developed based on the approved methodology and includes at a minimum the following: a. Organization's strategy for BCP b. Inputs from BIA and RA conducted c. BCP / DR procedures d. Conditions for activating plans e. BCP Team and responsibilities f. Maintenance schedules g. Awareness and education activities h. Resumption procedures i. Responsibilities of employees j. Emergency and fall back procedures k. Procedures to be followed in the event

			of natural calamities and disasters that have a wide area or long term impact
8d	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**	**BCP/ DR testing**	**BCP/ DR testing:** - Whether the BCP/ DR plan is reviewed on an yearly basis or in case of a major change in business or infrastructure? - Whether the defined BCP/ DR plan is tested through appropriate strategies including table-top reviews, simulations, DR drills, alternate site recovery testing, system recovery, etc. involving all aspects of people, process and technology?
8e	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**	**BCP/ DR Communication and training**	**BCP/ DR Communication and training:** - Whether the organization has established appropriate procedures for BCP training and update for the BCP team? - Whether the BCP plan is communicated to all users internal as well as external with detailed description of roles, responsibilities and dependencies?
8f	**BUSINESS CONTINUITY PLANNING (BCP) & DISASTER RECOVERY (DR)**	**DR Plan**	**DR Plan:** - Whether the organization has documented a DR plan including recovery procedures to be followed in the event of disasters? - Has the organization identified and implemented a DR Site which is a replica of the production site? Has the organization implemented procedures for maintaining the DR readiness and support infrastructure to be relied upon in the event of a disaster? Have redundancies been built into systems and processes? - Are relevant system architecture documents prepared and approved representing infrastructure, hardware and software components at the primary and DR sites?

9	**BUSINESS CONTROLS**		**BUSINESS CONTROLS**
9a	**BUSINESS CONTROLS**	**Master Controls (Investment management, Front Office, Middle Office, Back Office, Fund Accounting, Registrar & Transfer Agent)**	**Master Controls (Investment management, Front Office, Middle Office, Back Office, Fund Accounting and Registrar & Transfer Agent):** - Whether new schemes/ funds are created in the system through an automated maker checker mechanism and based on the Scheme Information Documentation (SID) and information received from authorized sources? - Whether new customer accounts are created and assigned schemes/ funds based on the agreement signed with the customers? - Whether access to create/ update/ delete any master data (Customer/ Scheme/ Securities/ Broker/ Subscriptions/ Redemptions etc.) is restricted only to the authorized individuals? - Whether changes to masters are performed through an automated maker checker mechanism? - Whether system has the capability to capture audit trails/ logs of all changes, updation, and activities performed? - Whether update of security prices is controlled and is updated only from authorized automated/ manual sources?
9b	**BUSINESS CONTROLS**	**Front Office and Back Office Operations**	**Front Office and Back Office Operations:** - Whether appropriate segregation of duties is maintained between users having access to front office and back office system? - Whether controls exist over data integrity and accuracy on integration between the front office and back office system? - Whether system does not allow cancellation of deal order once the deal is confirmed in the system? - Whether trade settlement process is performed by authorized personnel

			through an automated maker checker mechanism? - Whether system allocates trades to the schemes as per defined policy?
9c	**BUSINESS CONTROLS**	**Risk Management (Middle Office)**	**Risk Management (Middle Office):** - Whether a documented risk management policy exists defining deal, counterparty wise limits, securities, etc. and the same is approved by the BOD? - Whether hard limits (beyond which system does not allow booking) and soft limits (for which system provides warnings) have been configured in the system in line with the risk management policy? - Whether there are controls defined to monitor and generate alerts/ reports in case of breach of predefined SEBI and Compliance limits defined at scheme/ fund level? - Whether system monitors the adherence to predefined rights/ limits assigned to Fund Manager at scheme/ fund level? - Whether systemic checks are performed for prohibiting blacklisted securities if entered by Dealers for Trades? - Whether the system monitors adherence to broker limits defined? - Whether appropriate field level validations and mandatory checks are built in the system to identify and appropriate expenses to individual schemes? - Whether the system monitors adherence to guidelines specified in the Eighth Schedule of the MF Regulations with respect to accounting policies? - Whether the system monitors adherence to policies related to documentation of rationale for valuation including inter-scheme transfers?

9d	**BUSINESS CONTROLS**	**Investor Servicing (Registrar & Transfer Agent)**	**Investor Servicing (Registrar & Transfer Agent):** - Whether automated maker checker controls have been implemented for processing subscription and redemption requests? - Whether appropriate field level validations and mandatory checks are built in the system during subscription and redemption? - Whether the system has the capability to maintain the record of all types of transactions executed on behalf of the investor for specific scheme/ investment? - Whether the system has appropriate controls on brokerage computation and payouts?
9e	**BUSINESS CONTROLS**	**Fund Accounting**	**Fund Accounting:** - Whether NAV calculations, if automated are accurately calculated? - Whether end of day reconciliations (cash recon, portfolio recon, pricing recon, etc.) are performed to ensure no deals are missed from reporting to the fund accountant for processing and complete data is processed for safekeeping? - Whether details of the expenses accrued by the client (Management fees, audit etc.) are updated appropriately and accurately and maker-checker control exists? - Whether income related transactions are updated in the system appropriately and accurately? - Whether corporate actions are applied accurately and completely? - Whether NAV is accurately computed by Fund Accountant and the same is released to client, press, R&TA AMFI appropriately?

9f	**BUSINESS CONTROLS**	**Reporting**	**Reporting:** - Does the organization have list of regulatory and standard operational reports? - Has organization implemented reasonable controls over report generation with respect to accuracy and completeness?
9g	**BUSINESS CONTROLS**	**Custody of mutual fund scheme assets (Custodian)**	**Custody of mutual fund scheme assets (Custodian):** - Whether automated maker checker controls have been implemented for processing of receipt and delivery of securities, collection of income, distribution of dividends and segregation of assets between schemes and settlements between schemes? -Whether appropriate field level validations and mandatory checks are built in the system for receipt and delivery of securities, collection of income, distribution of dividends and segregation of assets between schemes and settlements between schemes? - Whether the system has the capability to maintain the record of all types of transactions executed on behalf of the client for specific scheme/ investment? - Whether end of day reconciliations (cash recon, portfolio recon, pricing recon, etc.) are performed to ensure whether all securities have been gone to the correct schemes in time? - Whether the system monitors adherence to controls related to significant accounting and valuation policies? - Whether the system monitors adherence to compliance with SEBI guidelines and PMLA guidelines?

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ANNEXURE 8: STEWARDSHIP CODE FOR ALL MUTUAL FUNDS IN RELATION TO THEIR INVESTMENT IN LISTED EQUITIES[476]

- **Principle 1**

  Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.

  Guidance

  Stewardship responsibilities include monitoring and actively engaging with investee companies on various matters including performance (operational, financial, etc.), strategy, corporate governance (including board structure, remuneration, etc.), material environmental, social, and governance (ESG) opportunities or risks, capital structure, etc. Such engagement may be through detailed discussions with management, interaction with investee company boards, voting in board or shareholders meetings, etc.

  Every institutional investor should formulate a comprehensive policy on how it intends to fulfill the aforesaid stewardship responsibilities and disclose it publicly. In case any of the activities are outsourced, the policy should provide for the mechanism to ensure that in such cases, stewardship responsibilities are exercised properly and diligently.

  The policy should be reviewed and updated periodically and the updated policy should be publicly disclosed on the entity's website. A training policy for personnel involved on implementation of the principles is crucial and may form a part of the policy.

- **Principle 2**

  Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

  Guidance

  As a part of the aforesaid comprehensive policy, institutional investors should formulate a detailed policy for identifying and managing conflicts of interest. The policy shall be intended to ensure that the interest of the client/beneficiary is placed before the interest of the entity. The policy should also address how matters are handled when the interests of clients or beneficiaries diverge from each other.

  The conflict of interest policy formulated shall, among other aspects, address the following:

  1. Identifying possible situations where conflict of interest may arise. E.g. in case of investee companies being associates of the entity.

  2. Procedures put in place by the entity in case such conflict of interest situations arise which may, *inter alia,* include:

     a. Blanket bans on investments in certain cases

     b. Having a *'Conflict of Interest'* Committee to which such matters may be referred to.

[476] SEBI Circular no. CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019

c. Clear segregation of voting function and client relations/ sales functions.

d. Policy for persons to recuse from decision making in case of the person having any actual/ potential conflict of interest in the transaction.

e. Maintenance of records of minutes of decisions taken to address such conflicts.

3. Periodical review and update of such policy and public disclosure.

- **Principle 3**

<u>*Institutional investors should monitor their investee companies.*</u>

Guidance

As a part of the aforesaid comprehensive policy, institutional investors should have a policy on continuous monitoring of their investee companies in respect of all aspects they consider important which shall include performance of the companies, corporate governance, strategy, risks etc.

The investors should identify the levels of monitoring for different investee companies, areas for monitoring, mechanism for monitoring etc. The investors may also specifically identify situations where they do not wish to be actively involved with the investee companies e.g. in case of small investments.

The investors should also keep in mind SEBI (Prevention of Insider Trading) Regulations while seeking information from the investee companies for the purpose of monitoring.

Accordingly, the institutional investors shall formulate a policy on monitoring specifying, *inter-alia,* the following:

1. Different levels of monitoring in different investee companies. E.g. companies where larger investments are made may involve higher levels of monitoring vis-à-vis companies where amount invested in insignificant from the point of view of its assets under management.

2. Areas of monitoring which shall, inter-alia, include:

a. Company strategy and performance - operational, financial etc.

b. Industry-level monitoring and possible impact on the investee companies.

c. Quality of company management, board, leadership etc.

d. Corporate governance including remuneration, structure of the board (including board diversity, independent directors etc.) related party transactions, etc.

e. Risks, including Environmental, Social and Governance (ESG) risks

f. Shareholder rights, their grievances etc.

3. Identification of situations which may trigger communication of insider information and the procedures adopted to ensure SEBI (Prevention of Insider Trading) Regulations are complied with in such cases.

- **Principle 4**

Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.

Guidance

Institutional investors should have a clear policy identifying the circumstances for active intervention in the investee companies and the manner of such intervention. The policy should also involve regular assessment of the outcomes of such intervention. Intervention should be considered even when a passive investment policy is followed or if the volume of investment is low, if the circumstances so demand.

Circumstances for intervention may, inter alia, include poor financial performance of the company, corporate governance related practices, remuneration, strategy, ESG risks, leadership issues, litigation etc.

The mechanisms for intervention may include meetings/discussions with the management for constructive resolution of the issue and in case of escalation thereof, meetings with the boards, collaboration with other investors, voting against decisions, etc. Various levels of intervention and circumstances in which escalation is required may be identified and disclosed. This may also include interaction with the companies through institutional investor associations (E.g. AMFI). A committee may also be formed to consider which mechanism to be opted, escalation of matters, etc. in specific cases.

- **Principle 5**

Institutional investors should have a clear policy on voting and disclosure of voting activity.

Guidance

To protect and enhance wealth of the clients/ beneficiaries and to improve governance of the investee companies, it is critical that the institutional investors take their own voting decisions in the investee company after in-depth analysis rather than blindly supporting the management decisions.

This requires a comprehensive voting policy to be framed by the institutional investors including details of mechanisms of voting, circumstances in which voting should be for/against/abstain, disclosure of voting, etc. The voting policy, voting decisions (including rationale for decision), use of proxy voting/voting advisory services, etc. should be publicly disclosed.

The voting policy shall, *inter-alia,* include the following:

1. Mechanisms to be used for voting (e.g. e-voting, physically attending meetings, voting through proxy, etc.)

2. Internal mechanisms for voting including:

    a. Guidelines on how to assess the proposals and take decision thereon

b. Guidelines on how to vote on certain specific matters/ circumstances including list of such possible matters/circumstances and factors to be considered for a decision to vote for/ against/ abstain

c. Formulation of oversight committee as an escalation mechanism in certain cases

d. Use of proxy advisors

e. Policy for conflict of interest issues in the context of voting

3. Disclosure of voting including:

a. Periodicity of disclosure

b. Details of actual voting for every proposed resolution in investee companies i.e. *For, Against or Abstain*

c. Rationale for voting

d. Manner of disclosure – e.g. in annual report to investors, quarterly basis on website etc.

4. In case of use of proxy voting or other voting advisory services, disclosures on:

a. Scope of such services

b. Details of service providers

c. Extent to which the investors rely upon/use recommendations made by such services

- **Principle 6**

Institutional investors should report periodically on their stewardship activities.

Guidance

Institutional investors shall report to their clients/ beneficiaries periodically on how they have fulfilled their stewardship responsibilities as per their policy in an easy-to-understand format.

However, it may be noted that the compliance with the aforesaid principles does not constitute an invitation to manage the affairs of a company or preclude a decision of the institutional investor to sell a holding when it is in the best interest of clients or beneficiaries.

Institutional investors shall report periodically on their stewardship activities in the following manner:

1. A report may be placed on website on implementation of every principle. Different principles may also be disclosed with different periodicities. E.g. Voting may be disclosed on quarterly basis while implementation of conflict of interest policy may be disclosed on an annual basis. Any updation of policy may be disclosed as and when done.

2. The report may also be sent as a part of annual intimation to its clients/ beneficiaries.

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ANNEXURE 9: FREQUENTLY ASKED QUESTIONS (FAQs)

1. SEBI has prepared a FAQs on mutual funds. The same is updated by SEBI from time to time. FAQs are available on SEBI website under "SEBI Website -> FAQs -> Mutual Funds".

2. Link for accessing FAQs is given below:

Details	**Link**
FAQs for Mutual Fund Intermediaries	https://www.sebi.gov.in/sebi_data/faqfiles/apr-2023/1682683461615.pdf
FAQs for Mutual Fund Investors	https://www.sebi.gov.in/sebi_data/faqfiles/apr-2023/1682683491126.pdf

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ANNEXURE 10: PRODUCT LABELLING IN MUTUAL FUND SCHEMES – RISK-o-METER[477]

Risk level of a scheme shall be evaluated using the following methodology:

1. The underlying securities of a scheme shall be assigned a value for each of the parameters based on which the risk-o-meter value will be calculated.
2. For the purpose of evaluation of risk level, AUM of the security forming part of the scheme portfolio shall be as on last day of the given month.
3. The evaluation of risk parameters are as detailed below:

i. Debt securities

a) Credit Risk

- Debt securities of schemes shall be valued for credit risk as follows:

TABLE 1	
Credit rating of the Instrument	**CREDIT RISK VALUE**
G-Sec/AAA/SDL/ TREPS	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10
Unrated	11

[477] SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020

TABLE 1	
Credit rating of the Instrument	**CREDIT RISK VALUE**
Below investment grade	12

- Based on the weighted average value of each instrument (weights based on the AUM), credit risk value of the portfolio shall be assigned.
- The price of debt instrument to be considered for calculating AUM shall include the accrued interest i.e. dirty price.
- For the above purpose, credit rating of the instrument as on last day of the month shall be considered.

b) Interest Rate Risk

- Interest rate risk shall be valued using Macaulay Duration of the Portfolio:

TABLE 2	
Macaulay Duration of the portfolio (years)	**INTEREST RATE RISK VALUE**
≤ 0.5	1
> 0.5 to ≤ 1	2
> 1 to ≤ 2	3
> 2 to ≤ 3	4
> 3 to ≤ 4	5
> 4	6

- For the above purpose, Macaulay Duration of an instrument as on last day of the month shall be considered.

c) Liquidity Risk

- For measuring liquidity risk of the schemes, listing status, credit rating, structure of debt instruments is considered.
- Liquidity risk of the debt securities shall be valued as follows:

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
TREPS/G-Sec/AAA rated PSU/SDLs	1
Listed AAA rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	2
Listed AA+ rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	3
Listed AA rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	4
Listed AA- rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	5
Listed A+ rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	6
Listed A rated debt securities without bespoke structures/ structured obligations, 7credit enhancements or embedded options*	7
Listed A- rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	8
Listed BBB+ rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	9
Listed BBB rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	10
Listed BBB- rated debt securities without bespoke structures/ structured obligations, credit enhancements or embedded options*	11

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
AAA rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	3
AA + rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	4
AA rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	5
AA- rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	6

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
A+ rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	7
A rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	8
A- rated debt securities with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	9
BBB+ rated debt securities within investment grade with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	10

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
BBB rated debt securities within investment grade with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	11
BBB- rated debt securities within investment grade with any one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	12
AAA rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	4
AA + rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	5

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
AA rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	6
AA- rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	7
A+ rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	8
A rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	9

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
A- rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	10
BBB+ rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	11
BBB rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	12
BBB- rated debt securities with more than one of the following features*- • unlisted • bespoke structure • structured obligation • credit enhancement • embedded options	13
Below investment grade and unrated debt securities	14

TABLE 3	
Instrument	**LIQUIDITY RISK VALUE**
*Or any other structure / feature which increase the liquidity risk of the instrument.	

- Liquidity Risk Value of a portfolio shall be assigned based on the weighted average of such values (weights based on the AUM) of each instrument.
- For the above purpose, instruments held by the scheme as on last day of the month shall be considered.

d) Risk value for the debt portfolio shall be simple average of credit risk value, interest rate risk value and liquidity risk value. However, if the liquidity risk value is higher than the average of credit risk value, liquidity risk value and interest rate risk value then the value of liquidity risk shall be considered as risk value of the debt portfolio.

e) For investment by mutual funds in instruments having short term ratings, the liquidity risk value and the credit risk value shall be based on the lowest long term rating of the instrument of the same issuer as shown above (in order to follow conservative approach) across credit rating agencies. However, if there is no long term rating of the same issuer, then based on credit rating mapping most conservative long term rating shall be taken for a given short term rating.

ii. Equity

a) Market Capitalisation

- Following values shall be assigned to the security for market capitalisation parameter:

TABLE 4	
Market Cap of the underlying security	**MARKET CAPITALISATION VALUE**
Large cap	5
Mid cap	7
Small cap	9

- The market capitalisation data as published by AMFI on six-monthly basis shall be considered.

- Based on the weighted average of the above Market Capitalisation values of each security (weights being AUM of the security), Market Capitalisation Value of a portfolio shall be assigned.

b) Volatility

- Following values shall be assigned to the security based on its volatility:

TABLE 5	
Daily Volatility of the Security price (based on the past two years price of the security)	**VOLATILITY VALUE**
≤ 1%	5
> 1%	6

- Based on the weighted average of above volatility values of each security (weights being AUM of the security), Volatility Value of a portfolio shall be assigned.

  If an instrument is traded on multiple stock exchanges, then the most conservative volatility value across stock exchanges for a given month shall be considered.

c) Impact Cost (Liquidity Measure)

- Impact cost shall be considered as a measure for liquidity. Based on the average impact cost of the security for previous three months including the month under consideration following values shall be assigned:

TABLE 6	
Average Impact Cost of the Security for the month	**IMPACT COST VALUE**
≤ 1%	5
>1 % to ≤ 2%	7
> 2%	9

- Based on the weighted average of impact cost values of each security (weights being AUM of the security), impact cost value of a portfolio shall be assigned.

- If an instrument is traded on multiple stock exchanges, then the impact cost shall be based on average value of impact costs across stock exchanges for a given month.

d) For investment in IPOs or recently listed securities**,** the following process shall be adopted for arriving at weighted average value for Risk-o-meter:

- Market Capitalisation value: Market capitalisation of a security as on the last trading day of the month shall be compared with that of the market capitalisation of the threshold for large cap, mid cap and small cap as published by AMFI and then market capitalisation parameter of risk shall be valued based on the Table 4 mentioned above.

- Volatility value: For the first three months of trading of a security, the value for volatility shall be assigned as 6. From the subsequent months, volatility shall be calculated based on the available security prices as mentioned at Table 5 above.

- Impact cost value: For the first three months of trading of a security, the impact cost value shall be assigned as 5. From the subsequent month, impact cost value shall be as mentioned in Table 6 above.

e) Risk value for equity portfolio shall be simple average of market capitalisation value, volatility value and impact cost value.

iii. Equity Derivatives

- For hedging positions, the underlying security held and its corresponding derivative instrument shall not be included for arriving at risk value. For instance, if XYZ security in cash market is being hedged by its futures instrument, then the XYZ cash market security and short futures position in XYZ security both shall not be considered for arriving at risk value.

- If the quantity of derivative positions taken for hedging purposes are in excess of the underlying position against which the hedging position has been taken, the excess position shall be included while calculating the risk value.

iv. Index Futures and Stock Futures

- For index and stock futures, following values are to be assigned:

TABLE 7	
Value for Index / Stock futures	**INDEX / STOCK FUTURES VOLATILITY VALUE**
≤ NIFTY near month futures annualized volatility	5
> NIFTY near month futures annualized volatility	6

- Based on the weighted average of above values of each security (weights being AUM of the security), the risk value shall be assigned to the portfolio.

v. Index Options and Stock Options

- For index and stock options, following values are to be assigned:

TABLE 8	
Value for Index / Stock options	**INDEX / STOCK OPTIONS' IMPLIED VOLATILITY VALUE**
≤ India VIX	5
> India VIX	6

- Based on the weighted average of above values of each security (weights being AUM of the security), the risk value shall be assigned to the portfolio.

vi. Other derivative instruments

- If the derivative instrument is used for hedging, then the hedging instrument shall not be included for calculating the risk value only if the quantity of derivative instrument is less than or equal to the quantity of underlying/instrument being hedged. If the derivative instrument position is in excess of the underlying then the excess position shall be considered while calculating the risk value.
- If Interest rate swaps (IRS) are being used for hedging purpose, then IRS shall not be considered for arriving at the risk value.
- For investment in other derivative instruments, such instruments shall be valued as under:

TABLE 9	
Daily Volatility of the instrument	**VOLATILITY VALUE**
≤ 1%	5
>1%	6

- Volatility calculated above is based on daily close prices of past three months of the instrument.
- Based on the weighted average of above values of each security (weights being AUM of the security), the risk value shall be assigned to the portfolio.

vii. InvITs

- Investment by schemes in InvITs shall be valued as 7 from risk perspective.
- Based on the weighted average of each security (weights being AUM of the security), the risk value shall be assigned to the portfolio.

viii. Commodities (Gold/Silver) in which mutual funds are permitted to invest:[478]

- Investment in Gold/Silver and gold/silver related instruments by mutual fund schemes shall be assigned a risk score corresponding to the annualized volatility of the price of said commodity. The annualized volatility shall be computed quarterly based on past 15 years' prices of benchmark index of the said commodity and risk score for the commodity shall be in terms of the following table:

Annualized volatility	Risk value on risk-o-meter (Risk)
<10%	3 (Moderate)
10-15%	4 (Moderately High)
15-20%	5 (High)
>20%	6 (Very high)

Illustration: If price of gold has annualized volatility of 18% based on price of gold of past 15 years, then Gold and gold related instruments will have risk value of 5 (High) on risk-o-meter.

ix. Foreign Securities

- Investment by schemes in foreign securities shall be valued as 7 from risk perspective.
- Based on the weighted average of each security (weights being AUM of the security), the risk value shall be assigned to the portfolio.

x. Mutual Fund Schemes:

- For schemes holding units of other mutual fund schemes, the following values shall be assigned basis the risk-o-meter of underlying schemes:

TABLE 10	
Risk as per risk-o-meter	**Value**
Low	1
Low to Moderate	2
Moderate	3

[478] SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/49 dated April 11, 2022

TABLE 10	
Risk as per risk-o-meter	**Value**
Moderately High	4
High	5
Very High	6

- The risk value for investment in overseas mutual fund units or ETFs shall be 7.
- Based on the weighted average of each mutual fund scheme held (weights being AUM of the scheme), the risk value shall be assigned to the portfolio.

xi. Cash and Net Current Assets:

- Cash and Net Current Assets, shall be valued as 1 from risk perspective.

4. **Risk-o-meter value**

- Based on the above calculations, the risk value arrived upon shall be mapped to the risk level mentioned in the table below and the same may be depicted in the risk-o-meter:

TABLE 11	
Risk Value	**RISK LEVEL AS PER RISK-O-METER**
≤ 1	Low
>1 to ≤ 2	Low to Moderate
>2 to ≤ 3	Moderate
>3 to ≤ 4	Moderately High
>4 to ≤ 5	High
>5	Very High

5. **Illustrations**:

In order to illustrate the above process, following are a few illustrations:

1. Debt scheme

- Consider a debt scheme category having 10 debt securities with following attributes:

- At the portfolio level, the average Macaulay Duration is 1.41

TABLE 12			
Securities held by the scheme	**Weight as % of AUM**	**Credit rating**	**Structure**
A	10%	AAA - PSU	No additional feature/structure
B	10%	AA-	Unlisted and has structured obligation
C	10%	A	No additional feature/structure
D	10%	BBB+	No additional feature/structure
E	10%	AA	Has credit enhancement
F	10%	AA+	Is bespoke and unlisted
G	10%	A	No additional feature/structure
H	10%	AA	No additional feature/structure
I	10%	AAA	No additional feature/structure
J	10%	TREPS	-

<u>DEBT- Security A to J</u>

- Based on the above portfolio, following shall be parameter based valuing of securities held by the scheme:

TABLE 13				
Securities held by the scheme	**Weight as % of AUM**	**Credit Risk value**	**Interest Rate Risk Value**	**Liquidity risk value**
A	10%	1		1
B	10%	4		7
C	10%	6		7
D	10%	8		9

TABLE 13				
Securities held by the scheme	**Weight as % of AUM**	**Credit Risk value**	**Interest Rate Risk Value**	**Liquidity risk value**
E	10%	3		5
F	10%	2		5
G	10%	6		7
H	10%	3		4
I	10%	1		2
J	10%	1		1
TOTAL*		3.5	3	4.8

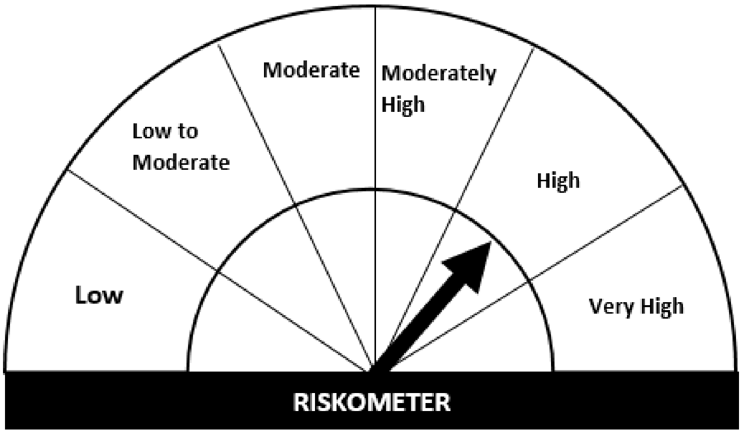
*Total is calculated as weighted average with weights based on AUM of the instrument in the scheme as under:

TABLE 14		
Parameter	**Average**	**Value**
Credit risk	0.1 X 1 + 0.1 X 4 + 0.1 X 6 + 0.1 X 8 + 0.1 X 3 + 0.1 X 2 + 0.1 X 6 + 0.1 X 3 + 0.1 X 1 + 0.1 X 1	3.5
IR Risk	1 x 3	3
LR value	0.1 X 1 + 0.1 X 7 + 0.1 X 7 + 0.1 X 9 + 0.1 X 5 + 0.1 X 5 + 0.1 X 7 + 0.1 X 4 + 0.1 X 2 + 0.1 x 1	4.8
Simple Average		3.8

<u>PORTFOLIO RISK-O-METER VALUE:</u>

- Simple average of the above three parameters comes out to 3.8 ([3.5+3+4.8]/3)
- Since the liquidity risk value of 4.8 is higher than the average value of above three parameters i.e. 3.8, the risk value assigned to the scheme will be 4.8. Hence, the risk level as per Risk-o-meter is High.

- Therefore, risk-o-meter for the abovementioned debt scheme would be **High,** and shall be as depicted below:



2. Equity scheme

- Consider an Equity scheme having 10 equity securities with following attributes:

TABLE 15				
Securities held by the scheme	**Weight as % of AUM**	**Market Cap**	**Volatility**	**Impact cost**
A	10%	Large Cap	0.01%	0.2%
B	10%	Large Cap	1.5%	0.3%
C	10%	Mid cap	2.5%	1.5%
D	10%	Mid cap	1.5%	1.2%
E	10%	Mid cap	2%	1.9%
F	10%	Mid cap	1.5%	1.2%
G	10%	Large Cap	0.005%	0.7%
H	10%	IPO	-	-
I	10%	Small Cap	1.7%	2.5%
J	10%	Cash	-	-

- Based on the above portfolio, following shall be the scoring of the securities held by the scheme across parameters:

<u>EQUITY – Security A to I</u>

TABLE 16				
Securities held by the scheme	**Weight as % of AUM**	**Market Cap Value**	**Volatility Value**	**Impact cost Value**
A	10%	5	5	5
B	10%	5	6	5
C	10%	7	6	7
D	10%	7	6	7
E	10%	7	6	7
F	10%	7	6	7
G	10%	5	5	5
H*	10%	7	6	5
I	10%	9	6	9
TOTAL	**90%**	**6.6**	**5.8**	**6.3**

* Assuming the market cap of the security at the time of listing is falling under Mid cap as per the market cap data published by AMFI, a value of 7 is considered. Volatility value and Impact cost value are considered as 6 and 5 respectively.

- The TOTAL mentioned above is calculated as under:

TABLE 17		
Parameter	**Average**	**Value**
Market Cap	0.1 X 5 + 0.1 X 5 + 0.1 X 7 + 0.1 X 7 + 0.1 X 7 + 0.1 X 7 + 0.1 X 5 + 0.1 X 7 + 0.1 X 9	6.6

TABLE 17		
Parameter	**Average**	**Value**
Volatility Value	0.1 X 5 + 0.1 X 6 + 0.1 X 6 + 0.1 X 6 + 0.1 X 6 + 0.1 X 6 + 0.1 X 5 + 0.1 X 6 + 0.1 X 6	5.8
Impact cost value	0.1 X 5 + 0.1 X 5 + 0.1 X 7 + 0.1 X 7 + 0.1 X 7 + 0.1 X 7 + 0.1 X 5 + 0.1 X 5 + 0.1 X 9	6.3
Simple Average		6.2

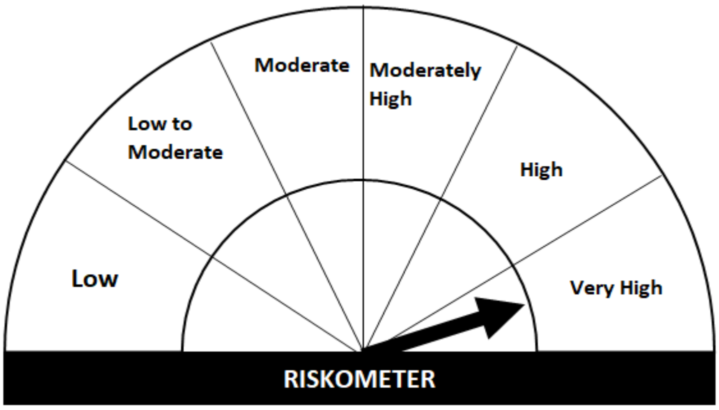
- Simple average of the above three parameters comes out to 6.2 [(6.6+5.8+6.3)/3]

CASH – Component J

- Further, cash component is valued as 1.

PORTFOLIO RISK-O-METER VALUE:

- Hence, the average for the total portfolio is 6.2 + 0.1 x 1 = 6.3
- Since the value of risk is higher than 5, it shall fall into range of Very High Risk.
- Therefore, risk-o-meter for the abovementioned equity scheme would be **Very High,** and shall be as depicted below:



3. **Multi asset allocation scheme**:

- Consider a Multi Asset category scheme having 10 securities with following attributes:

TABLE 18					
Type of security	**Securities held by the scheme**	**Weight as % of AUM**	**Market Cap**	**Volatility**	**Impact cost**
Equity	A	20%	Large Cap	0.01%	0.2%
Equity	B	10%	Large Cap	1.5%	0.3%
Equity	C	10%	Mid cap	2.5%	1.5%
Type of security	**Securities held by the scheme**	**Weight as a % of AUM**	**Credit rating**	**Macaulay Duration**	**Structure**
Debt	D	10%	A	2.6	No additional feature/structure
Debt	E	10%	AA	2.1	No additional feature/structure
Debt	F	10%	AAA	2.8	No additional feature/structure
TREPS	G	10%	-	-	-
Gold ETF	H	10%	-	-	-
INVITs	I	10%	-	-	-
Interest rate swap (IRS)	J	-20%			

- As interest rate swap instrument was used for hedging, it is not included while calculating the risk value.
- Macaulay Duration of debt scheme portfolio (D, E & F) is 2.5 years
- Based on the above portfolio, following shall be the valuing of the securities held by the scheme across parameters:

TABLE 19				
Securities held by the scheme	**Weight as % of AUM**	**Market Cap Value**	**Volatility Value**	**Impact cost Value**
A	20%	5	5	5
B	10%	5	6	5
C	10%	7	6	7
Securities held by the scheme	**Weight as a % of AUM**	**Credit Risk value**	**Interest rate risk value**	**Liquidity risk value**
D	10%	6		7
E	10%	3		4
F	10%	1		2
G	10%	1		1

EQUITY- Security A, B and C

TABLE 20				
Securities held by the scheme	**Weight as % of AUM**	**Market Cap Value**	**Volatility Value**	**Impact cost Value**
A	20%	5	5	5
B	10%	5	6	5
C	10%	7	6	7

TABLE 21		
Parameter	**Average**	**Value**
Market Cap	0.2 X 5 + 0.1 X 5 + 0.1 X 7	2.2
Volatility Value	0.2 X 5 + 0.1 X 6 + 0.1 X 6	2.2

TABLE 21		
Parameter	**Average**	**Value**
Impact cost value	0.2 X 5 + 0.1 X 5 + 0.1 X 7	2.2
Simple Average		2.2

<u>DEBT- Security D, E, F and G</u>

TABLE 22				
Securities held by the scheme	**Weight as a % of AUM**	**Credit Risk value**	**Interest rate risk value**	**Liquidity risk value**
D	10%	6		7
E	10%	3		4
F	10%	1		2
G	10%	1		1

TABLE 23		
Parameter	**Average**	**Value**
Credit risk	0.1 X 6 + 0.1 X 3 + 0.1 X 1 + 0.1 X 1	1.1
IR Risk	0.4 x 4	1.6
LR value	0.1 X 7 + 0.1 X 4 + 0.1 X 2 + 0.1 X 1	1.4
Simple Average		1.37

- For debt component, Simple average of the three parameters comes out to 1.37.
- Since the liquidity risk value of 1.4 is higher than the average value of above three parameters i.e. 1.37, the risk value assigned to the scheme will be 1.4.

<u>GOLD and INVITs - H and I</u>

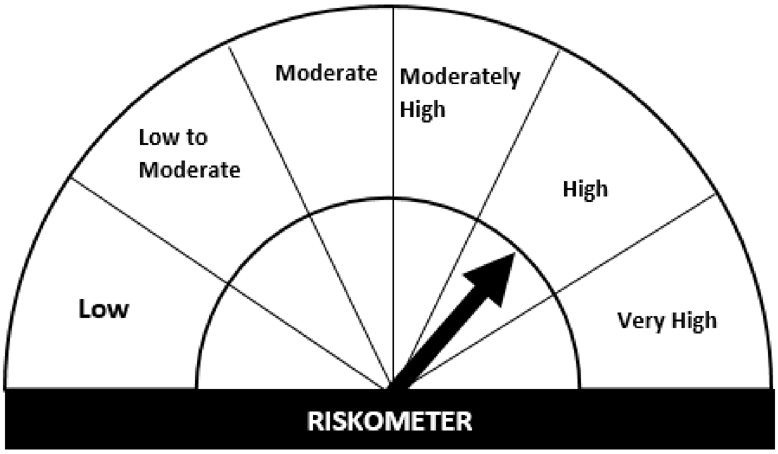
TABLE 24			
Securities held by the scheme	**Weight as a % of AUM**	**Risk Value**	**Value**
H	10%	4	0.4
I	10%	7	0.7

PORTFOLIO RISK-O-METER VALUE:

- The final weighted average risk value for the portfolio is as under:

  2.2 + 1.4 + 0.4 + 0.7 = 4.7

- Since the value of risk is higher than 4, it shall fall into range of High Risk.
- Therefore, risk-o-meter for the abovementioned scheme would be **High**, and shall be as depicted below.



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ANNEXURE 11: CORPORATE DEBT MARKET DEVELOPMENT FUND (CDMDF)

Annexure 11A - Approach to Purchase Pricing[479]

1. While it may not be possible to pre-empt the events and scenarios prevailing at the point of time when purchase of securities is being undertaken by CDMDF, the investment policy may provide for following indicative factors for determining purchase price of corporate debt securities:

   1.1. Valuation policies prescribed for Mutual Funds (based on the principles of fair valuation).

   1.2. Previous day's valuation of securities by valuation agencies before the date of Purchase.

   1.3. Average 10 days valuation prior to start of market dislocation.

   1.4. Mark-up in yield over previous day may be limited to arrive at floor price.

   For eg: it may be 25/50/75 bps over AAA/AA/Below AA securities respectively.

   1.5. Consideration of Spread over benchmark/ spread over sovereign yields.

   1.6. Qualitative factors that may have bearing on arriving at fair price.

2. The investment policy shall be duly approved & reviewed periodically by the Board of Trustee, Investment Committee & Governance Committee. CDMDF shall adhere to investment framework laid down in the investment policy & the fund documents.

3. However, in case the Investment Manager is at variance from the aforesaid factors, they may, after recording reasons in writing and approval from Investment Committee, take such price as deemed fit with an objective of achieving the fair pricing (adjusted for liquidity risk, interest rate risk and credit risk). Such instances shall be apprised to Governance Committee and Board of Trustees on a regular basis.

4. Investment framework of CDMDF:

   4.1. CDMDF would buy securities from secondary market of only investment grade, listed and having residual maturity of upto 5 years.

   4.2. CDMDF shall not buy any unlisted, below investment grade or defaulted debt securities or securities in respect of which there is a material possibility of default or adverse credit news or views. The rationale for the same shall be documented.

   4.3. Purchase of securities to be done as per the above fair pricing guidelines to be adjusted if considered appropriate by the IM for liquidity risk, interest rate risk, and credit risk. Buying/trading to be at fair price but not at distress price.

   4.4. Selling at breakeven/profit as market stabilize, to reduce borrowing as soon as possible.

[479] Inserted by SEBI Circular No. SEBI/HO/IMD/POD2/P/CIR/2023/128 dated July 27, 2023

4.5. Valuation of portfolio shall be governed by existing norms on valuation under the Mutual Fund regulatory framework.

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Annexure 11B - Loss Waterfall Accounting for CDMDF[480]

Based on deliberations with Mutual Fund industry, the following shall be the approach for reflection of waterfall in the NAV of units of CDMDF

A. There shall be three classes of units to be allotted by CDMDF, which shall be as follows:

   1. Class A1 and Class B units shall be allotted to AMCs and Sponsor/IM respectively (against one time contribution of 0.02% of AUM of specified debt schemes and Sponsor/IM commitment). Class A1 units and Class B units are treated at par and referred as Class A1 units only.

   2. Class A2 units shall be allotted to specified debt schemes (contributing 0.25% of AUM of specified debt schemes)

   3. Class A3 units shall be allotted to Mutual Fund schemes selling debt securities to the Fund (where 10% of the consideration is in the form of units of CDMDF, called A3 units)

B. Daily NAV should reflect the fair value of each unit class including the effect of differential treatment of A3 unit class. The loss waterfall based on CDMDF Framework is as follows:

Level of loss absorption	Particulars	Hereinafter referred as
1st	Up to 10% by MF schemes selling debt securities to the Fund (i.e., equivalent to the units outstanding of the selling MF schemes issued to them against sale of securities to CDMDF)	Class A3 units
2nd	Contribution of specified debt oriented MF Schemes and AMCs	Class A1 and A2 units
3rd	Government Guarantee	NA

C. The following process shall be followed:

   1. All profits/losses/income/gains/expenses to be apportioned to A1 and A2 unit class in ratio of their AUM during the normal times.

   2. A3 units to be allotted at the same NAV as that of A1 & A2 at the time of opening of market dislocation.

   3. All profits/losses/income/gains/expenses (including cost of leverage) to be apportioned to all the 3 class of units during the market dislocation and

480 Inserted by SEBI Circular No. SEBI/HO/IMD/POD2/P/CIR/2023/128 dated July 27, 2023

subsequently till A3 units exits (i.e A1/A2/A3), except that the NAV of A1 and A2 should not drop below their opening NAV (opening NAV at the time of market dislocation). Since A1 and A2 units are to be protected at their opening NAV to that extent the excess/unabsorbed loss/expense would be debited to only A3 unit class. This would mean the NAV of A3 units could drop below the NAV of A1&A2

4. Any subsequent profits/gains/income will be first credited to the A3 unit class to an extent that they come back at par with A1 & A2 NAV, and then the balance to be apportioned to all the three unit class.

5. A3 units will not get any exit till there is an outstanding portfolio from market dislocation and leverage is completely paid.

6. Any subsequent allotment of A3 units would be at the same NAV as that of the existing A3 units (if they exist), otherwise at opening NAV of A1 and A2. There will be only one class/bucket of A3 units irrespective of whether they were issued in subsequent tranche of purchase during a particular phase of market dislocation or were issued during another phase of market dislocation. Therefore, any adjustment for loss/expense will be carried out to the entire bucket o A3 units irrespective of when they were allotted.

7. There will not be any segregation of portfolio linking to different phase or tranches of purchase during the market dislocation, entire portfolio will be one common pool, both during the normal times or during the market dislocation including if there is any security that exist from normal times and is continued during the market dislocation

8. The accounting of A3 and certain adjustments of NAV may require manual workings by the fund accountant and will not be completely system driven. Such manual workings can be subject to second check by the concurrent auditor.

D. The above is as per various scenarios that have been envisaged currently. There may be a need that may arise with some other scenarios emerging and the same would be dealt with appropriately through relevant committee.

Loss Waterfall accounting for CDMDF

Allocation Mechanism					Investment			
INR	**A1**	**A2**	**A3**	**Total**	**GSEC/CBLO**	**MD-INVT A3**	**Situation**	**System**
Subscription	1,000	1,000	-	2,000				
on Face value	10.00	10.00	-					
Number of units	100	100	-					

Part A

Scenario - 1				**2,000**	**2,010**		**Investment in Government Securities and T-Bills**	**System driven calculation**
MTM Gain	5	5	-	10			MTM Gain is proportionately allocated to all the unit holders (except A3 doesn't exist as of now)	
NAV of the Corpus	**1,005**	**1,005**	**-**	**2,01**				

Scenario - 2					**2,002**		**Investment in Government Securities and T-Bills**	**System driven calculation**
MTM Loss	-4	-4	-	-8			MTM loss is proportionately allocated to all the unit holders (except A3 doesn't exist as of now)	
NAV of the unit	10.01	10.01	-					
NAV of the corpus	**1,001**	**1,001**	**-**	**2,002**				

Scenario - 3					**2,006**		**Investment in Government Securities and T-Bills**	**System driven calculation**

Realised gain	2	2	-	4			Gain is proportionately allocated to all the unit holders (except A3 doesn't exist as of now)	
NAV of the unit	10.03	10.03	-					
NAV of the Corpus	**1,003**	**1,003**	**-**	**2,006**				
Scenario - 4					**2,004**		**Investment in Government Securities and T-Bills**	**System driven calculation**
Realised loss	-1	-1	-	-2			loss is proportionately allocated to all the unit holders (except A3 doesn't exist as of now)	
NAV of the unit	10.02	10.02	-					
NAV of the corpus	**1,002**	**1,002**	**-**	**2,004**				
Scenario - 5					**204**	**2,000**	**Market Dislocation triggered**	**System driven calculation**
Opening NAV of the Corpus	1,002	1,002	-	2,004				
Number of opening units	100	100	-					
Opening NAV of the unit	-	- 19.96		200				
Additional Capital							A3 NAV assumed to be same as A1 and A2 while allotting the units. A1 and A2 NAV will be the opening NAV for the market dislocation trigger	
NAV at the which the units to be allotted								
Number of additional units								

Total corpus (NAV)	**1,002 1,002 200**	**2,20 4**				

Part B

Scenario - 6			**214**	**2,00 0**	**MTM profit**	**system driven except the FA needs to now start monitoring the NAV of A1 and A2 should not drop below their opening NAV of Rs. 10.02 till A3 NAV is positive**
MTM Gain NAV of the unit	4.5 4.5 0.9 10.07 10.07 10.07	10			MTM gain gets apportioned to all the unit class	
NAV of the Corpus	**1,007 1,007 201**	**2,21 4**				

Scenario - 7			**206**	**2,00 0**	**MTM Loss**	**system driven except the FA needs to now start monitoring the NAV of A1 and A2 should not drop below their opening NAV of Rs. 10.02 till A3 NAV is positive**
MTM Loss NAV of the unit	-3.6 -3.6 - 0.7 10.03 10.03 10.03	-8			MTM gain gets apportioned to all the unit class, however the NAV of A1 and A2 should not drop below opening NAV of 10.02	
NAV of the corpus	**1,003 1,003 200**	**2,20 6**				

Scenario - 8			**710**	**1,50 0**	**Realised Gain**	**system driven except the FA needs to now start monitoring the NAV of A1 and A2 should not drop below their opening NAV of Rs. 10.02 till A3 NAV is positive**
Realised gain NAV of the unit	1.8 1.8 0.4 10.05 10.05 10.05	4			Realised gain gets apportioned to all the unit class	
NAV of the Corpus	**1,005 1,005 201**	**2,21 0**				

Scenario - 9			**908**	**1,30 0**		
Realised loss NAV of the unit	-0.9 -0.9 - 0.2 10.04 10.04 10.04	-2			**Realised Loss**	system driven except the FA needs to now start monitoring the NAV of A1 and A2 should not drop below their opening NAV of Rs. 10.02 till A3 NAV is positive
NAV of the corpus	**1,004 1,004 200**	**2,20 8**			**Realised Loss gets apportioned to all the unit class**	

Scenario - 10					**888**	**1,30 0**	**Significant MTM loss**	**Manual working and intervention required**
MTM loss	-9.1 1.8	-9.1	-	-20			with the loss getting apportioned to all the 3 unit classes, the NAV of A1 and A2 is falling below their opening NAV of 10.020	
NAV of the unit	9.95	9.95 9.95						
NAV of the corpus	**995**	**995 199**		**2,18 8**				

Manual working and adjustment to be carried out					**888**	**1,30 0**		
Less: Protection to opening NAV Surplus to absorb the w/off Number of units	10.02 2 0.02 100 0	10.0 0.02 10						
NAV post the loss absorption	10.02	10.02					which is same as the opening NAV	
Unabsorbed loss entirely to A3			-16.36	- 16.3 6				
Corpus NAV of A3 units post absorbing the waterfall loss			184				Now A3 unit NAV drops below the NAV of A1 and A2. this is manual adjustment to be done in the system where there should be transfer of value between the unit class based on such workings	
A3 class unit NAV post absorbing the waterfall loss			9.22					
Closing corpus(NAV)	**1,002**	**1,002 184**		**2,18 8**				

								Manual working and intervention required

Cash loss	-13.7	-13.7	-	-30			
NAV of the corpus	**988**	**988 181**		**2,158**			

Manual working and adjustment to be carried out							
Less: Protection to opening NAV Surplus to absorb the w.off Number of units	10.02 -	10.0 2 -					
Loss to be absorbed by A1 and A2	**-**	**-**		**-**			
NAV post the loss absorption	10.02	10.02				which is same as the opening NAV	
Unabsorbed loss entirely to A3			-30	-30			
Corpus NAV of A3 units post absorbing the waterfall loss			154				
A3 class unit NAV post absorbing the waterfall loss			7.72			Now A3 unit NAV drops below the NAV of A1 and A2. this is manual adjustment to be done in the system where there should be transfer of value between the unit class based on such workings	
Closing corpus(NAV)	**1,002**	**1,002 154**		**2,158**			

						Additional Security of Rs 1000 purchased and	
Current NAV of units Number of units	10.02 100	10.02 100	7.72 19.96 12.96				
Balance Cash profit to be distributed	1.77	1.77		4.13 4.13			

Scenario -13					**1,313**	**1,000**	**A3 portfolio sold of Rs 300 at Realised loss of Rs 40 & MTM of Rs 15**	**Manual working and intervention required**
MTM Gain	-	-	-	15				
Cash Loss				-40				
Current NAV of units	10.04	10.04 10.04						
Less: Protection to opening NAV	10.02	10.02						
Surplus to absorb the w/off	0.02	0.02						
Number of units	100	100						
NAV post the loss absorption	10.02	10.02						
Unabsorbed loss entirely to A3			-21.45	-21.45				
A3 class unit NAV post absorbing the waterfall loss			9.39					
	-							
Scenario -14					**1,343**	**1,000**	**MTM gain gets apportioned to A3 until the Opening NAV and then to all remaining unit holders**	**Manual working and intervention required**
MTM Gain				30				
NAV of the unit	10.02	10.02	9.39					
Corpus NAV post bridging the gap	**1,002.00**	**1,002.00 329.87**		**2,334**				
Balance Cash profit to be distributed				9.13			Post gains apportioned to A3 balance MTM gain gets apportioned to all the unit class	
Distribution of balance profits	3.92	3.92 1.29		9.13				
Corpus AUM post bridging the gap	1,005.92	1,005.92 331.16		**2,343**				

NAV after distribution	**10.06 10.06 10.06**					

Notes:

1. Post achieving parity in NAV again the normal accounting would sta

Back to Annexure Index Back to Main Index

ANNEXURE 12: EXECUTION ONLY PLATFORMS[481]

Annexure 12A – Minimum Disclosure Requirements

Minimum disclosure requirements for every scheme of Mutual Funds offered for execution on the EOP:

1. Name of the Mutual Fund. Link to Mutual Fund website whose products are offered.
2. Name of the scheme of the Mutual Fund. Type and category of the scheme of Mutual Fund.
3. Name of the Fund Manager.
4. Investment objective of scheme.
5. Scheme performance along with source.
6. Scheme details such as minimum investment, AUM, NAV, Exit Load, Expense Ratio.
7. Risk-o-Meter of the scheme and Potential Risk Matrix, wherever applicable.
8. Other mandatory disclosures regarding Mutual Fund scheme to the investors.
9. Any other details / documents as may be specified by SEBI from time to time.

[481] Inserted by SEBI Circular No. SEBI/HO/IMD/IMD-I –PoD1/P/CIR/2023/86 dated July 13, 2023

Annexure 12B – Records to be maintained by Category 2 EOP

The Category 2 EOP shall keep and maintain the following books of account, records and documents, namely: —

a) Details of investor wise transactions, including time of request for subscription and redemption.

b) Details of failed transactions, if any and the reasons thereof.

c) Documents pertaining to on-boarding of clients including KYC documents, client account opening forms and Rights and Obligation documents.

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ANNEXURE 13: SPECIALIZED INVESTMENT FUNDS (SIF)

Annexure 13A - Illustration on Derivative Exposure

Investment strategy **'ABC Long-Short Equity Fund'** has **AUM of 100 crore**. The following table specifies the list of securities identified for investment:

Security details	Price	Lot size
XYZ Ltd.	2500	N.A.
XYZ Futures	2525	500
XYZ Call option 2500	90	500
XYZ Put option 2500	85	500

A) Maximum exposure limits:

The following table illustrates the maximum amount/contracts that can be bought/sold under the investment strategy:

Details	Provisions/Exposure calculation	Maximum amount that can be invested	Maximum no. of contracts that can be bought/sold
XYZ Ltd. futures short position (without hedging/ without having underlying security in the portfolio)	Maximum 25% of unhedged short exposure Exposure to single stock <= 10% of investment strategy	INR 10 crore	79 contracts = 10 crore / (2525*500)
Overall stock futures short position at portfolio level across multiple securities	Maximum 25% of unhedged short exposure	INR 25 crore	-
XYZ Call option 2500 long position	Max 20% exposure (ref. Paragraph 13.18.3 of Master Circular for Mutual Funds) Exposure to single stock <= 10% of investment strategy	INR 10 crore	2222 contracts = 10 crore / (90 * 500)

XYZ Call option 2500 short position	Max 20% exposure (ref. 12.25.2 of this Master Circular for Mutual Funds) Exposure to single stock <= 10% of investment strategy	INR 10 crore	80 contracts = 10 crore / (2500 * 500)

B) Illustration on portfolio composition:

The following examples illustrates possible usage of derivatives for portfolio construction of the investment strategy:

Example 1	
Investment Details	**Amount (Total: INR 100 crore)**
Investment in EQ	INR 70 crore
Cash holding	INR 5 crore
Short exposure using stock/index futures	INR 25 crore

Example 2	
Investment Details	**Amount (Total: INR 100 crore)**
Investment in EQ	INR 62.5 crore
Investment in EQ Long Futures & Long options	INR 10 crore
Cash holding	INR 2.5 crore
Short exposure using stock/index futures	INR 25 crore*

**Since unhedged short exposure of upto 25% is additional to the investment in derivatives for purposes other than hedging and portfolio rebalancing.*

(blue)	*Represents unhedged short exposure through derivatives*
(green)	*Represents derivatives exposure for the purpose of hedging and portfolio rebalancing*

C) Offsetting of transactions:

As per the provisions of the circular, the investment strategy is allowed to offset certain derivative transactions. Below are some of the illustrative scenarios for offsetting of positions on the same underlying security.

Sr. No.	Position 1	Position 2	Offsetting allowed/not?	Net exposure to be considered
1	Equity Long	Futures Short	Yes	Equity Long only
2	Equity /Futures Long	Call option Short	Yes	Equity /Futures Long only
3	Equity /Futures Long	Put option Long	Yes	Equity /Futures Long only
4	Futures Short	Call option Long	Yes	Futures Short only
5	Futures Short	Put option Short	Yes	Futures Short only
6	Call option Long	Call option Short	Yes	Call option Short only
7	Put option Long	Put option Short	Yes	Put option short only
8	Equity Long	Futures Long	No	Equity Long + Futures Long
9	Equity /Futures Long	Call option Long	No	Equity /Futures Long + Call option Long
10	Equity /Futures Long	Put option Short	No	Equity /Futures Long + Put option Short
11	Futures Short	Call option Short	No	Futures short + Call option short
12	Futures Short	Put option Long	No	Futures short + Put option Long
13	Call option Long	Put option Short	No	Call option Long + Put option Short
14	Call option Short	Put option Long	No	Call option Short + Put option Long

**For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date.*

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FORMATS

Placed below are the formats prescribed by the Board, standardizing disclosure by the AMC to unitholders as well as reporting to the Board. Please note that, as compliance of SEBI Regulations is a continuous process, you are advised to incorporate the modifications/additions under the relevant sections of the format, based on amendments to the Regulations/guidelines issued in the future from time to time.

INDEX OF FORMATS

1. REGISTRATION RELATED FORMS

A. APPLICATION FOR THE GRANT OF REGISTRATION OF MUTUAL FUND

Securities and Exchange Board of India (Mutual Funds) Regulations, 2026

(Regulation 3(a))

Name of applicant	
Contact person	
Name of the Compliance officer	
Telephone No.	
Fax No.	

Instruction for filling up form:

1. Applicants must submit a completed application form together with appropriate supporting documents to the Board.

2. It is important that this application form shall be filled in accordance with the regulations.

3. An application which is not complete is liable to be rejected.

4. Answers must be typed and legible.

5. Information which needs to be supplied in more details may be given on separate sheets which should be attached to the application form.

6. The application must be signed by the competent person having authority to do so and all signatures must be in original.

APPLICATION BY SPONSOR OF THE MUTUAL FUND FOR REGISTRATION

Sr. No.	Particulars	Details
1.	Name of the sponsor	

2.	Address of the registered office/correspondence address Telephone Nos. Telex Nos. Fax Nos.	
3.	Name of the contact person	
4.	Date and place of incorporation of the sponsor (enclose a copy of certificate of incorporation)	
5.	Objects of the sponsor (enclose copy of the Memorandum and Articles of Association) Main objects Ancillary objects	
6.	Capital structure and shareholding pattern	
7.	Present line of business activities Number of years in that line	
8.	Condensed financial information (enclose balance sheets and profit and loss account for five years)	
9.	Latest networth certificate from the statutory auditor	
10.	Accounting policies (furnish description of significant accounting policies)	
11.	Systems and procedures (furnish description of systems and procedures in the company and essential internal controls in order to carry on the business of the company)	

12.	Names of the associate organisations / group companies/subsidiaries, etc.	
13.	Management of the sponsor Board of the company with names, experience, qualification, and profession of the Directors Names of key personnel Organisational structure Board of Directors of associate organisations, companies and subsidiaries	
14.	Names and addresses of the bankers of the sponsor	
15.	Names and addresses of the auditors of the sponsor	
16.	Court cases/litigations in which the sponsor may have been involved in the last three years	
17.	An application for registration of mutual fund shall be accompanied by a copy each of (A) Draft trust deed; (B) Draft investment management agreement; and (C) Draft custodian agreement	

CONDENSED FINANCIAL INFORMATION

(A) Income statement		
	Years **(1 2 3 4 5)**	**(Rs.)**
Income: Dividend Trading		

Management Fee Other income **Total**		
Expenses: Director's remuneration Trusteeship fees Custodian fees Registrar's fees Other expenses **Total**		
Gross Profit		
Depreciation		
Net profit before tax		
Tax		
Profit after tax		
Dividends		
Retained earnings		

(B) Assets and liabilities		
	Years **(1 2 3 4 5)**	**(Rs.)**
Assets: Fixed Assets		

Gross Depreciation Net value Current assets Investments* Others (please specify) Cash and bank balances		
Less: Current liabilities and Provisions Net worth *Represented by:* Issued and paid up capital Free reserves (excluding revaluation reserves) Total		

**Provide full particulars of investments*

B. CERTIFICATE OF REGISTRATION

Securities and Exchange Board of India (Mutual Funds) Regulations, 2026

[Regulation 3(e)]

I. In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), read with the Securities and Exchange Board of India (Mutual Funds) Regulations, 2026 made thereunder the Board hereby grants a certificate of registration to .... as a Mutual Fund.

II. Registration Code for the Mutual Fund is MF / / /.

Date....................

By order

Sd/-

For and on behalf of the

Securities and Exchange Board of India

*****

C. TRUSTEESHIP OF THE MUTUAL FUND

Securities and Exchange Board of India (Mutual Funds) Regulations, 2026

[Regulation 11]

1. If the trusteeship of the mutual fund is with a trustee company, then please furnish the following particulars
   a. the draft articles and Memorandum of Association for approval
   b. Objects of the trustee company
   c. Board of Directors of the trustee company with age, experience and qualification
   d. Key personnel
   e. Systems and procedures, record maintenance, etc.
   f. Names of auditors and bankers
2. If the trusteeship of the mutual fund is with a debenture trustee, bank, or financial institution then please furnish the following particulars
   a. Name of the Institution
   b. Address/telephone/telex/fax Nos.
   c. Name of the contact person
   d. Background information i.e. (number of companies, trusts for which it has or has been acting as trustees, names of those companies, trusts, number of years of experience as trustees, total volume of business, trusteeship fee record for last three years, organisational infrastructure to handle trusteeship function including record maintenance, computer facilities, in case of debenture trustees also furnish the number of defaulting companies, number of cases of default in payment of interest and principal and action taken by the debenture trustees).
3. Draft trust deed: The draft trust deed should inter alia provide for
   a. Responsibilities, obligations and rights of the trustees for the protection of the fund's assets.
   b. A statement that investments should be of the permitted kind and within set limits.
   c. Responsibilities, obligations and rights of the fund manager, i.e., the asset management company.
   d. Policies for investments, creation, issue and cancellation of units, pricing and redemption of units, listing of units in case of close-ended schemes, expenses of the fund including payment of fees and distribution of income and gains and accounting.

e. Policies for disclosures of scheme objectives and investment objectives in offer documents and advertisements and annual and half-yearly reporting requirements to the investors of various schemes of the fund.

f. Right of the trustees to obtain necessary information from asset management company besides obtaining a quarterly report from the asset management company.

g. Right to make spot checks on the asset management company regarding pricing of units and payment into and out of the fund and proper accounting of the income of the fund and charging of expenses as permitted, distribution as permitted.

h. Public availability of the trust deed.

4. Instructions for filling up the form.

(*See* Format No. 1A)

D. REGISTRATION OF ASSET MANAGEMENT COMPANY

Securities and Exchange Board of India (Mutual Funds) Regulations, 2026

[Regulation 15]

Sr. No.	**Particulars**	**Details**
1.	Name of the Asset Management Company	
2.	Proposed registered office/correspondence address Telephone Nos. Telex Nos. Fax Nos.	
3.	Name of the contact person	
4.	Proposed objects of the asset management company (enclose copy of the draft Articles and Memorandum of Association for approval) Main objects Ancillary objects	
5.	(a) Proposed capital structure (b) The net worth of the company to be represented by (necessary auditors certificate to be furnished)	
6.	Proposed systems and procedures for the asset management company (furnish description of systems and procedures proposed in the company and essential internal controls in order to carry on the business of the company)	
7.	Names of the associate organisations/group companies/subsidiaries, etc. of asset management company	

8.	Management of the asset management company Board of the company with names of the Directors, experience, qualification and profession Names of key personnel Proposed organisational structure Board of Directors of associate organisations, companies and subsidiaries	

In case asset management company is an existing company:

Sr. No.	**Particulars**	**Details**
1.	Name of the asset management company	
2.	Address of the registered office/correspondence address Telephone Nos. Telex Nos. Fax Nos.	
3.	Name of the contact person	
4.	Date and place of incorporation of the asset management company (enclose a copy of certificate of incorporation)	
5.	Objects of the asset management company (enclose copy of the Memorandum and Articles of Association) Main objects Ancillary objects (the Memorandum and Articles of Association would need the approval of SEBI and necessary amendments	

	shall have to be incorporated in the existing Memorandum and Articles of Association)	
6.	Capital structure and shareholding pattern (as of the latest date) Net worth of the company (as of the latest date) To be represented by	
7.	Present line(s) of business activities Number of years in that line	
8.	Condensed financial information (enclose balance sheets and profit and loss account for three years)	
9.	Accounting policies (furnish description of significant accounting policies)	
10.	Systems and procedures (furnish description of systems and procedures in the company and essential internal controls in order to carry on the business of the company)	
11.	Names of the associate organisations/group companies/subsidiaries, etc.	
12.	Management of the asset management company Board of the asset management company with names, experience, qualification, profession of the Directors. Names of key personnel Organisational structure Board of Directors of associate organisations, companies and subsidiaries	

13.	Names and addresses of the Bankers of the asset management company	
14.	Names and addresses of the auditors of the asset management company	
15.	Court cases/litigations in which the asset management company may have been involved in the last three years	
16.	Instruction for filling up the form (*See* Format No. 1A)	

CONDENSED FINANCIAL INFORMATION

The format of Condensed Financial Information as provided under Format No. 1A shall be referred.

*****

E. BIO-DATA OF DIRECTOR OF AMC/ TRUSTEE COMPANY[482]

I. Identification:

1. Name:

2. Father's name:

3. Date of birth:

4. Sex (Please tick): Male/Female

5. Present residential address:

6. Permanent address:

7. Appointment as Director of (Please tick): AMC / Trustee Co.

II. Educational Qualifications:

Experience (During last 10 years):

Name & Place of Organization	Position held	Nature of job responsibilities	Period From – To

If retired more than 10 years back, please indicate last position held.

For AMC directors, details of professional experience in finance and financial services field [Regulation 16(2)(a)]:

[482] MFD/CIR /11/354/2001 dated December 20, 2001 & MFD/CIR/13/16799/2002 dated August 29, 2002

III. Particulars of Present Directorship and Trusteeship:

Organization Name	Any association with the sponsor	Position held	Nature of job responsibilities	Period From – To

IV. Relationship with Sponsor or AMC:

1. Are you associated with the sponsors or with any of its associate companies or Trustees in any manner during the last 3 years?
2. Are you relative of sponsor or any of the directors of the sponsor company or relative of associate directors of the AMC or the Trustee Company?
3. Do you have personal holding in AMC or are you a nominee of an entity having stake in AMC or sponsor?
4. Have you been providing any professional service to the mutual fund, AMC, Trustee Company or Sponsor?
5. Do you have any pecuniary relationship with the mutual fund, AMC, Trustee Company or Sponsors?

V. Record of Regulatory Violations/Criminal Offence (if any):

1. Have you ever been convicted by a court for any criminal offence or any other offence involving moral turpitude or fraud or have been found guilty of any economic offence at any time in the past?
2. Has any organization of which you were an employee or director or over which you exercise/exercised management or policy control ever been convicted of any criminal offence or any criminal suit filed during your association with them?
3. Have you ever been found guilty by any court / regulatory body / self-regulatory organization / stock exchange for any offence related to securities market in India or abroad?

4. Have you ever been associated with any organization as a director or an employee against which SEBI had initiated action of suspension or cancellation of certificate of registration or initiated action under Section 11(B) of SEBI Act or any prosecution launched for acts committed during your association?

(If the answer to any of the above questions is in affirmative, please furnish details. Please disclose any such pending proceedings also).

VI. Other Details: Achievements, Awards, Publications, etc.:

Declaration:

I affirm that all the information given above is true and complete to the best of my knowledge and belief. I have been adequately briefed on my responsibilities and duties under SEBI (Mutual Funds) Regulations, 2026 and agree to abide by the same. Regarding the information contained within Paragraphs IV and V above, SEBI would be informed immediately on any changes.

Signature:

Name:

(New/Proposed Director)

Date:

Place:

<u>For Use of Trustees:</u>

1. Mr. / Ms. ------------------------- who is appointed / proposed to be appointed as a director of AMC/Trustee Co. is a fit and proper person as per criteria specified in Schedule II of SEBI (Intermediaries) Regulations, 2008.
2. In case of Chairman/ Director including independent director of AMC, he is not a trustee of any mutual fund (Regulation 16(2)(d))
3. In case of a Trustee, he is not on board of any other AMC or Trustee Co. of any mutual fund.[483]
4. After his induction, the board would consist of the following members

   Member's name Status (associate / independent)

[483] SEBI/IMD/CIR No.14 /84243/07 dated January 15, 2007

1.

2.

3.…

5. (i) The trustees were discerning in the appointment of this director (Regulation 12(5)(e)(i)).

   (ii) The independent directors of the trustees and AMC have paid specific attention in the selection and nomination of this director (Regulation 12(5)(f)).

   (iii) The director does not have any material pecuniary relationship with the mutual fund, AMC, Trustee Company or Sponsor which in the judgment of the Trustee may affect independence of Director (applicable in case of independent directors also.)

6. SEBI would immediately be informed on any changes pertaining to Paragraphs IV and V in the Bio-Data and other requirements as specified in Regulations would be complied with.

Signature:

Name:

(Trustee Authorized by the Board of Trustees)

Date:

Place:

*****

F. BIO-DATA OF KEY PERSONNEL[484]

I. IDENTIFICATION

1. Name :
2. Fathers' Name :
3. Date of Birth :
4. Sex :
5. Present Residential Address :
6. Permanent Residential Address :

II. EDUCATIONAL QUALIFICATIONS :

III. EMPLOYMENT DETAILS :

a) Current Employer

1. Name of employer :
2. SEBI Regn. No. of employer :
3. Regd. Office of employer :
4. Address of office where employed :

[484] IIMARP/MF/CIR/05/788/97 dated April 28, 1997

b) Ten year history of employment starting with current employment:

NAME OF THE EMPLOYER with period of association	DESCRIBE FUNCTIONS	PRIMARY RESPONSI-BILITIES	OTHER RESPONSIBI-LITIES	REPORTING RELATIONSHIP

IV. OTHER BUSINESS

1. Brief Description of any other business, full time or part time in self name or in name of close relative (parent-spouse-child):
2. Details of business of close relatives:

V. RECORD OF REGULATORY VIOLATIONS/CRIMINAL OFFENCE (IF ANY):

(i) Have you ever been convicted by a court for any criminal offence? : Yes / No

(ii) Have you ever been convicted by any court or authorised body for any offence related to the securities industry? : Yes / No

(iii) Have you or any organisation over which you exercised management or policy control ever been convicted of any criminal offence? : Yes / No

(iv) Are there any proceedings against you or any organisation over which you exercised management or policy control? : Yes / No

(v) Have you been accused of or convicted for any offence by a regulatory of the securities or financial industry, a self-regulatory organization, stock exchange in India or from any foreign country? : Yes / No

(vi) If the answer to any of the following questions is yes, please furnish details. N.A.

OATH OVER SIGNATURE

I affirm that I have read and understood the items in this form and that my answers including attachments are true and complete to the best of my knowledge and belief. I understand that I may be subject to administrative, civil or criminal liabilities if I give false and misleading answers.

Date:

Signature of applicant

Name of the applicant

(in block print)

Certificate from the Employer

The information provided by the applicant is currently true and complete to the best of our knowledge and belief. We have taken appropriate steps to verify the accuracy and completeness of the information contained in this application.

I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, to the extent that information previously given is not amended, the information provided in this form is currently accurate and complete.

Date: **Signature of appropriate signatory**

Name of appropriate signatory

(in block letters)

Name and Regn. No. of Organisation

*****

2. APPLICATION FORMS

A. FORMAT OF APPLICATION BY MUTUAL FUNDS FOR GRANT OF APPROVAL TO ESTABLISH SPECIALIZED INVESTMENT FUND (SIF)

Instruction for filling up form: -

1. Applicants must submit a completed application form together with supporting documents to the Board.
2. This application form should be filled in accordance with the SEBI (Mutual Funds) Regulations, 2026 and circulars issued thereunder.
3. An incomplete application shall be liable to be rejected.
4. All entries by AMCs must be typed and legible.
5. In case any further details are required to be submitted, the same shall be given on separate sheets attached to the application form.
6. The application must be signed by the competent person having authority to do so and all signatures must be in original.

<table>
<tr><td>1.</td><td>Proposed brand name of the SIF</td><td></td></tr>
<tr><td>2.</td><td>Name of Mutual Fund</td><td></td></tr>
<tr><td>3.</td><td>Assets Under Management (AUM) over the preceding 3 years certified by scheme statutory auditor.</td><td><table><tr><td>Financial Year (FY)</td><td>Amount (In Crore)</td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr><tr><td></td><td></td></tr></table>
Average AUM- ……. crore</td></tr>
</table>

4.	**Details of action initiated or taken against the sponsor/AMC under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years**	*Provide complete information of the action taken/ initiated and the current status of the same.*
5.	**Details of Chief Investment Officer (CIO) proposed to be appointed for SIF in case applicant opts Route 2** **Average AUM managed by the CIO**	Name of CIO: Qualification: Experience in fund management (brief): *Details need to be mentioned in bio data to be submitted in the prescribed format.* Please mention the value of assets managed by CIO on behalf of clients in India/ abroad, provided the said assets are regulated by a financial regulator and/or such assets are located in a country that is a member of Financial Action Task Force (FATF) and a country that is a signatory to International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding (MMOU).
6.	**Details of additional fund manager to be appointed for SIF in case applicant opts Route 2**	Name of Fund Manager: Qualification: Experience in fund management (brief): *Details need to be mentioned in bio data to be submitted in the prescribed format.*

	Average AUM managed by the additional fund manager	Please mention the value of assets managed by fund manager on behalf of clients in India/ abroad, provided the said assets are regulated by a financial regulator and/or such assets are located in a country that is a member of Financial Action Task Force (FATF) and a country that is a signatory to International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding (MMOU).

Appendix:

1. Rationale for compliance with the eligibility requirements

2. List of documents to be enclosed

Name ……………..

Designation – Authorised Signatory – ………………

Appendix 1 to Format 2A:

Rationale for compliance with the eligibility requirements

…….. (name of the mutual fund) meets the requirements of the eligibility criteria stipulated in Route 1 (Sound Track Record)/ Route 2 (Alternate Route) for grant of approval to establish Specialized Investment Fund (SIF), in accordance with Chapter 21 of Master Circular for Mutual Funds, as mentioned below:

[Route 1- Sound Track Record]

Regulatory Reference to **SEBI Circular SEBI/HO/IMD/IMD PoD1/P/CIR/2025/26 dated February 27, 2025**	**Justification on how the Mutual Fund complies with the requirement**	**Supporting Documents (reference can be given to the list of enclosures: Appendix 2)**
Paragraph 21.1.1(a)(i) *Mutual Fund has been in operation for a minimum period of 3 years and has an average asset under management ('AUM') of not less than INR 10,000 crores, in immediately preceding 3 years*		• Copy of certificate of registration as mutual fund • Certificate from Scheme Statutory Auditor on the average Assets Under Management over the preceding 3 financial years
Paragraph 21.1.1(a)(ii) *Details of action initiated or taken against the sponsor/AMC under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years.*		Undertaking from the Trustee Company of Mutual Fund

[Route 2: Alternate Route]

Paragraph 21.1.1(b)(i)(I) A Chief Investment Officer ('CIO') for the SIF with an experience of fund management of at least 10 years and has managed an average AUM of not less than INR 5,000 crores		• Bio data of Chief Investment Officer (CIO) in the prescribed format • Undertaking from the AMC on average AUM managed by CIO • Self-certified undertaking from the CIO on the average AUM managed
Paragraph 21.1.1(b)(i)(II) An additional Fund Manager for the SIF with experience of fund management of at least 3 years and has managed an average AUM of not less than INR 500 crores		• Bio data of Fund Manager in the prescribed format. • Undertaking from the AMC on average AUM managed by Fund Manager • Self-certified undertaking from the Fund Manager on the average AUM managed
Paragraph 21.1.1(b)(ii) Details of action initiated or taken against the sponsor/AMC under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years.		Undertaking from the Trustee Company of Mutual Fund

Appendix 2 to Format No. 2A:

List of documents to be enclosed

Name of Document	**Particulars**
Annexure xx	Copy of certificate of registration as mutual fund
Route 1: Sound Track record	
Annexure xx	Certificate from Scheme Statutory Auditor on the average Assets Under Management over the preceding 3 financial years
Annexure xx	Undertaking from the Trustee Company of Mutual Fund regarding action initiated/ taken against the sponsor/asset management company ('AMC') under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years.
Route 2: Alternate Route	
Annexure xx	Bio data of Chief Investment Officer (CIO) in the format prescribed for 'Bio data of Key Personnel' in SEBI Master Circular for Mutual Funds along with identity proof.
Annexure xx	Undertaking from the AMC that the CIO appointed for SIF has managed an average AUM of not less than INR 5,000 crores.
Annexure xx	Self-certified undertaking from the CIO that he/she has managed an average AUM of not less than INR 5,000 crores.
Annexure xx	Self-certified fit and proper person declaration by the CIO as per Schedule II of the SEBI (Intermediaries) Regulations, 2008.

Annexure xx	Bio data of additional fund manager of SIF in the format prescribed for 'Bio data of Key Personnel' in SEBI Master Circular for Mutual Funds along with identity proof
Annexure xx	Undertaking from the AMC that the Fund manager appointed for SIF has managed an average AUM of not less than INR 500 crores.
Annexure xx	Self-certified undertaking from the Fund manager appointed for SIF that he/she has managed an average AUM of not less than INR 500 crores.
Annexure xx	Self-certified fit and proper person declaration by the fund manager as per Schedule II of the SEBI (Intermediaries) Regulations, 2008.
Annexure xx	Undertaking from AMC that it shall maintain a separate website/ dedicated webpage exclusively for SIF and that there would be clear differentiation between the SIF's offerings and the regular Mutual Fund Offerings
Annexure xx	Organizational structure of SIF indicating details of resources being shared
Annexure xx	Undertaking from the Trustee Company of Mutual Fund regarding action initiated/ taken against the sponsor/asset management company ('AMC') under section 11, 11B, and/or Section 24 of the SEBI Act, 1992 during the last 3 years.

B. APPLICATION FOR OVERSEAS INVESTMENTS

PROPOSAL FOR INVESTMENTS IN ADRs/GDRs/ FOREIGN SECURITIES / OVERSEAS ETFs[485]

Name of the Mutual Fund:	
SEBI Registration No.:	
Amount Proposed to be Invested in ADRs /GDRs /Foreign Securities / Overseas ETFs (in US $)	
Schemes of the Mutual Fund through which investment is proposed	Name and Type of scheme(s)
Whether the investment is consistent with the Investment Objectives of the Scheme (s);	
Whether the offer document(s) provides for Overseas Investments and discloses the attendant risks	
Name and Address of the branch of the bank through which Foreign Currency Transactions are to be routed:	
Details of all overseas service providers proposed to be engaged including custodians, specialised agencies etc. (Details must include name & address, services to be rendered, details of fee arrangement proposed, whether their track record of performance and regulatory compliance considered, their valid registration with overseas regulators details of experience/expertise, assets under management/custody, etc.)	

Declaration:

[485] SEBI Cir No- IMD/CIR No 7/104753/07 dated September 26, 2007

1. Boards of AMC and Trustees have exercised due diligence as required under Regulation 22(1)(b) and Regulation 12(5)(e) of SEBI (Mutual Funds) Regulations, 2026 and Guidelines issued in this regard.

2. Board of AMC and Trustees are satisfied that

   i. The proposed investments in ADRs/GDRs issued by Indian or foreign companies or foreign securities or overseas ETFs are consistent with the investment objectives of the above mentioned scheme(s) and are in the interest of investors.

   ii. The systems and procedures adopted by the AMC including the arrangements made with the overseas service providers are adequate to support such investments and to safeguard the interest of investors.

   iii. The overseas service providers have sufficient experience, competence and a satisfactory track record of performance and regulatory compliance.

3. A resolution to the above effect has been passed by the Boards of AMC and Trustees on…(dates)

Place: Signatures

Name:

Date: Designation:

(Authorised by Trustees)

C. APPLICATION SEEKING APPROVAL OF MERGERS / CONSOLIDATION OF MF SCHEMES

Name of the AMC:

Proposal:

Rationale for merger/ consolidation:

Date of Application:

Part A- Basic Information of Merger/ s / Consolidation of MF scheme/ s				
Sl. No.	**Particulars**	**Merging/ Consolidating Scheme 1**	**Merging/ Consolidating Scheme/s....... n**	**Surviving/ Consolidated Scheme**
1.	Name of the Scheme			
2.	Category of the Scheme/s			
3.	ISIN details of Scheme/s			
4.	Date of launch of Scheme/s			
5.	Unclaimed Dividend (IDCW) Amount with no. of Investors			
6.	Unclaimed redemption amount with no. of Investors			
7.	Date of latest reminder			

8.	Number of KYC non-compliant folios and corresponding AUM (RS.)			
Part B- Consolidated list of Standard Observations				**Remarks (Yes/ No) and Annexure No.**
9.	The application for merger/ consolidation is accompanied with the following documents: Requisite documents are placed as under: 1.1 The certified true copies of the resolutions passed by Board of Directors of AMC, granting approval for the captioned merger/ consolidation at its meeting on DD/MM/YYYY; 1.2 The certified true copies of the resolutions passed by Board of Directors of Trustee Company, granting approval for the captioned merger/ consolidation at its meeting on DD /MM/YYYY; 1.3 Draft of letter to be issued to the unitholders of the both merging/ consolidating scheme/ s and surviving scheme and draft notice cum addendum; 1.4 The list of the undertakings mentioned at **Part D** duly signed by CEO/ CO.			
10.	Whether a new scheme emerges after such consolidation/ merger.			

	If yes, whether draft SID along with requisite fees and draft of the letter to be issued to the unit holders of all the concerned schemes is filed with SEBI.	
11.	Whether the letter to unitholders is as per AMFI prescribed format communicated to the AMCs vide email dated April 24, 2023 and the contents of the letter to unitholders is in line with SEBI (Mutual Fund) Regulations, 2026 and circulars and guidelines issued thereunder.	
12	Whether the confirmation regarding the interest of the unitholders of surviving/ consolidated scheme is not adversely affected is provided.	
13.	Whether in case of merger of closed ended debt/equity schemes into open ended scheme or close ended scheme, positive consent is required to be obtained from unit holders of merging scheme and unit holders of surviving scheme shall be given ·exit option without any exit load. OR Whether in all other cases the unit holders of merging scheme and surviving scheme are provided with the exit option to redeem their investments at prevailing NAV, without exit load.	
14.	Whether the basis of allocation of new units by way of a numerical illustration is provided in the draft letter to be issued to the unitholders of the both merging/consolidating scheme/s and surviving scheme.	
15.	Whether the percentage of total exposure to securities classified as below investment grade or default and percentage of total illiquid assets to net assets of each individual scheme(s) as well the consolidated schemes are provided in the draft letter to be issued to the unitholders of the both merging/ consolidating scheme/ s and surviving scheme.	
16.	Any other disclosure as specified by the Trustees.	

17.	Any other disclosure as directed by the Board.	
	INSTRUCTIONS:	
18.	Ensure that the soft copy of application along with the annexures will be mailed on the same day of filing of physical copy with SEBI.	
19.	Ensure that the Statement of changes, if any, is filed along with all the communication subsequent to filing of the application.	

-Signed-

CO / CEO

Part C: <u>Disclosure of any deviations from applicable SEBI circulars and guidelines and best practices:</u>

Sl. No	**SEBI Regulations, Circulars and Guidelines**	**Deviation**	**Rationale for the deviation.**	**Point no. in letter to the unitholders**

-Signed-

CO / CEO

Part D: The requisite undertaking/s confirming the following requirements, duly signed by CEO/CO, are submitted along with the application.

i. Post-merger/ consolidation, the interest of all the concerned unitholders under the merging scheme/s/ consolidating and Surviving Scheme will be protected;

ii. Post- merger/ consolidation, the Surviving/ consolidated Scheme will not be similar to other existing schemes of the Mutual Fund;

iii. There shall be no changes to the features of the Scheme apart from the provisions stated in the draft Notice-cum-Addendum and letter to Unitholders;

iv. Compliance with (relevant paras) of SEBI Master Circular for Mutual Funds on consolidation and merger of schemes, SEBI (Mutual Funds) Regulations, 2026, any other directives/ provisions in this regard;

v. The name and Asset allocation of the Transferee Scheme is in accordance with the categorization Circular;

vi. The details of the proposed changes will be updated at the relevant pages of Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of the Surviving Scheme;

vii. The expenses related to the proposed changes and other consequential changes will not be charged to the unitholders of the schemes;

viii. The details of unclaimed IDCW and unclaimed Redemption in Merging/ consolidating Scheme and/ or in Surviving Scheme will be shared with the unitholders of the concerned schemes;

ix. Letter to the unit holders will be updated with latest portfolio disclosures of the concerned schemes before issuance of the same;

x. Merger/ consolidation of the Scheme is considered as a change in Fundamental attributes of both the schemes i.e. Merging/ consolidating Schemes and surviving scheme. Accordingly, notice and Letter to Unit holders will be sent to the investors of both these Schemes.

   OR

   Merger/ consolidation is not seen as change in fundamental attribute of the surviving as Fundamental attributes of the surviving scheme do not change and mutual funds are able to **demonstrate** that the circumstances merit merger/ consolidation of schemes and the interest of the unit holders of surviving scheme is not adversely affected.

xi. Written communication (including digital modes such as emails/sms etc.) about the proposed change is sent to each unitholder.

xii. The unit holders of merging/ consolidating scheme/ s and surviving scheme shall be given an option to exit at the prevailing Net Asset Value without any exit load;

xiii. Records as required under (relevant clause) of SEBI Master Circular for Mutual Funds, including Records of dispatch of the letters/ communication to the unitholders giving them the option to exit at prevailing NAVs without exit loads and the responses received from them will be maintained.

xiv. A report giving information on total number of unit holders in the schemes and their net assets, number of unit holders who opted to exit and net assets held by them and number of unit holders and net assets in the surviving/ consolidated scheme shall be filed with the Board within 21 calendar days from the date of closure of the exit option.

xv. The letter to unit holders shall be issued only after the final observations communicated by SEBI have been incorporated and final copies of the same have been filed with SEBI.

3. REPORTS

A. NEW SCHEME REPORT [486]

NAME OF THE MUTUAL FUND:

I. SCHEME DETAILS:

A. Scheme Name:

B. Scheme Type( ) : as per SID

C. Date of Opening:

D. Date of Closing of Scheme/
Initial Subscription Period/ Transaction Period :

E. Maximum Subscription Amount
acceptable as per Offer Document :

F. Minimum Target Amount to be raised (Rs) **:**

II. SUBSCRIPTION / ALLOTMENT DETAILS

1. No. of applicants :
   - Direct -
   - Broker -
2. No. of applicants rejected & their total value (Rs):
3. NFO expenses incurred (Rs) :
4. Subscription Received (Rs) :
   - Direct -
   - Broker -
5. Allotment Date :
6. Listing (Names of stock exchanges) :

III. DATE OF DESPATCH OF REFUND ORDERS

(If subscription received is less than minimum target amount to be raised).

[486] SEBI/ MFD/CIR/ 09/247/02 dated July 23, 2002, SEBI/ MFD/CIR/ 12/ 16588 /02 dated August 28,2002 & SEBI/IMD/CIR No. 13/118899/08 dated February 29, 2008

IV. UNIT HOLDING PATTERN

Sr.No.	Unit holding pattern	No. of Unitholders		No. of units held		Holding as % of net asset	
		Direct	Broker	Direct	Broker	Direct	Broker
1	Individuals						
2	NRIs/OCBs						
3	FIIs						
4.	Corporates/ Institutions/ Others						
	TOTAL						

V (a) COMMUNICATION TO THE UNITHOLDERS

Please confirm whether the number of investors holding more than 25% of the net assets of the scheme and total holdings by such investors in percentage terms have been communicated to all unit holders through allotment letters/ account statements:

Yes/ No

(b) DISTRIBUTION SCHEDULE

If any unit holder is holding more than 25% of the net assets of the scheme, please give the following details:

Sr. No	Name of the unit holder	Classification (Individuals, NRIs/OCBs, FIIs, Corporate/Institutions/Others)	Address	No. of units held	Holding as % of net asset
1					
2					
	TOTAL				

VI. GEOGRAPHICAL DISPERSION

1. Please list state wise geographical dispersion of unit holders in the following format:

Sr. No.	Name of the State	Mode of Entry	No. of unit holders	Amount mobilised as % of total assets mobilised
1		Direct		
		Broker		
2		Direct		
		Broker		
		Direct		

		Broker		
	TOTAL	Direct		
		Broker		

2. Total number of cities from which subscriptions have been received:

VII. DETAILS OF TOP TEN AGENTS/DISTRIBUTORS

Please list names of top ten agents/distributors in the descending order of commission paid in the following format:

Sr. No.	Name of Agent/Distributors	Amount mobilized in Rs. Cr.	Commission paid Rs. Cr
1			
2			
	TOTAL		

Name and Signature of the Compliance Officer/Authorised Signatory:

Date:

Instructions 1. Broker implies broker/agent/distributor

2. Give all amounts in Rs. Crore

B. COMPLIANCE TEST REPORT [487]

[Compliance Tests for Mutual Funds regulated by SEBI under SEBI (Mutual Funds) Regulations, 2026 (MF Regulations) and Circulars issued thereunder]

1. AMC shall submit CTR on the activities of Mutual Funds/AMC to SEBI within 21 calendar days from the end of respective quarters (March, June, September and December).
2. AMC need to mention 'Yes'/'No' with respect to each compliance item and wherein there is non-compliance and AMC has mentioned 'No', details regarding the nature of non-compliance shall be given along with the corrective action taken, if any.
3. Anything given in the format shall not be interpreted as modification of any MF Regulations or Circulars issued thereunder.
4. AMC shall also report any other compliances as prescribed by SEBI from time to time.
5. The Format is indicative only. Any other non-compliances during the period over and above the regulations/clauses specified in the format shall also be reported by AMC.

Compliance Test Report for the Quarter end…
Name of the Mutual Fund :
Name of the Asset Management Company :
Name of the Chief Compliance Officer :
I. General Compliance Test II. Investment Compliance Test III. Investor Services Compliance Test

[487] SEBI Circular No SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550 dated April 12, 2021

I. General Compliance Test

Sl. No.	Regulations	Particulars	Remarks[488]
1.	Regulation 12(5)(f)	The independent directors of the trustee company and asset management company shall exercise oversight on clause (i) to (vii) of this sub regulation.	
2.	Regulation 16(3)	Networth of the AMC is computed as per the definition under regulation 2(1)(ll) and the networth is more the regulatory requirement of INR 10 Cr./ 50 Cr./ 100 Cr. Further, the networth is maintained on a continuous basis.	
3.	Regulation 21(a)	The asset management company is not acting as a trustee of any mutual fund.	
4.	Regulation 21(b)	The asset management company is not undertaking any other business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, or such categories of foreign portfolio investor subject to the conditions specified by the Board from time to time. Such activities are not in conflict with the activities of the mutual fund.	
5.	First proviso to Regulation 21(b)	If the asset management company may itself or through its subsidiaries undertake activities as mentioned in clause (b) of regulation 21, provided the conditions laid under paragraph (i) to (viii) of the first proviso are satisfied.	

[488] (Indicate 'Yes' if complied with the MF Regulations and various circulars issued thereunder and 'No' for non-compliance). Further, in case of non-compliance, kindly provide the details regarding the non-compliance and the corrective action(s) taken, if any.

6.	Second proviso to regulation 21(b)	The asset management company may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund till further directions, as may be specified by the Board, subject to compliance with the following additional conditions: (i) it satisfies the Board that the key personnel of the asset management company, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities. (ii) it meets the capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary, under the relevant regulations.	
7.	Third proviso to regulation 21(b)	An asset management company may become a proprietary trading member for carrying out trades in the debt segment of the recognised stock exchanges, on behalf of its mutual fund schemes and may also become a self-clearing member of the recognised clearing corporations to clear and settle trades in the debt segment on behalf of its mutual fund schemes.	
8.	Regulation 22(1)(a)	The asset management company has taken all reasonable steps and has exercised due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed.	

9.	Regulation 22(1)(b)	The asset management company shall exercise due diligence and reasonable care in all investment decisions consistent with the standards of other entities engaged in the same business.	
10.	Regulation 22(8) (a)(i)	The asset management company shall be responsible for acts of commission or omission by its employees or persons whose services have been procured by the asset management company, where such act or omission is committed in the course of carrying out functions under these regulations, and involves negligence, breach of duty, or failure to comply with applicable law.	
11.	Regulation 22(7)(a)(i)	The asset management company has submitted to the trustees Quarterly Reports (QRs) of each year on its activities and the compliance with the MF Regulations.	
12.	Regulation 22(5)(b)(i)	Where an asset management company proposes to utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction, distribution and sale of securities, the proposed engagement of such persons shall be disclosed to the unitholders and the brokerage or commission paid shall be disclosed in the half-yearly and annual accounts of the mutual fund.	
13.	Regulation 22(5)(b)(ii)	The Mutual Fund has disclosed in the half yearly & yearly accounts:	

		a. subscription by the schemes in the issues lead managed by associate companies; and b. subscription to any equity or debt issue on a private placement basis where the sponsor or its associate companies acted as arranger or manager.	
14.	Regulation 22(7) (b)(iii)	The asset management company shall file with trustees the details of transactions in securities by its key personnel in their own name or in the name of the asset management company, and shall report to the Board, as required.	
15.	Regulation 22(5)(b)(iii)	If the asset management company enters into any securities transactions with any of its associates, a report to that effect shall be placed before the trustees at their next meeting.	
16.	Regulation 22(6)	If the investment made by any company in a scheme exceeds five per cent of the net asset value of the scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company and be disclosed in the half-yearly and annual accounts of the respective schemes, with justification for such investment, where the cross investment is made within a period of one year before or after the initial investment.	
17.	Regulation 22(7)(b)(i)	The asset management company has filed with the trustees and SEBI the following:	

		a. detailed bio-data of all its directors, along with their interest in other companies, within 15 calendar days of their appointment; b. a half yearly report regarding any change in the interest of directors; and c. a quarterly report to the trustees providing details and adequate justification about the purchase and sale of securities of the group companies of the sponsor or the asset management company by the mutual fund during that quarter.	
18.	Regulation 22(7)(b)(ii)	The directors of the AMC shall file the details of transactions in securities with the Trustees on quarterly basis.	
19.	Regulation 5(4)	The asset management company has not appointed any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.	
20.	Regulation 22(9)(a)(i)	The asset management company has appointed registrars and share transfer agents who are registered with the Board.	
21.	Regulation 22(9)(a)(ii)	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.	
22.	Regulation 22(8)(a)(ii),	The asset management company has abided by the Code of Conduct as specified in Part	

	22(4)(a)(iv) and 22(4)(b)(ii)	A & Part B of the Fourth Schedule of MF Regulations.	
23.	Regulation 22(3) (c)	The asset management company shall not invest in any of its scheme other than as provided in clause (a) unless full disclosure of its intention to invest has been made in the offer documents.	
24.	Regulation 22(3) (d)	The asset management company shall not charge any fees on its own investments in a scheme of a mutual fund managed by it.	
25.	Regulation 22(9)(f)	The asset management company shall not carry out its fund management operations or execution of transactions relating to mutual funds, outside the territory of India, except for execution of trades for investment in overseas securities.	
26.	Regulation 22(9)(b)(i)	The asset management company shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in the Seventh Schedule, and shall publish the same.	
27.	Regulation 22(9)(b)(ii)	The asset management company and the sponsor of the mutual fund shall be liable to compensate affected investors and/or the scheme for any unfair treatment to an investor resulting from inappropriate valuation.	
28.	Regulation 22(9)(b)(iii) of read with following SEBI Circulars & provisions	The asset management company shall report and disclose all transactions in debt	

	of Master Circular for Mutual Funds: • SEBI/CFD/DIL/BOND/1/2006/12/12 dated December 12, 2006, • SEBI/CBM/BOND/01/2007/01/03 dated March 01, 2007, • SEBI/CBM/BOND/02/2007 /13/04 dated April 13, 2007, • SEBI/IMD/DOF-1/BOND/Cir-3/ 2009 dated July 31, 2009 • IMD/DOF-I/BOND/174666/ 2009 dated August 27, 2009, • Paragraphs 10.2.3, 10.11 & 10.15 of the Master Circular for Mutual Funds • SEBI/IMD/DOF-1/BOND/Cir-4/2009 dated October 16, 2009, • CIR/IMD/DF/6/2010 dated July 30, 2010, • Chapter 13 of the Master Circular for Mutual Funds • CIR/MRD/DP/10/2014 dated March 21, 2014	and money market securities, including inter scheme transfers, as specified by the Board.	
29.	Regulation 22(3) (a)	The asset management company shall invest such amounts in such schemes of the mutual fund, based on the risks associated	

		with the schemes, as may be specified by the Board.	
30.	Regulation 27(1)	The asset management company shall provide to every unitholder an option to nominate person (s), in such manner as may be specified by the Board from time to time	
31.	Regulation 28	The advertisements by the asset management company shall be in conformity with the Advertisement Code as specified in the Fifth Schedule. The AMC has complied with each of the clauses under Fifth Schedule and Paragraphs 6.7, 16.6 and Chapter 14 of Master Circular for Mutual Funds while releasing scheme specific advertisement, sales literature, newsletters, web sites and any other advertisement pertaining to the mutual fund.	
32.	Regulation 25 (3)	The offer document shall not contain any disclosure or statement or opinion that is false, misleading, or incorrect.	
33.	Regulation 29 (2)	Every scheme wherein daily investment and redemptions from the scheme is not available, and such other schemes as specified by the Board, shall be listed on a recognised stock exchange in the manner as may be specified by the Board from time to time.	
34.	Paragraph 1.8 & 7.22 of the Master Circular for Mutual Funds	Disclosure of benchmark returns and review of performance of schemes by the Boards of AMC and Trustees on a periodical basis.	

35.	Chapter 16 of the Master Circular for Mutual Funds • SEBI Letter No. OW/14970/2012 dated July 5, 2012.	Certification programme for agents/distributors of mutual funds units and employees of mutual funds.	
36.	Chapter 5 of the Master Circular for Mutual Funds	Risk Management System in areas of operations like Fund Management, operations, customer service, market and distribution, disaster recovery and business contingency etc.	
37.	Paragraph 13.10 of the Master Circular for Mutual Funds	Reconciliation of Government Securities.	
38.	Chapter 16 of the Master Circular for Mutual Funds	Registration of Intermediaries (Distributors).	
39.	Paragraph 7.6 of the Master Circular for Mutual Funds	The AMC has complied with Investment / Trading Guidelines by the employees of AMC and Mutual Fund Trustee Company.	
40.	Paragraph 16.7 of the Master Circular for Mutual Funds	Code of Conduct (Distributors).	
41.	Paragraph 7.19 of the Master Circular for Mutual Funds	Minimum Number of Investors in Schemes/ Plans and minimum number of holdings by single investor.	
42.	Paragraph 9.4 of the Master Circular for Mutual Funds	Uniform cut-off timings for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/plan(s).	

43.	Paragraph 9.1, 9.2 & 9.3 of the Master Circular for Mutual Funds	Time limit for updating NAV on AMFI / AMC website. Prominently disclose the NAVs of all schemes under a separate head on website of the Fund and on the website of AMFI and further, Mutual Funds to also extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request.	
44.	Paragraph 14.4 of the Master Circular for Mutual Funds	Prohibition of Indicative Portfolios and Yields in Mutual Fund schemes.	
45.	Paragraph 5.6 & 13.7 of the Master Circular for Mutual Funds	Risk Management Framework for liquid and Overnight Funds: a. Liquid Funds and Overnight Funds shall not park funds pending deployment in short term deposits of scheduled commercial banks. b. Liquid Funds and Overnight Funds shall not invest in debt securities having structured obligations (SO rating) and/ or credit enhancements (CE rating). However, debt securities with government guarantee shall be excluded from such restriction.	
46.	Regulation 21 (b) & Paragraph 22.2 of the Master Circular for Mutual Funds	The asset management company shall not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, or such	

		categories of foreign portfolio investor subject to such conditions, as maybe specified by the Board, from time to time, if any of such activities are not in conflict with the activities of the mutual fund.	
47.	Paragraph 5.6 & 5.7 of Master Circular for Mutual Funds	Requirement of minimum holding of atleast 20% of net assets in liquid funds. Requirement of minimum holding of atleast 10% of net assets in all open ended debt schemes.	
48.	Paragraph 13.11 of Master Circular for Mutual Funds	Guidelines with respect to Overseas investment.	
49.	Paragraph 7.26 of Master Circular for Mutual Funds	Guidelines for votes cast by Mutual Funds.	
50.	Paragraph 7.13 of Master Circular for Mutual Funds	Alignment of interest of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes	
51.	Paragraph 7.14 of Master Circular for Mutual Funds	Alignment of interest of Designated Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes	
52.	SEBI Letter No. SEBI/HO/IMD-II/IMD-II_DOF11/P/OW/2022/0000060035/1 dated November 30, 2022	Compliance on monitoring social media to identify the entities / groups which camouflage themselves as registered Mutual Funds or misuse the names of Mutual Funds	

53.	SEBI letter to AMFI dated March 01, 2024	Details of compliance regarding implementation of orders of SEBI and/or Tribunal/Court to SEBI in the prescribed format	
54.	SEBI 2nd Amendment Regulation dated August 01, 2024 read with SEBI Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/107 dated August 05, 2024	Institutional mechanism for identification and deterrence of market abuse including front-running and fraudulent transactions in securities Summary of count of Level 2 alerts generated and instances of potential market abuse along with action taken	
55.	SEBI letter No. SEBI/HO/IMD/IMD_SEC-4/P/OW/2024/32093/1 dated October 10, 2024	Exceptions noticed in the internal audit report	

Place:

Date:

Signature of the Chief Compliance Officer:

II. Investment Compliance Test

S.N.	Regulations	Particulars	Remarks[489]
1	Regulation 44 (1) read with Item No 2 under Paragraph 13.1 of Master Circular for Mutual Funds	Restrictions with respect to single issuer limit.	
2	Clause 1(a) of sixth schedule to Regulation 41(1) read with Item No. 3 under Paragraph 13.1 of Master Circular for Mutual Funds	Restrictions with respect to investment in Unlisted debt instruments and Unrated debt instruments.	
3	Regulation 44(1) read with Item No 5 under Paragraph 13.1 of Master Circular for Mutual Funds	Restrictions with respect to owning of paid up capital of any company. The Mutual Fund does not own more than 10% of any company's paid-up capital carrying voting rights under all its schemes. (If yes, give details of the investments made in excess of 10% of the paid up capital of the company in the prescribed format CR1)	
4	Regulation 41(8) read with Paragraph 13.19 of Master Circular for Mutual Funds	Restrictions with respect to Inter Scheme Transfers.	

[489] (Indicate 'Yes' if complied with the MF Regulations and various circulars issued thereunder and 'No' for non-compliance). Further, in case of non-compliance, kindly provide the details regarding the non-compliance and the corrective action(s) taken, if any.

		(Give details of inter scheme transfers wherein there is non-compliance in the prescribed format CR2)	
5	Clause 3 of sixth schedule to Regulation 41(1) read with Paragraph 13.14 of Master Circular for Mutual Funds	Restrictions with respect to Aggregate inter scheme investments made by all schemes. (Give details of such investments in the prescribed format CR 3)	
6	Clause 6 of sixth schedule to Regulation 41(1), 41(6), and 41(7)	Restrictions with respect to: a. Buy and sell securities on the basis of deliveries. b. Short Selling of securities. c. Derivative transactions.	
7	Clause 7 of sixth schedule to Regulation 41(1)	Restrictions with respect to purchase or transfer of securities in the name of the mutual fund on account of the concerned scheme except in respect of such securities as may be specified by the board from time to time.	

8	Clause 8 of sixth schedule of SEBI (Mutual Funds) Regulations, 2026 and Paragraph 13.7 of Master Circular for Mutual Funds	Restrictions with respect to investments in Short Term Deposits of Scheduled Commercial Banks.	
9	Regulation 41(1) read with Item No 6 under Paragraph 13.1 of Master Circular for Mutual Funds	Restrictions with respect of investment in: a. Unlisted security of an associate or group company of the Sponsor. b. Securities issued by way of private placement by an associate or group company of the sponsor. c. Listed securities of group companies of the sponsor which is in excess of 25 per cent of the net assets.	
10	Clause 4 of sixth schedule to Regulation 41(1)	Restriction with respect to investment in Fund of Funds scheme.	
11		Restriction with respect to investment	

	Regulation 41(1) read with Item No 1 under Paragraph 13.1 and 13.4 of Master Circular for Mutual Funds	limit in the equity shares or equity related instruments of any company. [Give details of all cases where the investments have exceeded the limit of 10% including the exempted cases under the proviso to Item No 1 under Paragraph 13.1 in the prescribed format CR 4]	
12	Clause 1 of sixth schedule to Regulation 41(1)	Restriction with respect to investments in equity shares and equity related instruments in only listed or to be listed securities.	
13	Clause 5 of sixth schedule to Regulation 41(1)	Restrictions with respect of investment by Fund of Funds scheme.	
14	Regulation 41(1) read with Paragraph 13.13 of Master Circular for Mutual Funds	Restrictions with respect of investment in the units of REITs and InvITs.	
15	Regulation 41(1) read with Paragraph 13.16 of Master Circular for Mutual Funds	Restrictions with respect of investment in Exchange Traded Commodity Derivatives.	

16	Regulation 42(1) and 42(2)	Restrictions with respect to borrowings by mutual fund. (Give details of borrowings by the scheme wherein there is non-compliance as per the prescribed format CR 5)	
17	Regulation 42(3)	Restrictions with respect to loans by mutual fund.	
18	Regulation 42(4)	Restrictions with respect to lending and borrowing of securities borrowings by mutual fund.	
19	Regulation 41(2) and 41(4) read with Paragraph 4.2 of Master Circular for Mutual Funds	Restrictions with respect to investments by a gold exchange traded fund scheme and silver exchange traded fund scheme.	
20	Regulation 22(5)(a)	Restrictions with respect to business done through brokers. (Give details of transactions done through such brokers, by amount, as per the prescribed format in CR 6, please mark * against the names of associates.) (Further, Inter scheme transfer and direct deals with the companies should not be included in the aggregate transaction	

		amount used as the basis for the computation of the total business to the brokers)	
21	Regulation 22(6)	Disclosure requirements under Regulation 25 (6) have been complied with.	
22	Regulation 41(1) read with Paragraph 3.6 of Master Circular for Mutual Funds	Restrictions with respect to investments by Close ended debt schemes and Interval schemes.	
23	Regulation 41(1) read with Item No 8 under Paragraph 13.1 of Master Circular for Mutual Funds	Restrictions with respect to Sector Level Exposure.	
24	Regulation 41(1) read with Item No 7 under Paragraph 13.1 of Master Circular for Mutual Funds	Restrictions with respect to Group Level Exposure.	

Place:

Date:

Signature of the Chief Compliance Officer:

III. Investors Service Compliance Test

S No	Regulation	Particulars	Remarks[490]
1	Regulation 35 (3)	The asset management company shall allow transfer of mutual fund units in the manner as may be specified by the Board from time to time.	
2	Regulation 46(1)	The Income Distribution cum Capital Withdrawal (IDCW) payments have been dispatched to the unit holders within such period as may be specified by the Board from time to time.. (Give details wherein dividend warrants were not dispatched within the timelines as per the prescribed format CR 8).	
3	Regulation 46(1)(ii)	The repurchase/redemption proceeds and the application money, if the application is rejected due to undersubscription, oversubscription or for any other reason, have been dispatched within such period as may be specified by the Board from time to time.	
4	Regulation 46(2)	The AMC has paid interest @15% for the period of delay in the event of failure to dispatch the redemption or repurchase proceeds or IDCW payments or application money within the stipulated time. Details of interest paid enclosed in the format specified CR7 & CR8 below.	

[490] (Indicate 'Yes' if complied with the MF Regulations and various circulars issued thereunder and 'No' for non-compliance). Further, in case of non-compliance, kindly provide the details regarding the non-compliance and the corrective action(s) taken, if any.

<table>
<tr><td></td><td></td><td>(Give details wherein interest is required to be paid for failure to dispatch the redemption or repurchase proceeds within the stipulated time as per the prescribed format CR 7).</td><td></td></tr>
<tr><td colspan="4">Give details regarding the status of investor complaints forwarded by SEBI during the quarter and at the beginning of the quarter period as per the following format :</td></tr>
<tr><td>Number of complaints pending at the beginning of the period.</td><td>Number of complaints forwarded by SEBI during the period</td><td>Number of complaints redressed* during the period</td><td>Number of complaints pending at the end of the period</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="4">Give details regarding the status of investor complaints received directly by the mutual fund during the quarter period as per the following format :</td></tr>
<tr><td>Number of complaints pending at the beginning of the period.</td><td>Number of complaints received during the period</td><td>Number of complaints redressed* during the period</td><td>Number of complaints pending at the end of the period</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="4">* All complaints which have been fully resolved and a communication thereof has been sent to the complainant shall be deemed to have been redressed.</td></tr>
<tr><td colspan="4">Place
Date

Signature of the Chief Compliance Officer</td></tr>
</table>

IV. Specialized Investment Funds (SIF)

S No	Regulation	Particulars	Remarks
1	Regulation 49(1)	Compliance with respect to minimum investment threshold across all investment strategies as stipulated under Paragraph 21.4	
2	Regulation 49(2)* **Note1: This shall be applicable as and when specific certification requirement is specified by the Board.*	Compliance with respect to provisions related to NISM Certification Programme for fund manager of SIF.	
3	Regulation 50(1)	Investment strategies launched by SIF are in compliance with the characteristics stipulated under the MF regulations and Paragraph 21.3.	
4	Regulation 50(3)	Compliance with respect to provisions related to limitation on fees and expenses	
5	Item No. 2 under Paragraph 21.5	Restrictions with respect to single issuer limit – debt instruments	
6	Regulation 52	Restrictions with respect to investments as per Paragraph 21.5	
7	Item No. 3 under Paragraph 21.5	Restrictions with respect to owning of paid up capital of any company.	
8	Item No. 1 under Paragraph 21.5	Restrictions with respect to single issuer limit – equity and equity-related instruments.	
9	Item No. 4 under Paragraph 21.5	Restrictions with respect to investments in INVITs.	

10	Regulation 52	Restrictions with respect to investments in derivatives as per Paragraph 21.6	
11	Regulation 53(1)	Maintenance of clear product differentiation	
12	Regulation 53(2)	Compliance with provisions relating to branding, advertising (Paragraph 21.2)	
13	Regulation 55	Disclosures in offer documents- Compliance with respect to Paragraph 21.11	
14	Regulation 55(2) and Paragraph 21.13.1	Compliance with provisions relating to Portfolio disclosures	
15	Paragraph 21.7	Compliance with respect to provisions relating to subscription and redemption of units of investment strategies and notice Period for redemption	
16	Paragraph 21.8.1	Compliance with respect to listing of units of investment strategies	
17	Paragraph 21.9	Compliance with respect to benchmarking of investment strategies	
18	Paragraph 21.10	Compliance with respect to provisions for Distribution of Specialized Investment Funds	
19	Paragraph 21.12	Compliance with respect to risk band	
20	Paragraph 21.13.2	Compliance with respect to disclosure of scenario analysis	

CR 1: **Report of investment in Companies in excess of 10% of their paid up capital carrying voting rights**

Date	Name of the Company	Purchase Price	Value (INR lacs)	Holding as % of company's paid-up capital carrying voting rights

Signature of the Chief Compliance Officer

CR 2: **Inter Scheme Transfers (ISTs)**

Date	Name of the Transferor Scheme	Name of the Transferee Scheme	Name of the company and type of security	Details of Transfer			Market rate (if unquoted/ unlisted and basis of rate)	Reasons of transfer
				Quantity	Rate	Value (INR lacs)		

Signature of Chief Compliance Officer

CR 3: **Intra and Inter Scheme Investments**

Investee Scheme	Investor Scheme	Total investments by schemes

						as % of net assets of the investee schemes*
Name	**Resources mobilised / net assets (INR lacs)** **Name**	**Name**	**Net assets (INR lacs)**	**Investments (INR lacs)**	**Investment as % of net assets**	

*Information to be given only in the case of intra scheme investments.

Signature of the Chief Compliance Officer.

CR 4: **Details of investments in excess of the limits specified in Item No. (1) of Paragraph 13.1 read with Paragraphs 6.27**

(1)	(2)	(3)	(4)	(5)	(6) *	(7)
Sl. No	**Scheme**	**Scrip**	**Date/s of violation/s (First and each of the subsequent ones due to incremental investments, if any)**	**Holding in the scrip as a % of the NAV of the scheme, consequent to the investment**	**Applicable limit**	**Name & closing value of the benchmark index / sub-index(if applicable)**

* For the sector /thematic schemes, the applicable (upper) limit is the weightage of the scrip in the representative sectoral index/sub index or 10% of the NAV whichever is higher, as specifically disclosed in the offer document.

For index funds/schemes, the upper limits shall be in accordance with the weightage of the scrips as disclosed in the offer document

For all other schemes, the applicable upper limit for holding in each scrip is 10% of NAV.

Signature of the Chief Compliance Officer

CR 5: **Report on borrowings of Mutual Funds**

Name of the scheme and category	Nature of instruments/ mode of borrowings	Source (Institutions / banks / others)	Purpose	Date of borrowing	Date of repayment of borrowing (specify the period of borrowing)	Rate of borrowing	Amount borrowed as % of net assets	Collateral used (if any	Amount of interest borne by the Scheme	Amount of interest borne by AMC	Average Portfolio Yield during the period

Signature of the Chief Compliance Officer

CR 6: **Report on transactions through Brokers**

Name of the broker	Value of business (INR lacs)	Brokerage paid (INR lacs)	Broker wise contracts outstanding for more than 60 days	% of gross business done

Signature of Chief Compliance Officer

CR 7: Statement of Interest paid to the investors for delays in transfer of redemption/ repurchase proceeds[491]

Investor Name	PAN/PEKRN of Investor	Date of Receipt of Redemption/ Repurchase Request	Date of transfer of Redemption/ Repurchase	Period of Delay	Amount of Interest Paid (INR)

Signature of Chief Compliance Officer

CR 8

Statement of interest paid to the investors for delays in transfer of dividend payments[492]

Investor Name	PAN/PEKRN of Investor	Record Date	Date of transfer of Dividend	Period of Delay	Amount of Interest Paid (INR)

[491] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022

[492] SEBI Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2022/161 dated November 25, 2022

Signature of Chief Compliance Officer

(Annexure to the CTR can be as per the requirements to be reported)

C. HALF-YEARLY TRUSTEE REPORT [493]

1. Trustees shall submit HYTR on the activities of Mutual Funds/AMCs to SEBI within two months for the half year ended September and March along with summary of instances of non-compliances in addition to the main report.
2. Anything given in the format shall not be interpreted as modification of any Regulations or Circulars issued thereunder.
3. Trustees shall also report any other compliance/reporting requirements as prescribed by SEBI from time to time.
4. The Format is indicative only. HYTR shall contain any other non-compliances during the period over and above the Regulations/clauses specified in the format along with the corrective action(s) taken by AMC and Trustees.

The report of the Trustees should give specific comments on the following:

1. Performance of schemes.
2. Activities of the AMC with specific reference to transactions with associates, concentration of business with associate brokers, compliance with investment restrictions and net worth of the AMC.
3. Ability of the AMC/sponsor to honour the guaranteed returns in case of any scheme guaranteeing returns.
4. Deployment of funds of the scheme in accordance with investment objectives and not for any option trading or short selling or carry forward transactions.
5. Valuation and pricing of units – whether in accordance with the Regulations and Master Circular for Mutual Funds. Further, please provide instances where prices provided by Valuation Agencies were not considered for valuation of securities along with justifications for the same.
6. Publication of Annual Report and furnishing of half yearly and annual accounts to unit holders and SEBI.
7. Listing of scheme on stock exchange as per terms of the scheme information document, dispatch of account statement to unit holders within 5 working days from closure of New Fund Offer and timely dispatch of repurchase/ redemption proceeds and dividend warrants.
8. Action taken on deficiency and warning letters issued by SEBI.

[493] SEBI Cir No SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550 dated April 12, 2021

9. Before launch of scheme, AMC had systems in place for back office etc. appointed all key personnel, auditors, compliance officer, prepared manual, specified norms, etc.
10. AMC shall appoint Registrar & Share Transfer Agents, who are registered with SEBI. If the work is done in-house, then the rates charged must be competitive and for higher rates reasons for charging higher rates must be disclosed.
11. AMC has been diligent in empanelling brokers, in monitoring securities transactions and avoiding undue concentration with any broker.
12. AMC has not given undue and unfair advantage to any associate.
13. In case any company has invested more than 5% of NAV of scheme, an investment made by the scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be justified.
14. Whether the AMC has dealt with any associate broker more than 5% of the quarterly business done by a mutual fund.
15. In case the AMC has dealt through any other broker other than an associate broker in excess of 5% or more of the aggregate purchase and sale of securities made by the mutual fund in all its schemes, the AMC has recorded in writing the justification for the same and whether all such investments have been reported to the trustees on a quarterly basis.
16. Utilisation of the services of the sponsor or any of its associates, employees, etc. by AMC – whether disclosures made in the annual accounts.
17. Whether AMC submitted quarterly report on its activities and complied with Regulations.
18. Transactions of mutual fund are in accordance with the trust deed.
19. Funds pertaining to a scheme have been invested in accordance with the Regulations.
20. All activities of AMC are in accordance with the Regulations.
21. Details of transaction in securities by key personnel in their own name or in the name of the AMC.
22. Whether AMC filed with the trustees detailed bio-data of all directors of AMC along with their interest in other companies within 15 calendar days of their appointment and any change in the interest of directors every six months.
23. Whether directors of the AMC filed with the trustees, a statement of holding of securities at the end of each financial year along with dates of acquisition.
24. No conflict of interest between the manner in which the AMC has deployed its networth and the interest of the unitholders.
25. Remedial steps, as necessary, taken by the trustees in case the conduct and business of the mutual fund is not in accordance with the Regulations.

26. Certification that Trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the AMC.
27. Certification that AMC has been managing the schemes independently of any other activities and the unitholders' interest has been protected.
28. Comments of the independent trustee on the report received from the AMC regarding the investments by the mutual fund in the securities of the group companies of the sponsor.
29. Confirmation that the mutual fund has not made any investment in - any unlisted security of an associate or group company of the sponsor, any security issued by way of private placement by an associate or group company of the sponsor or listed securities of group companies of the sponsor which is in excess of 25% of the net assets of all the schemes of the mutual fund.
30. Confirmation that the mutual fund transactions are only through dematerialised securities, except for securities specified otherwise.
31. Whether unitholders' consent obtained wherever necessary in accordance with Regulations.
32. Compliance with the Guidelines on recording of investment decisions and other related compliances viz. investment in unlisted and privately placed securities, unrated debt securities, securities classified as below investment grade or default, transactions where associates are involved and the instances where there is poor performance of the schemes.
33. Compliance with respect to provisions related to investment/Trading in Securities by Employees of Asset Management Companies and Mutual Fund Trustee Companies.
34. Compliance with respect to provisions related to AMFI/ NISM Certification Programme for agents/ distributors and employees of AMC.
35. Compliance status on selection of Benchmarks for comparison of performance of schemes.
36. Compliance with respect to provisions regarding monitoring of compliance with Code of Conduct for intermediaries.
37. Comments on the adequacy and outcome of risk management systems, including stress testing results.
38. Compliance with reconciliation procedure for investment in Government Securities.
39. Compliance with respect to provisions related to registration of Intermediaries.
40. Compliance with respect to provisions related to minimum number of investors and maximum holdings by a single investor in scheme / plan of mutual fund.
41. Compliance with respect to provisions related to uniform cut-off timings for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/plan(s), including declaration on whether the Trustees are satisfied with the systems and procedures of the Mutual Fund designed for the purpose of compliance with these Guidelines.

42. Compliance with respect to provisions related to parking of funds in short term deposits of scheduled commercial banks pending deployment.

43. Compliance with respect to provisions of Risk Management Framework for liquid and overnight funds.

44. Compliance of guidelines on overseas Investments by Mutual Funds.

45. Compliance with requirements of securities lending arrangement.

46. Compliance with requirements of simplification and updation of Offer Document and Key Information Memorandum of Mutual Funds Scheme.

47. Compliance with respect to provisions related to prohibition on disclosure of Indicative Portfolios and Yields in Mutual Fund schemes.

48. Whether the assets of Gold/Silver ETF are invested in gold/silver or gold/silver related instruments as per the asset allocation mentioned in the Scheme Information document.

49. Whether physical verification of gold/silver held in schemes was conducted by statutory auditors.

50. Compliance with requirements for participation in repo in corporate debt securities.

51. Whether Mutual Fund/AMC has set apart at least 2 basis points on daily net assets within the maximum limit of BER as per Regulation 66 of the Regulations for investor education and awareness initiatives on annual basis and complete disclosures on the initiatives undertaken. Further, whether Mutual Fund has made complete disclosures in the half yearly trustee report to SEBI regarding the investor education and awareness initiatives undertaken.

52. Details of efforts undertaken by AMC to increase geographical penetration of mutual funds and the details of opening of new branches, especially at locations beyond top 30 cities.

53. Compliance with requirements for participation of mutual funds in Credit Default Swaps (CDS) Market.

54. Review and confirmation of Voting summary and scrutinizer's comments, if any. Further, a Confirmation whether Fund Managers/Decision makers have submitted a quarterly declaration to the Trustees that the votes cast by them have not been influenced by any factor other than the best interest of the unit holders.

55. Compliance with requirements of minimum Average AUM of Rs. 20 crore on half yearly rolling basis in open ended debt oriented Schemes.

56. Stress testing of prescribed open-ended debt oriented schemes.

57. Exposure of a mutual fund, across all its schemes, towards individual issuers, group companies and sectors.

58. Compliance with requirements with respect to Categorization and Rationalization of Mutual Fund Schemes.

59. Compliance with requirements with respect to transparency and charging of Total Expense Ratio (TER) in both direct and regular plans.

60. Compliance with requirements with respect to performance disclosure for Mutual Funds.

61. Compliance with guidelines on Segregated Portfolio.

62. Compliance with requirements with respect to Cyber Security and Cyber Resilience framework for Mutual Funds / Asset Management Companies (AMCs).

63. Compliance with requirements of System Audit framework for Mutual Funds / Asset Management Companies (AMCs). Further, Trustees should furnish the open item pertaining to system audits.

64. Comments on securities classified as below investment grade or default

65. Compliance with requirements relating to Trade Execution and Allocation

66. Compliance with guidelines on Inter Scheme Transfers of Securities.

67. Compliance with requirements with respect to Policy on Internal Credit Risk Assessment at the AMC and measures taken for the early warning signals (including yield-based alerts) on deterioration of credit profile of the issuer.

68. Compliance with respect to monitoring 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 Fund units and reporting of 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 in the periodic meetings of the Board of the AMC and the Board of Trustees.

69. Trustees have abided by the Code of Conduct as specified in Part A of the Fourth Schedule.

70. Trustees have ensured that the Chief Executive Officer of AMC has complied with the provisions of Regulation 22(4)(a).

71. Compliance with the requirement of standing arrangements with independent firms for special purpose audit and/or to seek legal advice.

72. Whether the portfolio duration is reduced below the specified floors of 3 years and 4 years in respect of Medium Term Fund and Medium to Long Term Fund respectively. Further, in case of any deviation written justifications were placed before the Trustees.

73. Compliance with Alignment of interest of Asset Management Companies (‘AMCs’) with the Unitholders of the Mutual Fund Schemes

74. Compliance with alignment of interest of Designated Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes.
75. Compliance with the transparency requirement under Consolidated Account Statement.
76. Confirmation whether assets & liabilities, bank accounts and securities accounts of each scheme are segregated and ring-fenced on daily basis during the half year.
77. Compliance with reporting of examined alerts under Institutional Mechanism by Asset Management Companies for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities.
78. Compliance with respect to Specialized Investment Fund:

a. Whether AMC has the necessary expertise, internal control systems and risk management mechanism to invest in and manage investments as a Specialized Investment Fund;
b. Compliance with respect to minimum investment threshold;
c. Compliance with respect to fees and expenses in accordance with provisions of Regulation 66;
d. Whether Investment strategies launched by SIF are in compliance with the characteristics stipulated in Regulations;
e. Compliance with investment restrictions as prescribed in Regulation and Circulars;
f. Compliance with respect to provisions concerning product differentiation;
g. Compliance with respect to disclosure requirements concerning SIF;
h. Compliance with respect to branding and advertising requirements;
i. Whether AMC has complied with other requirements related to risk management, investor protection, disclosures and reporting

79. Any other matter the trustees would like to report to SEBI.

D. MONTHLY CUMULATIVE REPORT [494]

Part A – Mutual Fund

Name of the Mutual Fund:________________										
MCR for the month of _______ (Month), 20XX										
Sr. No.	**Scheme Category**	**No. of schemes as on ____**	**No. of Folios as on ____**	**Funds mobilized for the period (Since April 01, 20XX to____) INR in crore**	**Repurchase/ Redemption for the period (Since April 01, 20XX to _____) INR in crore**	**Net Inflow (+ve)/ Outflow (-ve) for the period (Since April 01, 20XX to _____) INR in crore**	**Net Assets Under Management as on ____ INR in crore**	**Average Net Assets under Management for the _____, 20XX (Month Year) INR in crore**	**No. of segregated portfolios created as on ____**	**Net Assets Under Management in segregated portfolios as on ______ INR in crore**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
A	**Open ended Schemes**									
I	**Debt Schemes**									
i.	Overnight Fund									
ii.	Liquid Fund									
iii.	Ultra Short Term Fund									
iv.	Ultra Short to Short Term Fund									
v.	Money Market Fund									
vi.	Short Term Fund									
vii.	Medium Term Fund									
viii.	Medium to Long Term Fund									
ix.	Long Term Fund									
x.	Dynamic Term Fund									
xi.	Corporate Bond Fund									
xii.	Credit Risk Fund									
xiii.	Banking and PSU Debt Fund									
xiv.	Gilt Fund									
xv.	10 year constant maturity Gilt Fund									
xvi.	Floating Interest Rates Fund									
xvii.	Sectoral Fund									
	Sub total - I									
II	**Equity Schemes**									

[494] SEBI Circular SEBI/HO/MD/DF3/CIR/P/2019/020 dated January 22, 2019 and SEBI/HO/IMD/DF3/CIR/P/2021/014 dated January 29, 2021

Name of the Mutual Fund:_________________										
MCR for the month of _______ (Month), 20XX										
Sr. No.	**Scheme Category**	**No. of schemes as on ____**	**No. of Folios as on ____**	**Funds mobilized for the period (Since April 01, 20XX to____) INR in crore**	**Repurchase/ Redemption for the period (Since April 01, 20XX to _____) INR in crore**	**Net Inflow (+ve)/ Outflow (-ve) for the period (Since April 01, 20XX to _____) INR in crore**	**Net Assets Under Management as on ____ INR in crore**	**Average Net Assets under Management for the _____, 20XX (Month Year) INR in crore**	**No. of segregated portfolios created as on ____**	**Net Assets Under Management in segregated portfolios as on ______ INR in crore**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
i.	Multi Cap Fund									
ii.	Large Cap Fund									
iii.	Large & Mid Cap Fund									
iv.	Mid Cap Fund									
v.	Small Cap Fund									
vi.	Dividend Yield Fund									
vii.	Value Fund									
viii.	Contra Fund									
ix.	Focused Fund									
x.	Sectoral Fund									
xi.	Thematic Fund									
xii.	ELSS – Tax Saver Fund									
xiii.	Flexi Cap Fund									
	Sub total - II									
III	**Hybrid Schemes**									
i.	Conservative Hybrid Fund									
ii.	Balanced Hybrid Fund									
iii.	Aggressive Hybrid Fund									
iv.	Dynamic Asset Allocation									
v.	Multi Asset Allocation Fund									
vi.	Arbitrage Fund									
vii.	Equity Savings Fund									
	Sub total - III									
IV	**Life Cycle Funds**									
i.	Life Cycle Funds									
	Sub total - IV									
V	**Other Schemes**									
i.	Index Funds									
ii.	Gold ETFs									
iii.	Silver ETFs									

Name of the Mutual Fund:_________________										
MCR for the month of _______ (Month), 20XX										
Sr. No.	Scheme Category	No. of schemes as on ____	No. of Folios as on ____	Funds mobilized for the period (Since April 01, 20XX to____) INR in crore	Repurchase/ Redemption for the period (Since April 01, 20XX to _____) INR in crore	Net Inflow (+ve)/ Outflow (-ve) for the period (Since April 01, 20XX to _____) INR in crore	Net Assets Under Management as on ____ INR in crore	Average Net Assets under Management for the _____, 20XX (Month Year) INR in crore	No. of segregated portfolios created as on ____	Net Assets Under Management in segregated portfolios as on ______ INR in crore
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
iv.	Other ETFs									
v.	Fund of funds investing overseas									
	Sub total - V									
	Total A-Open ended Schemes									
B	**Close Ended Schemes**									
I	**Debt Schemes**									
i.	Fixed Term Plan									
ii.	Infrastructure Debt Fund									
iii.	Other Debt Scheme									
	Sub total - I									
II	**Equity Schemes**									
i.	ELSS									
ii.	Other Equity Schemes									
	Sub total - II									
III	**Other Schemes**									
	Total B -Close ended Schemes									
C	**Interval Schemes**									
I	**Debt Schemes**									
II	**Equity Schemes**									
III	**Other Schemes**									
	Total C -Interval Schemes									
	Grand Total									

Name of the Mutual Fund:__________________										
MCR for the month of _______ (Month), 20XX										
Sr. No.	**Scheme Category**	**No. of schemes as on ____**	**No. of Folios as on ____**	**Funds mobilized for the period (Since April 01, 20XX to____) INR in crore**	**Repurchase/ Redemption for the period (Since April 01, 20XX to _____) INR in crore**	**Net Inflow (+ve)/ Outflow (-ve) for the period (Since April 01, 20XX to _____) INR in crore**	**Net Assets Under Management as on ____ INR in crore**	**Average Net Assets under Management for the _____, 20XX (Month Year) INR in crore**	**No. of segregated portfolios created as on ____**	**Net Assets Under Management in segregated portfolios as on ______ INR in crore**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
	Fund of Funds Scheme (Domestic)									

Notes:

1. In column number (3), number of schemes shall include series / serial plans
2. In column number (3), segregated portfolios created in a scheme shall not be treated as a separate scheme.
3. In column number (4), number of folios shall not include folios of segregated portfolios
4. In column number (8) and (9), AUM of segregated portfolios shall be included
5. In column number (9), AAUM is the average of the daily AUM of the Mutual Fund for the month.
6. In column number (10), number of segregated portfolios created in a scheme can be more than one
7. Inter scheme investments are excluded from the above data

Instructions for Calculating AUM[495]

1. To have uniformity in calculating Net assets under management (NAUM) and average assets under management (AAUM), the following methodology should be adopted.
   - The AUM as on the last calendar day of each month shall be included in NAUM. In liquid funds, purchases on the first day of the next month shall not be considered in calculating NAUM for the current month.

[495] SEBI/IMD/CIR No 3/124444/08 dated April 30, 2008

- AAUM of the mutual fund shall be the aggregate of the daily AUM of the Mutual Fund over calendar days in the relevant month irrespective of the date of allotment/maturity of the scheme.

Additional Reporting format[496] on the overseas investment by Mutual Funds/SIFs in ADRs/ GDRs, foreign securities and overseas Exchange Traded Funds (ETFs)

Instruments	Amount Invested		Redemption		Value of overseas investments (as on last date of the month)	
	in terms of Rs.	In terms of US $	in terms of Rs.	In terms of US $	in terms of Rs.	In terms of US $
ADR/GDR						
Equity of overseas companies						
Foreign debt securities						
Government Securities of AAA rated countries						
Overseas ETFs						
Units/securities issued by overseas Mutual Funds						

Number of Schemes investing in foreign securities	

Name of the country	Amount invested	
	in terms of Rs.	In terms of US $

** Conversion rate as on last date of the month. Adjustment of conversion of US $ into India Rupee as per the RBI reference rate by Foreign Exchange Dealer Association of India (FEDAI)*

[496] SEBI/IMD/CIR No. 15/87045/2007 dated February 22, 2007

Part B – SIF

Name of the SIF: ____
Name of the AMC: ___
MCR- SIF for the month of ____

Sr. No.	**Scheme Category**	**No. of strategies as on ___**	**No. of folios as on ___**	**Funds mobilised for the period (since April 01, 20XX to ___) in Rs. cr**	**Repurchase/redemption for the period (since April 01, 20XX to ___) in Rs. cr**	**Net Inflow(ve) / Outflow(-ve) for the period (since April 01, 20XX to ___) in Rs. cr**	**Net Asset under management as on ____ in Rs. cr**	**Average assets under management for the month ____ in Rs. cr**	**No.of segregated portfolio created as on ____**	**Net assets under management in segregated portfolios as on ____ in Rs. cr**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**
A	**Equity Oriented Investment Strategies**									
i.	Equity Long-Short Fund									
ii.	Equity Ex-Top 100 Long-Short Fund									
iii	Sector Rotation Long-Short Fund									
	Sub total - A									

B	**Debt Oriented Investment Strategies**									
i.	Debt Long-Short Fund									
ii.	Sectoral Debt Long-Short Fund									
	Sub total - B									
C	**Hybrid Investment Strategies**									
i.	Active Asset Allocator Long-Short Fund									
ii.	Hybrid Long-Short Fund									
	Sub total - C									
	Grand Total (A+B+C)									

E. ANNUAL STATISTICAL REPORT (ASR) [497]

This report is to be submitted each financial year in order to reach the Board latest by 30th of April.

NAME OF THE MUTUAL FUND: ______________________

Unitholding Pattern of Mutual Fund as on March 31, ______________

Category	**Number of Folios**	**Net Asset Value (INR in crore)**
Individuals		
NRIs/OCBs		
FPIs		
Corporate/Institutions/Others		
TOTAL		

Note: Data is to be provided for all the schemes put together and not individual scheme-wise.

[497] SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

F. DAILY TRANSACTION REPORT

To monitor trends of investment, mutual funds are required to submit details of transactions in secondary market on daily basis in both soft and hard copies. Information must be submitted for the total repurchases/ sales of equity/ debt and not for each individual scrip. Information on total purchases/ sales of sensitive index scrips need not be sent.

Format and Specification of the Daily Transaction Report[498]

Operational notes on Reporting of transactions by registered Mutual Funds

DAILY REPORTS

1. The format of DTR, explanation of codes, field widths etc are enclosed in Format "2.F1" below.
2. The data as per DTR would be submitted in "TEXT" format with fields separated by "|" (i.e. a pipe).
3. All transaction will have a unique transaction identification number which would be given by the AMCs/custodians at their end.
4. In case of any change in transaction already reported to SEBI, such change can be reported as amendment transaction with the following characteristics
    a. Transaction type is to be reported as "A'
    b. Transaction ID shall be the same as that of earlier reported transaction.
    c. Correct details

In other words the system will cancel the earlier reported transaction and will only consider the amended transaction for processing.

REPORTING TYPE - R_TYPE

N - New Transaction
A - Amendment in earlier transaction.
D - Deletion of earlier reported transaction.

General Aspects:

[498] SEBI Cir No - MFD/CIR/07/384/99 dated December 17, 1999 and MFD/CIR/08/23026/99 dated December 23, 1999

1. The date format to be used all the reports submitted to SEBI would be DD-MON-YYYY.
2. All Transaction values are In Crores.
3. The file names to be used for submitting the report in soft copies are
   DTR: D<ddmm><3 char of Custodian code No>.txt

For e.g. Custodian code No: 001 for the date Dec 02

The file name would be D0212001.TXT

DTR (List and field description of codes in DTR)

SR. NO.	CODE	EXPLANATION	FIELD TYPE	FIELD WIDTH
1	CUST_CODE	CUSTODIAN CODE	CHARACTER	3
2	TRN_ID	UNIQUE IDENTIFICATION NUMBER	CHARACTER	12
3	TRN_DATE	TRANSACTION DATE DD-MON-YYYY	CHARACTER	11
4	REPORT_DT	DATE OF REPORT (DD-MON-YYYY	CHARACTER	11
5	R_TYPE	REPORTING TYPE	CHARACTER	1
6	TOT_PUR_EQ	TOTAL PURCHASE (EQUITY)	NUMBER	(12,2)
7	TOT_SAL_EQ	TOTAL SALES (EQUITY)	NUMBER	(12,2)
8	TOT_PUR_DEBT	TOTAL PURCHASE (DEBT)	NUMBER	(12,2)
9	TOT_SAL_DEBT	TOTAL SALES (DEBT)	NUMBER	(12,2)

(1) NUMBER (12,2) -- Number with 10 integer and 2 decimal digits.

(2) All transaction values to be reported in crores.

Format of the text file:

File Name : D0212001

Cust_ Code	MF Reg. No.	Trn _ID	Trn. _dt	Report _Dt	R_Type	Tot_Pur_Eq	Tot_Sal _Eq
C (3)	C (12)	C(12)	02-DEC-1999	02-DEC-1999	C(1)	N(12,2)	N(12,2)

Tot_Pur_Debt	Tot_Sal_Debt	Tot_Pur_Eq_ BSE	Tot_Sale_ Eq_ BSE
N(12,2)	N(12,2)	N(12,2)	N(12,2)

A B C D E F

001|MF/001/93/1|ID01|02-DEC-1999|02-DEC-1999|N|2.25|5.23|20.55|66.12|39.1|2.3|

Amendment:

For e.g.

Original Record is

001|MF/001/93/1|ID01|02-DEC-1999|02-DEC-1999|N|2.25|5.23|20.55|66.12|39.1|2.3|

Suppose Tot_Pur_Eq has to be changed from 2.25 to 25.5 then the amended record would be

001|MF/001/93/1|ID01|02-DEC-1999|04-DEC-1999|A|25.5|5.23|20.55|66.12|39.1|2.3|

and reported on 4th December, 1999.

A: TOT_PUR_EQ

B: TOT_SAL_EQ

C: TOT_PUR_DEBT

D: TOT_SAL_DEBT

E: TOT_PUR_EQ_BSE (Sensitive Index out of A)

F: TOT_SAL_EQ_BSE (Sensitive Index out of B)

G. REPORT TO TRUSTEES BY AMC [499]

FORMAT FOR QUARTERLY REPORT (QR) FROM AMCs TO TRUSTEES

1. AMCs shall submit QR on the activities of Mutual Funds/AMCs to trustees within 21 calendar days from the end of respective quarters (March, June, September and December).

2. The report shall, *inter alia,* contain the following details and shall contain such other information/compliances as required by Trustees and / or as prescribed by SEBI from time to time:

   (I) Details about the Schemes of the Mutual Fund

   (i) **Number of live schemes as on ____ (last day of the quarter end):**

Type of Scheme	Open ended	Close ended	Interval	Total
Overnight/Liquid/Money Market Funds				
Gilt Funds				
Debt Schemes				
Infrastructure Debt Funds				
ELSS				
Other Growth / Equity Schemes				
Hybrid Schemes				
Life Cycle Funds				
Other Schemes (including ETFs)				
Total				
Fund of Funds Schemes (Investing overseas)				
Fund of Funds Schemes (Domestic)				

   (ii) **Details of Schemes launched during the quarter including schemes which were launched but could not be constituted for any reason:**

[499] SEBI Circular SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/550 dated April 12, 2021

Scheme Name	Scheme Category (As per MCR)	Open/ Closed/ Interval	Date of Launch	Closing Date	Allotment Date	Subscription Received (INR Cr.)		No. of Folios	
						Direct Plan	Regular Plan	Direct Plan	Regular Plan

(iii) **Details of Existing Schemes Matured/ wound up during the quarter:**

Scheme Name	Scheme Category (As per MCR)	Open/ Close/ Interval	Amount redeemed at the time of maturity/ winding up (INR Cr.)	Number of Unit-holders	Maturity/ Pay-out Date * (for wound up schemes)

For schemes which have been wound up, details of payout should be provided during each quarter till the last payout for such schemes.

(iv) **Details of Schemes merged during the quarter:**

Merging Scheme			Surviving Scheme			Effective Date of Merger	Exit Period of 30 calendar days From: To:
Name of the Scheme	Scheme Category (As per MCR)	Open/ Close/ Interval	Name of the Scheme	Scheme Category (As per MCR)	Open/ Close/ Interval		

(v) **Details of close-ended Schemes Rolled-over during the quarter:**

Scheme Name	Scheme Category (As per MCR)	Original Maturity Date	Date of Roll over	Period of Roll over	Extended Maturity Date	Amount Rolled Over (INR Cr.)

(vi) **Details of Schemes that underwent fundamental attribute change during the quarter:**

Scheme Name	Scheme Category (As per MCR)	Open/ Close/ Interval	Effective Date of Fundamental Attribute Change	Description of the Change

(vii) **Clearance received from SEBI to launch New Schemes during the quarter:**

Scheme Name	Scheme Category (As per MCR)	Open/ Close/ Interval	SEBI clearance date	Validity of SEBI clearance

(viii) **Details of Assets Under Management (AUM):**

Scheme Name	Scheme Category (As per MCR)	Number of Folios	AUM as on last day of previous quarter (INR Cr.)	Total Inflow (INR Cr.)	Total Outflow (INR Cr.)	AUM as on last day of current quarter (INR Cr.)

(II) AMC related Activities and Reporting:

(i) **Details of other Permissible activity under Regulation 21(b) of SEBI (Mutual Funds) Regulations, 2026 (MF Regulations):**

1. Whether the other activities of the AMC are as per MF Regulations, and
2. Whether AMC continues to meet the networth requirements for each of the activities?
3. Provide explanation for the difference between the performance of various schemes (if the difference is more than 10%), managed by the same fund manager (i.e. mutual fund scheme versus other permissible activity). Confirm that the disclosure in this regard is also made on the website of the AMC.

(ii) **Net worth of the AMC**: Provide the networth of the AMC and its deployment and confirm absence of conflict of interest in its deployment.

(iii) **Conflicts of Interest:**

1. Provide confirmation that there is no conflict of interest between the activities allowed under Regulation 21(b) of MF Regulations and the mutual fund operation.
2. Provide confirmation w.r.t. compliance with Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

(iv) **Details of change in the AMC Directors during the quarter.**

(v) **Details of change in the interest of AMC Directors during the quarter.**

(vi) **Transactions in Securities:**

1. Provide details of transactions in securities by the key personnel of the AMC in their own name or in the name of the AMC to trustees giving details of names of the personnel, name of the security, purchase / sale details like quantity, rate, value, name of broker, whether transaction is on personal account or immediate family or fiduciary.
2. Provide confirmation w.r.t. compliance of the guidelines on Investment by Employees of AMC on a continuous basis and reporting of any violations and remedial action taken to Trustees.

(vii) **Enhancing disclosures on proxy votes cast by Mutual Funds:** Review and ensure that AMC has voted on all resolutions and the rationale recorded for vote decision is prudent and adequate.

(viii) **Provide status of compliance on Cyber Security and Cyber Resilience framework for Mutual Funds / Asset Management Companies (AMCs*)***

(ix) **Regulatory Actions**: Details of all regulatory actions initiated or taken during the quarter such as enforcement proceedings, warning, deficiency, if any, received from SEBI and/or other regulators or Govt. Agencies along with corrective actions taken.

(III) <u>SEBI mandated Reporting</u>

A. Products Related

1) **Necessary systems in place:** AMCs to confirm that it has necessary systems in place for back office etc., appointed all key personnel, auditors, compliance officer, registrars, prepared compliance manual, specified broker empanelment norms, obtained in-principle approvals from stock exchanges, etc.

2) **Easy availability of Offer Documents:** AMCs to confirm that it has adopted the SID and KIM formats as specified by SEBI and ready availability of offer documents such as SID, KIM and SAI with distributors/ ISCs of Mutual Funds and also on its website.

3) **Launch of Additional Plans under existing Schemes:** AMCs to confirm that the additional plans/schemes launched during the quarter were not for a particular investor on any arbitrary date and these were open for subscription for all the investors.

B. Performance Related

1) **Selection of Appropriate Benchmarks:** AMC to confirm that the scheme specific benchmarks assigned to each schemes are appropriate.

2) **Performance along with Benchmark returns:** Performance of all schemes vis-à-vis its benchmark and additional benchmark as on the end of the quarter in 1-year, 3-year, 5-year, 10-year and since the date of allotment of the units.

C. Investments Related

1) **Investments**: AMCs to confirm that the investments in mutual fund schemes have been made in accordance with MF Regulations and various circulars issued there under, Trust Deed, investment objective of the Schemes and are in the interest of unitholders.

2) **Exposure of a mutual fund, across all its schemes, towards individual issuers, group companies and sectors:** AMC to confirm that the exposure of mutual fund in debt and money market instruments, across all its schemes, towards individual issuers, group companies and sectors are in compliance with the regulatory requirements and regular review of such exposure is undertaken.

3) **Exposure in equity in excess of 10% of the paid up capital of a Company:** Details of the date of purchase, name of the company, purchase price, value and holding percent in the capital carrying voting rights, whether any of such companies are Associates of the Sponsor / AMC, justification for making the investment.

4) **Intended Portfolio Allocation:** Details on the disclosed portfolio allocation and the actual portfolio of close ended debt oriented schemes launched during the quarter.

5) **Inter-scheme Investments:** Details of inter-scheme investments happened during the quarter including name of the schemes, date of investment, price, value, charges levied, if any, etc.

6) **Recording of Investment decisions by the AMC, Investments in unlisted, privately placed securities, if any:** Details of investments in unlisted and privately placed securities, if any during the quarter including the performance of such investments and also details of the due diligence being exercised while making such investment decisions. AMCs to confirm that such investments and its valuation were in compliance with the regulatory requirements.

7) **Investment in unrated debt instruments:** Details of investments in unrated debt instruments during the quarter, if any along with details of due diligence being exercised while making such investment decisions. AMCs to confirm that such investments and its valuation were in compliance with the regulatory requirements.

8) **Comments on investments downgraded to below investment grade or default**: Details of investments downgraded to below investment grade or default during the quarter. Comments on steps taken or to be taken by the AMC.

9) **Overseas Investments by Mutual Funds:** Comments on necessary due diligence in making investment decisions, detailed analysis of risks and returns of overseas investment and how these investments would be in the interest of investors. Further, in case of investment in overseas mutual fund schemes, the details w.r.t. management fees & other expenses charged by the underlying schemes and also by the investing scheme may be provided. AMCs to confirm that such investments and its valuation were in compliance with the regulatory requirements.

10) **Parking of funds in Short Term Deposits of Scheduled Commercial Banks (SCBs):** Confirms that provisions of MF Regulations and various circulars issued thereunder pertaining to parking of funds in short term deposits pending deployment are complied with at all points of time. Details of funds parked in Short-term Deposits of SCBs due to pending deployment, during the quarter.

11) **Participation in Repo on Corporate Debt Securities, Credit Default Swaps (CDS), InvIT, Commodity Derivatives, etc.**: AMC to confirm that participation of mutual fund schemes in repo on corporate debt securities, Credit Default Swaps, InvITs, commodity derivatives, etc. were in compliance with the regulatory requirements and in the interest of investors.

12) **Carry Forward Transactions:** AMCs to confirm that the funds of a scheme shall not in any manner be used in carry forward transactions. Give details of such transactions which resulted in carry forward transactions – date, scrip, name of the broker, rate and quantity in custody, etc.

13) **Stock / Securities Lending:** Details with regard to securities lending during the quarter, in terms of value, volume and intermediaries and also earnings and/or losses, value of collateral security, etc. and confirm that the same is not, in any way, detrimental to the interests of the unit-holders of the scheme.

14) **Borrowings:** Data on borrowing by mutual fund schemes during the quarter with certain details such as date, nature of borrowing, source, amount borrowed, purpose of borrowing, interest rate, security offered for the borrowing, percent of borrowing to net asset on date of borrowing, date of repayment or proposed manner of liquidation of the debt, amount borne by the scheme, amount borne by the AMC and the average portfolio yield during that period, etc. Further, if borrowing is from any associate of the sponsor or AMC, provide reasons for borrowing from such entity and competitiveness of the terms.

15) **Inter-Scheme Transfers (ISTs):** Details on ISTs during the quarter such as dates, name of transferor and transferee schemes, securities transferred and price, value of transfer and specific reasons for the transfer.

16) **Cross Investments:** In case any company has invested more than 5 per cent of the net asset value of a scheme, the details of investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be provided to the trustees with

justification for such investment, provided the latter investment has been made within one year of the date of the former investment calculated on either side.

17) **Code of Conduct for Fund Managers and Dealers:** Confirm that the code of conduct as specified for fund managers and dealers in MF Regulations were complied with during the quarter.

18) **Valuation of Investments:**

   i. AMC to confirm that the valuation of all debt and money market instruments during the quarter were done in compliance with the regulatory requirements. Report the justification for deviations, if any, from indicative haircut and / or valuation price for securities below investment grade provided by valuation agencies.

   ii. AMC to confirm that valuation of investments made by its scheme(s) was in accordance with the Investment Valuation Norms specified in Seventh Schedule of MF Regulations, and publishing the same. Periodic review of the valuation policy by the AMC and annual review by the Statutory Auditors.

   iii. AMC to confirm that in case of change in terms of the issue of any security, the same has been communicated to the Valuation Agencies.

19) **Trade Execution and Allocation:** AMC to confirm compliance with regulatory requirements relating to Trade Execution and Allocation prescribed by SEBI. Further, any non-compliance and material information, if any, in this regard needs to be reported to trustees.

D. Risk Management Related

1) **Risk Management Framework for MFs:** Details of outcomes of the risk management framework for mutual funds along with steps taken to address the same. Confirm that the existing risk management framework of mutual fund is in compliance with the regulatory requirements and ensures protection of interest of investors.

2) **Stress Testing:** Details of outcomes of the stress testing of open ended mutual fund schemes along with steps taken to address the same.

E. Empanelment of Broker for purchase or Sale of Securities

1) Confirm that the AMC has not dealt with any associate broker for purchase or sale of securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes for a block of three months.

2) Confirm that in case the AMC has dealt through any other broker other than a associate broker in excess of 5% or more of the aggregate purchase and sale of securities made by the mutual fund in all its schemes, the AMC has recorded in writing the justification for the same. In this regard provide details such as date of transactions, name of broker, value of business, brokerage paid, percent of business to total business for the day, whether the broker is associated with the sponsor or through a firm which is an associate of the sponsor, etc.

3) Diligence in empaneling the brokers, monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.

F. Operations Related

1) **Scheme-wise segregation of Assets and liabilities & Bank Accounts and Securities Accounts:** Confirm that the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of the mutual fund; and bank accounts and securities accounts of each schemes are segregated and ring-fenced.

2) **Identification and Appropriation of Expenses:**

   i. Confirm that all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, was paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route.

   ii. Confirm that in case certain expenses are paid from the AMC books then they are in compliance with the regulatory requirements and are within the permissible limit of 2 bps and are properly recorded and audited.

3) **Maintenance of proper Books of Accounts, Records and Documents:** Confirm that the books of accounts, records and documents for each scheme are kept and maintained properly and intimated to SEBI the place where such books of account, records and documents are maintained

4) **Reconciliation of investment in Government Securities:** With respect to investments in Government securities, the AMC has reconciled the balances in their Subsidiary General Ledger (SGL) / Constituent Subsidiary General Ledger (CSGL) Account with the statement issued by RBI, at monthly intervals. The AMC has also submitted a compliance certificate on a quarterly basis to RBI. The reconciliation procedure is a part of internal audit and the auditors check on a continuous basis about the status of reconciliation and submit a report to the Audit Committees. These reports are placed in the meetings of Boards of AMCs and Trustees.

G. Investor Related

1) **Minimum Investors and Maximum Holding during the quarter:** Confirm that the regulatory requirements w.r.t. minimum number of 20 investors and no single investor hold more than 25% of the net assets of the scheme were complied with during the quarter.

2) **Investments by any company amounting to more than five percent of the net asset value of a scheme:** Indicate names of companies / schemes and their association with the Sponsor or the AMC, if any.

3) **Uniform cut-off timings for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/plan(s):** Confirm compliance with the regulatory requirements with regard to uniform cut-off timings for applicability of NAV. Provide details of manual time stamping of applications during the quarter along with adequate justification for the same and also steps taken to avoid occurrence of the same in future. Also list instances of damages of the seal and/or breakdown of the electronic time stamping process, if any.

4) **Despatch of redemption proceeds and Transfer of Units**: Confirm that all redemption and dividend payments are made with in the regulatory limits. In case of delay in payment within the period specified, interest is paid to the unitholders, for the period of such delay, at such rate as specified by the SEBI.

5) **Status of Investor Complaints:** Provide the status of investor complaints received through various modes and the redressal of the same by the AMC including ageing schedule and reasons.

Category	**No. of Complaints**			**Ageing analysis of pending complaints**						**Reason for pending complaints**
	Received	**Redressed**	**Pending**	**0-3 days**	**4-7 days**	**8-20 days**	**21-40 days**	**41-60 days**	**Beyond 60 days**	
TOTAL										

6) **KYC and AML Compliance including requirements on PAN, FATCA, etc.:**

Confirm that the regulatory requirement for Know Your Customer (KYC) norms and the Anti-Money Laundering/ Countering the Financing of Terrorism (AML/CFT) Obligations under the Prevention of Money Laundering Act, 2002 and Rules framed thereunder (PMLA) are complied with.

7) **Consent of Unitholders:** Confirm that wherever required, consent of unitholders were taken during the quarter in terms of MF Regulations.

H. Distributor Related

1) **Distributor Empanelment:** Number of new distributors empanelled by the AMC during the quarter, for the purpose of selling and distribution of units of mutual fund schemes with the following details:

   (a) List of Domestic Distributors empanelled

   (b) List of Overseas Distributors

   (c) List of New cadre Distributors

   In cases where the ARN of distributors expired, whether the commission payable to the distributor is withheld by the AMC?

   Due Diligence: At the time of empanelment of distributors and during the period of review, AMCs has undertaken a due diligence process to satisfy 'fit and proper' criteria.

2) **Certification and Registration of Intermediaries (Distributors) and Employees:**

   (a) **Certification of agents / distributors and employees of AMC:** The distributors/agents empanelled for selling and distribution of mutual funds and also the employees of the AMC engaged for selling and distribution were having the required certification.

   (b) **Brokerage on own Investments:** No brokerage has been paid to the brokers on their own investments.

   (c) **Code of Conduct for Intermediaries (Distributors):** Confirm that the activities of their agents/distributors are monitored on continuous basis to ensure that they do not indulge in any kind of malpractice or unethical practice while selling/marketing mutual fund units. If any intermediary (distributor) did not comply with the code of conduct, the same has been reported to AMFI and SEBI. There was no dealing with those intermediaries (distributor) who do not follow the code of conduct.

3) **Indicative portfolio and indicative yield**: Confirm that no indicative portfolio and indicative yield has been communicated in any manner whatsoever by the MF/ Distributors:

I. Service Provider Related

1) **Service Contracts**: Confirm the following:

(a) Review of all service contracts such as custody arrangements, transfer agency of the securities to ensure that such contracts are executed in the interest of the unitholders [Regulation 22(7)(c)(f)]

(b) All service providers are holding appropriate registrations from SEBI or concerned regulatory authority [Regulation 22(7)(c)(i)]

(c) The trust property is properly protected, held and administered by proper persons and by a proper number of such persons. [Regulation 12(5)(e)(iii)]

2) **Specific attention by Independent Directors of Trustees or AMC:** Confirm that the independent directors have given specific attention on the areas mentioned under Regulation 12(5)(f) of SEBI (Mutual Funds) Regulations, 2026. Details of comments, if any, to be provided to trustees.

3) **Any Special Developments:** Details of any special developments in the mutual fund during the quarter shall be provided to trustees.

(IV) Associate Transactions

a. Confirm that utilisation of services of the sponsor or any of its associates, employees or their relative for any securities transaction; and distribution and sale of securities; and the brokerage and commission paid for such services; were disclosed and were in accordance with the regulatory requirements.

b. Details of securities transactions in terms of Regulation 22(5)(b) of the MF Regulations:

- Any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities of associate companies and devolvement, if any.
- Subscription by the schemes in the issues lead managed by associate companies; and
- Subscription of securities by the Schemes to any issue on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.

c. Details of investments made by the schemes during the period in securities of any of the associate companies

d. Details pertaining to securities transactions during the period where associates are the counter parties.

e. Details with justification about purchase and sale of securities of the Sponsor, group companies or associates of the Sponsor or AMC during the quarter.

f. Confirm that no investment by mutual fund scheme is made in any unlisted or privately placed securities of an associate or group company of the sponsor.

g. Investments/ redemption by the AMC, Sponsor, any associate or group company of the Sponsor in any of the schemes during the quarter.

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H. TREATMENT OF CORPORATE ACTIONS[500]

(i) Involuntary corporate actions: In case of corporate actions where investors have no choice in the matter, for example: *demerger of companies,* etc., the compliance status of RGESS demat account shall not change.

(ii) Voluntary corporate actions: In case of corporate actions where investors have the option to exercise his choice and thereby result in debit of securities, for example: *buy-back,* etc., the same shall be considered as a sale transaction for the purpose of the scheme.

Consolidated list of 'corporate actions'

Sr. No.	Corporate Action	Classification (Involuntary or Voluntary)
1	Amalgamation	Involuntary
2	Scheme of Arrangement	Involuntary
3	Reduction of Capital	Involuntary
4	Bonus issue	Involuntary
5	Buy Back of Shares	Voluntary (Involuntary in case of court intervention)
6	Stock Split	Involuntary
7	Consolidation of Shares	Involuntary
8	Conversion of Partly Paid up	Involuntary
9	Dividend [Final/ Interim/ Special]	Involuntary
10	Exchange of Share Certificate [Name change]	Involuntary
11	Rights Issue	Voluntary
12	Conversion (compulsory)*	Involuntary
13	Conversion (optionally)*	Involuntary
14	Redemption	Involuntary (voluntary, if there is option to continue with revised terms)
15	Dividend on Mutual Fund	Involuntary
16	Redemption of Mutual Fund	Involuntary on maturity (voluntary, if there is option to shift between different scheme(s) or on account of exit option due to change in fundamental attributes of scheme)

* Considering any conversion into equities (e.g.: Conversion of warrants into equities)

[500] SEBI Circular No.CIR/MRD/DP/32/2012 dated December 6, 2012

I. FORMAT FOR OVERSEAS INVESTMENTS REPORT[501]

Overseas Investments Report as on DD/MM/YYYY

New Fund Offers (NFOs) - Overseas Investments (other than Overseas ETFs)

Name of the Mutual Fund (1)	Name of the Scheme (2)	Intended Investment as disclosed in Scheme Documents (in USD mn) (3)	Date of Completion of NFO (4)	Date of Completion of 6 calendar months from (4) (5)	Limit utilized as at the month end DD/MM/YYYY (in USD mn) (6)	Unutilized Balance Amount (in USD mn) (7)

New Fund Offers (NFOs) – Overseas ETFs

Name of the Mutual Fund (1)	Name of the Scheme (2)	Intended Investment as disclosed in Scheme Documents (in USD mn) (3)	Date of Completion of NFO (4)	Date of Completion of 6 calendar months from (4) (5)	Limit utilized as at the month end DD/MM/YYYY (in USD mn) (6)	Unutilized Balance Amount (in USD mn) (7)

[501] SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/225 dated November 05, 2020

Ongoing Schemes

Particulars	Name of the Mutual Fund (1)	Limit utilized as at the end of previous month DD/MM/YYYY (in USD mn) (2)	Average AUM for previous three calendar months (3)	Additional limit/ Headroom available based on 20% of (3) (4)	Limit utilized as at the month end DD/MM/YYYY (in USD mn) (5)	% of the (5) on maximum entitled investment limit (6)	Unutilized Balance Amount (in USD mn) (7)
Overseas Investments (other than Overseas ETFs)							
Overseas ETFs							

J. FORMAT FOR REPORTING OF ALL TRANSACTION IN DEBT AND MONEY MARKET SECURITIES[502]

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
Sr.No	Name of the Security	ISIN (If applicable, otherwise keep it blank)	Type of security #	Most Conservative Rating of Security at the time of transaction (If applicable, otherwise keep it blank)	Name of Rating Agency	Transaction Type (Buy/Sell)	Listed status of security ##	Mutual Fund Name	Scheme Name	Type of Scheme $	Final Maturity Date $$	Residual days to Final Maturity	Deemed Maturity date @	Trade Date $$	Settlement Date $$	Quantity traded	Face Value Per Unit (In INR)	Price at which Traded @@ (In INR)	Total Interest Accrued for the transaction, if any (In INR)	Value of the Trade U={(Q*R*S/100)+T)	Yield at which Traded*	Yield at which Valued**	Type of trade***

Nomenclature of "Type of security" shall be strictly mentioned as Commercial Paper, Certificate of Deposit, Corporate Bond, Debentures, Securitised Debt, Zero Coupon Bonds, AT1 Bond, Government Bonds (Include State Development Loans, special purpose bonds such as Uday Bonds, Fertilizer Bonds, etc), Tresury Bills, Cash Management Bills, Bill Rediscounting Scheme, Corporate Bond Repo, Reverse Repo, TREPS, Others (please specify)

Nomenclature of "Listed status of security" shall be strictly mentioned as Listed, Unlisted, Awaiting Listing, Not Applicable

$ Nomenclature of "Type of scheme" shall be strictly mentioned as Close ended, Open ended, Interval

$$ All date formats should be in DD-MM-YYYY

@ Deemed Maturity date may be "put or/and call date" or "coupon reset date" etc. whichever is used for pricing

@@ Please mention Clean price per 100 Rupee atleast upto 6 decimal places (In case of Zero Coupon Bonds please mention dirty price per 100 Rupee)

* Please mention traded yield in percentage term atleast upto 4 decimal

** Yield at which said security valued on previous day in NAV in case of security already held by any scheme of the Mutual Fund and yield at which said security valued at the end of day in NAV in case of first time buy. Please mention traded yield in percentage term atleast upto 4

Decimal

*** Inter Scheme Transfer/Primary/Secondary through market/ Secondary through off-market/Buyback/Other (Specify)

[502] SEBI circular no. Cir/IMD/DF/6/2012 dated February 28, 2012, SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017 and SEBI/HO/IMD/DF4/CIR/P/2020/163 dated September 01, 2020

K. INVESTMENT VALUATION NORMS FOR MUTUAL FUNDS [503]

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 format below to the agency recommended by AMFI. Submission of data would help in daily matrix generation, would improve uniformity and accuracy of valuation in the mutual funds industry.

Date Of Transaction	Coupon	Security Name	Security Type	Staggered Redemption/Maturity Dates	Staggered Redemption /Maturity Values	Rating	Put/Call Option Dates	Put/Call Option Values	Interest Payment Dates	Volume (in Rs. Crs)	Clean Price	YTM (Annualised)
			NCD									
			Mibor Linked									
			CP									

[503] SEBI Cir No - MFD/CIR.No 23 / 066 /2003 dated March 7, 2003

4. FINANCIALS

A. HALF YEARLY FINANCIAL RESULTS FOR THE YEAR ENDED[504]

HALF YEARLY FINANCIAL RESULTS FOR THE PERIOD ENDED_________

SR.NO	PARTICULARS	SCHEME NAMES
1.1 1.2	Unit Capital at the beginning of the half year period [Rs. in Crores] Unit Capital at the end of the period [Rs. in Crores]	
2	Reserves & Surplus [Rs. In Crores]	
3.1 3.2	Total Net Assets at the beginning of the half year period [Rs. in Crores] Total Net Assets at the end of the period [Rs. in Crores]	
4.1 4.2 4.3	NAV at the beginning of the half year period [Rs.] NAV at the end of the period [Rs.] Dividend paid per unit during the half-year [Rs.]	
	Income	

[504] MFD/CIR/1/200/2001 dated April 20,2001

5.1 5.2 5.3 5.4 5.5 5.6	Dividend [Rs. in Crores] Interest [Rs. in Crores] Profit/(Loss) on sale/redemption of investments (other than inter scheme transfer/sale) [Rs. in Crores] Profit/(Loss) on inter-scheme transfer/sale of investments [Rs. in Crores] Other Income (indicating nature) [Rs. in Crores] Unrealized Gain/(Loss) [Rs. In Crores] **Total Income (5.1 to 5.6) [Rs. in Crores]**	
6.1 6.2 6.3 6.4 6.5	Expenses - Commission (including GST) - Other expenses (including GST) Management Fees (including GST) [Rs. in Crores] Trustee Fees (including GST) [Rs. in Crores] Brokerage & Transaction Cost (including GST) [Rs. in Crores] Total Recurring Expenses (including 6.1 to 6.4) [Rs. in Crores] *(separately disclose for direct plan and regular plan)*[505] Percentage of Management Fees to daily net assets at plan level for the half year [% p.a.] **Total Recurring expenses as a percentage of daily net assets [%] at plan level**	
7.1 7.2	Returns during the half-year * [(+) (-)] Compounded Annualised yield in case of schemes in existence for more than 1	

[505] SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2024/150 dated November 05, 2024

	Year ** i. Last 1 year [%] ii. Last 3 years [%] iii. Last 5 years [%] iv.Since launch of the scheme (date of launch to be given) [%] (*separately disclose for direct plan and regular plan)*[506]	
8	Provision for Doubtful Income/Debts [Rs. in Crores]	
9	Payments to associate/group companies (if applicable) [Rs. in Crores]	
10	Investments made in associate/group companies (if applicable) [Rs. in Crores]	

Considering the movement of NAV during the half year and after adjustment of dividend, bonus, etc.

** For the calculation of compounded annualized yield, the procedure prescribed in Standard Offer Document shall be followed. All performance calculations shall be based only on NAV and the payouts to the unit holders. The calculation of returns shall assume that all payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. The type of plan/option of the scheme for which yield is given shall also be mentioned.

Notes:

1. Effect of changes in the accounting policies on the above items to be disclosed by way of notes.
2. Details of transactions with associates in terms of Regulation 22(5)(b), if applicable, to be given by way of note.
3. Details of investments made in companies which have invested more than 5% of the NAV of a scheme in terms of Regulation 22(6), if applicable, to be given as a note.

[506] SEBI Circular No. SEBI/HO/IMD/PoD1/CIR/P/2024/150 dated November 05, 2024

4. Details of large holdings (over 25% of the NAV of the scheme), if applicable, including information about the no. of such investors and total holdings by them in percentage terms, to be given as a note.
5. Borrowings if any, above 10% of the net assets of any scheme of a mutual fund to be disclosed.
6. Exposure if any, of more than 10% of the net assets of any scheme of a mutual fund investing in derivative products to be disclosed.
7. All other disclosures as specifically stipulated in the SEBI (Mutual Funds) Regulations, 2026, amended from time to time.
8. Performance of benchmark indices shall be disclosed below the returns of specific schemes for the same period. Mutual Funds can give the performance of more than one benchmark index also, if they so desire. Mutual funds may also give the perception of the management on the performance of their schemes[507].
9. Scheme wise percentage of investments made in foreign securities shall be disclosed as a footnote[508].

[507] SEBI Circular - SEBI/MFD/CIR No. 6 / 12357 /03 June 26, 2003

[508] SEBI Circular – SEBI/IMD/Cir No 7/104753/07 dated September 26, 2007

B. ABRIDGED SCHEME-WISE ANNUAL REPORT FORMAT[509]

Auditors' Report

Append the Auditors' Report to the financial statements of schemes, drawn up in conformity with SEBI (Mutual Funds) Regulations, 2026.

ABC Mutual Fund

Address

Trustee Report

1 Scheme Performance, Future Outlook and Operations of the Schemes

Brief commentary on the scheme's one year and since inception performance vis-à-vis the benchmark. Performance to be as of the period / year end. Future Outlook of the Fund and Operations of the Schemes.

2 Brief background of Sponsors, Trust, Trustee Co. and AMC co.

a.__________Mutual Fund

_______________ Mutual Fund (_____MF) was set up as a Trust by the Settlers, _______________ on _______________ with _____________Trustee Company (the Trustee Company) as a Trustee in accordance with the provisions of the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated _____________ with _____________ Ltd. (the AMC) to function as the Investment Manager for all the Schemes of ___MF. ____MF was registered with SEBI on ____________.

b.___________Trustee Company

509 SEBI Circular No. IMD/CIR No.8/132968/2008 dated July 24, 2008

The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies

3 Investment Objectives of the Schemes

4 Significant Accounting Policies: a Note confirming that "Accounting policies are in accordance with Securities Exchange Board of India (Mutual Fund) Regulations 2026." Deviation, if any, should be reported.

5 Unclaimed Dividends & Redemptions

Summary of No. of Investors & Corresponding amount scheme wise

	Unclaimed Dividends		Unclaimed Redemptions	
Scheme	Amount (Rs.)	No. of Investors	Amount (Rs.)	No. of Investors
Scheme A				
Scheme B				

6 Statutory Information:

a. The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. ___________ for setting up the Fund, and such other accretions / additions to the same.

b. The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

c. Full Annual Report shall be disclosed on the website (www...........) and shall be available for inspection at the Head Office of the mutual fund. Present and prospective unit holder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.

For ____ Trustee Company

Director

Place:

Date:

ABC MUTUAL FUND

Address

Abridged Balance Sheet as at

____

Rupees in Lakhs

		Scheme A		Scheme B		Scheme C	
		As at Current Year	As at Previous Year	As at Current Year	As at Previous Year	As at Current Year	As at Previous Year
	LIABILITIES						
1	**Unit Capital**						
2	**Reserves & Surplus**						
2.1	Unit Premium Reserves						
2.2	Unrealised Appreciation Reserve						
2.3	Other Reserves						
3	**Loans & Borrowings**						
4	**Current Liabilities & Provisions**						
4.1	Provision for doubtful Income/Deposits						
4.2	Other Current Liabilities & Provisions						
	TOTAL						
	ASSETS						

1	**Investments**							
1.1.	**Listed Securities:**							
1.1.1	Equity Shares							
1.1.2	Preference Shares							
1.1.3	Equity Linked Debentures							
1.1.4	Other Debentures & Bonds							
1.1.5	Securitised Debt securities							
1.2	**Securities Awaited Listing:**							
1.2.1	Equity Shares							
1.2.2	Preference Shares							
1.2.3	Equity Linked Debentures							
1.2.4	Other Debentures & Bonds							
1.2.5	Securitised Debt securities							
1.3	**Unlisted Securities**							
1.3.1	Equity Shares							
1.3.2	Preference Shares							
1.3.3	Equity Linked Debentures							
1.3.4	Other Debentures & Bonds							
1.3.5	Securitised Debt securities							
1.4	Government Securities							
1.5	Treasury Bills							
1.6	Commercial Paper							
1.7	Certificate of Deposits							
1.8	Bill Rediscounting							
1.9	Units of Domestic Mutual Fund							
1.10	Foreign Securities							

	Total Investments						
2	**Deposits**						
3	Other Current Assets						
3.1	Cash & Bank Balance						
3.2	Triparty repo on Government securities or treasury bills / Reverse Repo Lending						
3.3	Others						
4	Deferred Revenue Expenditure (to the extent not written off)						
	TOTAL						

Notes to Accounts - Annexure I

ABC MUTUAL FUND

Address

Abriged revenue account for the year/ Period Ended _____

Rupees in Lakhs

		Scheme A		Scheme B		Scheme C	
		Current Year / Period ended ___	**Previous Year / Period Ended ___**	**Current Year / Period ended ___**	**Previous Year / Period ended ___**	**Current Year / Period ended ___**	**Previous Year / Period ended ___**
1	**INCOME**						
1.1	Dividend						

1.2	Interest			
1.3	Realised Gain / (Loss) on Foreign Exchange Transactions			
1.4	Realised Gains / (Losses) on Interscheme sale of investments			
1.5	Realised Gains / (Losses) on External sale / redemption of investments			
1.6	Realised Gains / (Losses) on Derivative Transactions			
1.7	Other Income[1]			
	(A)			
2	**EXPENSES[2]**			
2.1	Management fees			
2.2	Goods & Service Tax on Management fees			
2.3	Transfer agents fees and expenses			
2.4	Custodian fees			
2.5	Trusteeship fees			
2.6	Commission to Agents			
2.7	Marketing & Distribution expenses			
2.8	Audit fees			
2.9	Other operating expenses			
	(B)			
3	**NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD (A -B = C)**			

4	Change in Unrealised Depreciation in value of investments (D)[3]			
5	**NET GAINS / (LOSSES) FOR THE YEAR / PERIOD (E=(C-D))**			
6	Change in unrealised appreciation in the value of investments (F)[4]			
7	**NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD (E + F = G)**			
7.1	Add: Balance transfer from Unrealised Appreciation Reserve			
7.2	Less: Balance transfer to Unrealised Appreciation Reserve			
7.3	Add / (Less): Equalisation			
8	**Total**			
9	**Dividend appropriation**			
9.1	Income Distributed during the year / period			
9.2	Tax on income distributed during the year / period			
10	**Retained Surplus / (Deficit) carried forward to Balance sheet**			

Notes to Accounts - Annexure I

<u>Guidance Note</u>

1 : Provide details of significant items indicating nature & corresponding amount in Notes to accounts

2 : State in the notes to accounts that expenses other than management fee is inclusive of Goods & Service Tax where applicable.
3. Unrealized Depreciation to be computed by each asset category and shown on an aggregated basis. This should take into account change in unrealized depreciation for the year/period and write back of unrealized depreciation provided in the previous year end.

4. Unrealized Appreciation to be computed by each asset category and shown on an aggregated basis. This should take into account change in unrealized appreciation for the year/period and write off of unrealized appreciation provided in the previous year end.

ABC Mutual Fund

Address

Notes to Accounts - Annexure I to the Abridged Balance Sheet and Revenue Account for the Year / Period ended _____________

1 Investments: -

1.1. Note confirming that Investments of the Schemes are registered in the name of the Trustees for the benefits of the Schemes Unitholders.

1.2. Open Position of derivatives (outstanding market value & % to Net Assets as of the Year end).

1.3. Investments in Associates and Group Companies: Provide details of issuer, nature of instruments, amount, aggregate investments by all schemes.

1.4. Open position of Securities Borrowed and / or Lend by the scheme.

1.5. Details of securities classified as below investment grade or default[510]: Aggregate market value and provision thereof.

1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Year / Period and percentage to net assets.

1.7. Aggregate Value of Purchase and Sale with Percentage to average assets.

1.8. Non-Traded securities in the portfolio: Provide Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets.

2 Details of Transaction with Associates under Regulation 22(5)(b). Provide details of name of associate, nature of payment and amount

[510] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

3 **"Large Holdings in the Scheme (i.e. in excess of 25% of the net assets). Provide details of No. of Investors and total holdings by them in percentage terms."**

4 **Unit Capital movement during the year ended / period ended. Planwise details of movement in units - opening, subscription, redemption, closing. Indicate plan wise face value of units.**

5 **Prior Year Comparison - a suitable statement that prior year figures have been reclassified wherever necessary to conform to current years' presentation.**

6 **Contingent Liability. Provide details of nature and amount.**

Guidance Note: Provide corresponding previous year/period figures for all the above disclosures.

ABC MUTUAL FUND

Address

Key Statistics for the year / period ended _____________

	Scheme A		Scheme B		Scheme C	
	Current Year/ Period ended	Previous year/ Period ended	Current Year/ Period ended	Previous year/ Period ended	Current Year/ Period ended	Previous year/ Period ended
1. NAV per unit (Rs.):						
Open						
High						
Low						
End						
2. Closing Assets Under Management (Rs. in Lakhs)						
End						
Average (AAuM)						
3.Gross income as % of AAuM[1]						

4. Expense Ratio:						
a. Total Expense as % of AAuM (plan wise)						
b. Management Fee as % of AAuM (plan wise)						
5. Net Income as a percentage of AAuM[2]						
6. Portfolio turnover ratio[4]						
7. Total Dividend per unit distributed during the year / period (plan wise)						
8. Returns:						
a. Last One Year						
Scheme						
Plan ____						
Plan ____						
Benchmark						
b. Since Inception						
Scheme						
Plan ____						
Plan ____						
Benchmark						
1. Gross income = amount against (A) in the Revenue account i.e. Income.						
2. Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD						
3. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.						

4. AAuM=Average daily net assets

C. MONTHLY PORTFOLIO DISCLOSURE[511] [512] [513]

Name of the Mutual Fund:

Name of the scheme:

Portfolio Statement for the period ended __

Name of the instrument	Quantity	Mkt value (Rs in lakhs)	% to NAV
Equity & Equity related - (a) listed / awaiting listing on Stock Exchanges 1 2 3 **Total** (b) Unlisted 1 2 3 **Total**			
Debt Instruments - (a) listed/awaiting listing on stock exchanges <u>Rating</u>			

[511] SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017 and SEBI/HO/IMD/DF3/CIR/P/2020/130 dated July 22, 2020

[512] MFD/CIR/9/120/2000 dated November 24, 2000, MFD/CIR/14/18337/2002 dated September 19, 2002

[513] SEBI Circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010

1 2 3 Total (b) Privately Placed/Unlisted <u>Rating</u> 1 2 3 (C) Securitized Debt Instruments[514] Total			
Money Market Instruments 1 2 3 **Total**			
Interest Rate Derivatives (both IRS/IRF) [515] 1 2			

[514] SEBI Circular No. IMD/CIR No 8/132968/2008 dated July 24, 2008

[515] SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017

3 **Total**			
Others – cash etc. (please specify)			
Grand Total			

The portfolio disclosure for derivative positions including IRF[516] shall be made as follows:

Hedging Positions through Futures as on …

Underlying	Long / Short	Futures Price when purchased	Current price of the contract	Margin maintained in Rs. Lakhs
Total %age of existing assets hedged through futures				
For the period ended … specify the following for hedging transactions through futures which have been squared off/expired Total Number of contracts where futures were bought Total Number of contracts where futures were sold Gross Notional Value of contracts where futures were bought Gross Notional Value of contracts where futures were sold Net Profit/Loss value on all contracts combined				

Exposure created due to over hedging through futures (quantity of hedging position exceeding the quantity of existing position being hedged) shall be reported in the next table.

[516] SEBI Circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010 and SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017

Other than Hedging Positions through Futures as on…

Underlying	Long / Short	Futures Price when purchased	Current price of the contract	Margin maintained in Rs. Lakhs
Total exposure due to futures (non hedging positions) as a %age of net assets				
For the period ended … specify the following for non-hedging transactions through futures which have been squared off/expired Total Number of contracts where futures were bought Total Number of contracts where futures were sold Gross Notional Value of contracts where futures were bought Gross Notional Value of contracts where futures were sold Net Profit/Loss Value on all contracts combined				

Hedging Positions through Put Options as on …

Underlying	Number of Contracts	Option Price when purchased	Current Option Price
Total %age of existing assets hedged through put options			
For the period ended … specify the following for hedging transactions through options which have already been exercised/expired Total Number of contracts entered into Gross Notional Value of contracts Net Profit/Loss on all contracts (treat premium paid as loss)			

Exposure created due to over hedging through options (quantity of hedging position exceeding the quantity of existing position being hedged) shall be reported in the next table.

Other than Hedging Positions through Options as on …

<table>
<tr><td>Underlying</td><td>Call / Put</td><td>Number of contracts</td><td>Option Price when purchased</td><td>Current Price</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">Total Exposure through options as a %age of net assets</td></tr>
<tr><td colspan="5">For the period ended … with regard to non-hedging transactions through options which have already been exercised/expired specify:

Total Number of contracts entered into
Gross Notional Value of contracts
Net Profit/Loss on all contracts (treat premium paid as loss)</td></tr>
</table>

Hedging Positions through swaps as on …

Swaps should be disclosed separately as two notional positions in the underlying security with relevant maturities. For example, an interest rate swap under which a mutual fund is receiving floating rate interest and paying fixed rate will be treated as a long position in a floating rate instrument of maturity equivalent to the period until the next interest fixing and a short position in a fixed rate instrument of maturity equivalent to the residual life of the swap.

The following guidelines should be observed by the AMC when preparing the monthly portfolio statement for the unitholders:-

1. Entire portfolio irrespective of the quantity, market value and percentage to NAV of any scrip should be disclosed in descending order of weightage within each sub-group. If percentage to NAV of any security is less than 0.01%, it may be indicated by giving asterisk or any other mark instead of showing 0.00.
2. An asterisk/ suitable mark should be given against debt instruments which are below investment grade or default[517] in accordance with SEBI Regulations and guidelines.

[517] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

3. A double asterisk mark should be given against thinly traded/ non traded securities and illiquid securities as defined in SEBI Regulations and guidelines.
4. The following information may be given by way of footnotes:

    a. If a security is in default beyond its maturity date, then disclosure to this effect shall be provided. Such disclosure shall include details of the security including ISIN, name of security, value of the security considered under net receivables (i.e. value recognized in NAV in absolute terms and as % to NAV) and total amount (including principal and interest) that is due to the scheme on that investment. Further, this disclosure shall continue till the value of the security recognized in the NAV is received or for a period of 3 years from the date of maturity of security, whichever is later.[518]
    b. Total value and percentage of illiquid equity shares.
    c. NAV at the beginning and end of the month and any dividend declared during the period.
    d. Total outstanding exposure in derivative instruments at the end of the period.
    e. Total investments in foreign securities/ADRs/GDRs at the end of the period.

5. For Equity Oriented Schemes, in addition to the above, the following are required to be disclosed:
    a. Portfolio Turnover Ratio to be disclosed as a footnote.
    b. The name of the industry against the name of each security in accordance with industry classification as recommended by AMFI. The same industry classification may also be followed by the Mutual Funds while making disclosures of portfolios to investors, distributors and others, which are non statutory in nature.

6. For Debt Oriented Schemes, in addition to the above, the following are required to be disclosed

    a. Average maturity period to be disclosed as a footnote.

7. Monthly portfolio statements shall disclose all funds parked in short term deposit(s) under a separate heading. Details shall also include name of the bank, amount of funds parked, percentage of NAV[519].

    Further, all term deposits placed as margins for trading in cash and derivatives market shall be disclosed under a separate heading. Details shall include name of the bank, amount of term deposits, duration of term deposits, percentage of NAV[520].

[518] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated September 24, 2019

[519] SEBI/IMD/CIR No.1/91171/07 dated April 16, 2007

[520] SEBI Circular No. SEBI/IMD/Cir No.7/129592/08 dated June 23, 2008.

8. Investments in foreign securities shall be disclosed in the prescribed format under a separate heading "Foreign Securities and/or overseas ETF(s)"[521]
9. The format of monthly portfolio statement shall reflect the investment in ETCDs. [522]

[521] SEBI Cir SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007

[522] SEBI Cir SEBI/HO/IMD/DF2/CIR/P/2019/65 dated May 21, 2019

D. DISCLOSURE OF MONTHLY AAUM[523]

D.1 Format For MAAUM Disclosure:

[523] SEBI Circular CIR/IMD/DF/05/2014 dated March 24, 2014, SEBI Circular CIR/IMD/DF/07/2014 dated April 2, 2014 and SEBI Circular SEBI/HO/IMD/DF2/CIR/P/2018/16 dated February 02, 2018.

Sl. No.	Scheme Category/ Scheme Name	Through Direct Plan	Through Associate Distributors	Through Non - Associate Distributors	GRAND TOTAL
		XYZ Mutual Fund : Net Average Assets Under Management (AAUM) as on _______________ (All figures in Rs. Crore)			
		T30: I (1, 2, 3, 4, 5), II (1, 2, 3, 4, 5); B30: I (1, 2, 3, 4, 5), II (1, 2, 3, 4, 5)	T30: I (1, 2, 3, 4, 5), II (1, 2, 3, 4, 5); B30: I (1, 2, 3, 4, 5), II (1, 2, 3, 4, 5)	T30: I (1, 2, 3, 4, 5), II (1, 2, 3, 4, 5); B30: I (1, 2, 3, 4, 5), II (1, 2, 3, 4, 5)	
A	**Open ended Schemes**				
I	**Debt Schemes**				
i.	Overnight Fund				
ii.	Liquid Fund				
iii.	Ultra Short Term Fund				
iv.	Ultra Short to Short Term Fund				
v.	Money Market Fund				
vi.	Short Term Fund				
vii.	Medium Term Fund				
viii.	Medium to Long Term Fund				
ix.	Long Term Fund				
x.	Dynamic Term Fund				
xi.	Corporate Bond Fund				
xii.	Credit Risk Fund				
xiii.	Banking and PSU Debt Fund				
xiv.	Gilt Fund				
xv.	10 year constant maturity Gilt Fund				
xvi.	Floating Interest Rates Fund				
xvii.	Sectoral Fund				
	Sub total - I				
II	**Equity Schemes**				
i.	Multi Cap Fund				
ii.	Large Cap Fund				
iii.	Large & Mid Cap Fund				
iv.	Mid Cap Fund				
v.	Small Cap Fund				
vi.	Dividend Yield Fund				
vii.	Value Fund				
viii.	Contra Fund				
ix.	Focused Fund				
x.	Sectoral Fund				
xi.	Thematic Fund				
xii.	ELSS – Tax Saver Fund				
xiii.	Flexi Cap Fund				
	Sub total - II				
III	**Hybrid Schemes**				
i.	Conservative Hybrid Fund				
ii.	Balanced Hybrid Fund				
iii.	Aggressive Hybrid Fund				
iv.	Dynamic Asset Allocation				
v.	Multi Asset Allocation Fund				
vi.	Arbitrage Fund				
vii.	Equity Savings Fund				
	Sub total - III				
IV	**Life Cycle Funds**				
i.	Life Cycle Funds				
	Sub total - IV				
V	**Other Schemes**				
i.	Index Funds				
ii.	Gold ETFs				
iii.	Silver ETFs				
iv.	Other ETFs				
v.	Fund of funds investing overseas				
	Sub total - V				
	Total A-Open ended Schemes				
B	**Close Ended Schemes**				
I	**Debt Schemes**				
i.	Fixed Term Plan				
ii.	Infrastructure Debt Fund				
iii.	Other Debt Schemes				
	Sub total - I				
II	**Equity Schemes**				
i.	ELSS				
ii.	Other Equity Schemes				
	Sub total - II				
III	**Other Schemes**				
	Total B -Close ended Schemes				
C	**Interval Schemes**				
I	**Debt Schemes**				
II	**Equity Schemes**				
III	**Other Schemes**				
	Total C -Interval Schemes				
	Grand Total				
	Fund of Funds Scheme (Domestic)				

T30 : Top 30 cities as identified by AMFI
B30 : Other than T30
I : Contribution of sponsor and its associates in AUM
II : Contribution of other than sponsor and its associates in AUM

Category of Investor
1 : Retail Investor
2 : Corporates
3 : Banks/FIs
4 : FIIs/FPIs
5 : High Networth Individuals

D.2 Format for State Wise/ Union Territory Wise contribution to AUM of category of schemes:

Table showing State wise /Union Territory wise contribution to AUM of category of Schemes as on____												
XYZ Mutual Fund (All figures in Rs. Crores)												
Sl. No.	Name of the States/ Union Territories	LIQUID SCHEMES (I.E. LIQUID, OVERNIGHT AND MONEY MARKET	OTHER DEBT SCHEMES	EQUITY SCHEMES	HYBRID FUNDS	FUND OF FUNDS INVESTING OVERSEAS	GOLD EXCHANGE TRADED FUND	SILVER EXCHANGE TRADED FUND	OTHER EXCHANGE TRADED FUND	INDEX FUNDS	TOTAL	FUND OF FUNDS INVESTING DOMESTIC
1	Andaman and Nicobar Islands											
2	Andhra Pradesh											
3	Arunachal Pradesh											
4	Assam											
5	Bihar											
6	Chandigarh											
7	Chhattisgarh											
8	Dadra and Nagar Haveli											
9	Daman and Diu											
10	Goa											
11	Gujarat											
12	Haryana											
13	Himachal Pradesh											
14	Jammu and Kashmir											
15	Jharkhand											
16	Karnataka											
17	Kerala											
18	Ladakh											
19	Lakshadweep											
20	Madhya Pradesh											
21	Maharashtra											
22	Manipur											
23	Meghalaya											
24	Mizoram											
25	Nagaland											
26	New Delhi											
27	Orissa											
28	Others											
29	Pondicherry											
30	Punjab											
31	Rajasthan											
32	Sikkim											
33	Tamil Nadu											
34	Telangana											
35	Tripura											
36	Uttar Pradesh											
37	Uttarakhand											
38	West Bengal											
TOTAL												

Note: Name of new states / union territories shall be added alphabetically

E. FORMATS FOR FINANCIAL STATEMENTS OF THE MUTUAL FUND SCHEMES AS PER INDIAN ACCOUNTING STANDARDS (IND AS) [524]

Contents of scheme-wise Balance Sheet (at Scheme level)

Rupees in Lakhs

Particulars	**Note No.**	**Figures as at the end of current reporting period**	**Figures as at the end of previous reporting period**
Assets			
Financial Assets			
Cash and cash equivalents	1		
Balances with Bank/(s)	2		
Derivative financial instruments	3		
Receivables	4		
Investments	5		
Other Financial assets	6		
Non-Financial Assets			
Investment Property	7		
Other Non -Financial assets	8		
Total Assets (A)			
Financial Liabilities			
Derivative financial instruments	9		
Payables	10		
Borrowings	11		
Other Financial Liabilities	12		
Non-Financial Liabilities			

[524] SEBI Circular no SEBI/HO/IMD-II/DOF8/P/CIR/2022/12 dated February 04, 2022 (effective from April 1, 2023).

Provisions			
Other Non-Financial Liabilities	13		
Total Liabilities (B)			
Net assets attributable to holder of redeemable units			
The Notes referred to herein form an integral part of the Balance Sheet			

<u>Statement of changes in net asset attributable to unit holders of scheme:</u>

Rupees in Lakhs

Figures for the current reporting Period

Particulars	**Unit Capital (Rs.)**	**Reserves & Surplus (Rs.)**				**Total (Rs.)**
		Unit Premium Reserves	**Unrealised Appreciation Reserves**	**Revenue Reserves**	**Other Reserves (to be specified)**	
Balance at the beginning of the reporting period						
Changes in accounting policy/prior period errors						
Movement during the reporting period						
Transfer from/ to Revenue account						
Equalisation Account						
Surplus distribution						
Others (to be specified)						
Balance at the end of the reporting period						

Figures for the previous reporting Period

Particulars	Unit Capital (Rs.)	Reserves & Surplus (Rs.)				Total (Rs.)
		Unit Premium Reserves	Unrealised Appreciation Reserves	Revenue Reserves	Other Reserves (to be specified)	
Balance at the beginning of the reporting period						
Changes in accounting policy/prior period errors						
Movement during the reporting period						
Transfer from/ to Revenue account						
Equalisation Account						
Surplus distribution						
Others (to be specified)						
Balance at the end of the reporting period						

Movement of Unit Capital

Rupees in Lakhs

Particulars	**Figures for the current reporting period**		**Figures for the previous reporting period**	
	No of Units	**(Rs.)**	**No of Units**	**(Rs.)**
Balance of unit capital at the beginning of the reporting period				
New fund / plan offer during period, Capital issued during period (including dividend reinvestment) etc.				
Redemptions during the period				
Balance of unit capital at the end of the period				

Note: Provide break-up of unit capital plan/option wise.

Contents of Revenue Account (at Scheme level)

Rupees in Lakhs

Particulars	**Note No.**	**Figures for the current reporting Period**	**Figures for the previous reporting period**
Income			

Interest Income			
Dividend Income			
Rental Income			
Gain on fair value changes	14		
Gain on Sale/Redemptions of Investments	15		
Others (to be specified)			
Total Income (A)			
Expenses			
Finance Costs			
Fees and commission expenses	16		
Loss on fair value changes	17		
Loss on Sale/Redemptions of Investments	18		
Others (to be specified)	19		
Total Expense (B)			
Surplus/ Deficit for the Reporting Period (A-B)			
The Notes referred to herein form an integral part of the Revenue Account			

Notes to Balance Sheet and Revenue Account

Note 1

Cash and cash equivalents

Particulars	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
Reverse repurchase transactions / Triparty Repo (TREPs) etc.		
Cash on Hand		
Total		

Note 2

Balances with Bank/(s) #

Particulars	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
Balances with banks in current account		
Deposits with scheduled banks - (Specify the nature as ASBA deposits, Margin deposits etc.)		
Others (to be specified)		
Total		

Note 3

Derivative financial instruments receivable

Particulars	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
Stock Futures/ Options		
Index Futures/ Options		
Commodity Futures/Options		
Interest Rate Futures/ Swaps		
Currency Futures		

Others (to be specified)		
Total		

Note 4

Receivables #

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Contracts for sale of investments in securities		
Receivable from AMC		
Receivable from other schemes of Mutual Fund		
Others (to be specified)		
Total		

Note 5
Investments

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Equity shares		
Preference shares		
Debentures/bonds		
Central and State Government Securities		
Treasury bills		
Commercial Paper		
Certificate of Deposits		
Units of Domestic Mutual Fund		
Commodities (Gold, Silver etc.)		
Foreign Securities		
Exchange Traded Funds (ETFs)		

Infrastructure Investment Trust units (INVITS)		
Real Estate Investment Trust (REITs)		
Calls paid in advance		
Securitized Assets		
Others (to be specified)		
Total		

Wherever applicable, the assets shall be further classified according to its nature such as

- Listed/Awaiting listing/ Unlisted
- Convertible/Non-convertible
- Investment Grade/Below Investment Grade

Note 6

Other Financial assets #

Particulars	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
Interest Accrued		
Dividend Receivable		
Margin money		
Shares/debentures application money, pending allotment		
Others (to be specified)		
Total		

Note 7

Non-Financial Assets - Investment Property

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Real Estate Assets		
Residential *		
Commercial *		
Others (to be specified)		
Total		

* Shall be sub-classified on the basis of developers, location and project. Particulars shall include area, cost, fair value, basis of fair value, and legal disputes, etc. Specify non- performing Investment properties separately.

Note 8

Other Non - Financial assets #

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Fixed Assets @		
Tax credit receivable		
Others (to be specified)		
Total		

@ Depreciated cost of the Fixed Assets as a whole or net block may be disclosed.

Allowances for the impairment loss/doubtful receivable/diminution in the value of the assets shall be disclosed under relevant heads of this notes.

Note 9

Derivative financial instruments payable

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Stock Futures/ Options		
Index Futures/ Options		
Commodity Futures/Options		
Interest Rate Futures/ Swaps		
Currency Futures		
Others (to be specified)		
Total		

Note 10
Payables

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Contract for purchase of investments in securities		
Income distribution payable		
Payable to AMC		
Payable to other schemes of Mutual Fund		
Payable on redemption of units		
Others (to be specified)		
Total		

Note 11

Borrowings

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Loans/Borrowings		

From Reserve Bank of India		
From Settlor/Sponsor		
From other Commercial Banks		
From Tripary Repo (TREPs)		
From others (to be specified)		
Total		

If the above loans/borrowings are secured, the nature and extent of security should be disclosed.

Loans/Borrowings by the scheme with amount, rate of interest, source and other terms shown separately, source-wise.

Note 12

Other Financial Liabilities

Particulars	Figures as at the end of current reporting period	Figures as at the end of the previous reporting period
Finance Cost on Loans/Borrowing/(s)		
Management Fees Payable		
Trusteeship Fees Payable		
Commission to Distributors Payable		
Custodian Fees and Expenses Payable		
Registrar Fees and Expenses Payable		
Marketing/Publicity/Advertisement Expenses Payable		
Audit Fees Payable		
Investor Communication Expense Payable		
Investor Education & Awareness Expenses Payable		
Brokerage & Transaction Costs Payable		
Unclaimed dividend/income distribution		
Unclaimed redemptions		
Sundry Creditors		

Others (to be specified)		
Total		

Note 13

Other Non-Financial Liabilities

Particulars	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
Statutory taxes payable		
Others (to be specified)		
Total		

Note 14

Gain on fair value changes

Particulars	**Figures for the current reporting Period**	**Figures for the previous reporting period**
Gross change on account of Gain on fair value changes (MTM)		
Gross change on account of Gain on fair value changes - Derivative Instruments (MTM)		
Change in unrealised gain in the value of investments due to foreign exchange fluctuation		
Others (to be specified)		
Total		

Note 15

Gain on Sale/Redemptions of Investments

Particulars	Figures for the current reporting Period	Figures for the previous reporting period
Profit on sale/redemption of investments (Gross)		
Profit on inter-scheme sale of Investments (Gross)		
Profit on derivatives transactions (Gross)		
Profit on sale of real estate assets		
Profit on inter-scheme sale of real estate assets (Gross)		
Others (to be specified)		
Total		

Note 16

Fees and commission expenses

Particulars	Figures for the current reporting Period	Figures for the previous reporting period
Management Fees		
GST on Management Fees		
Trusteeship Fees		
GST on Trusteeship Fees		
Commission to Distributors		
GST on Commission to Distributors		
Total		

Note 17

Loss on fair value changes

Particulars	Figures for the Current reporting Period	Figures for the previous reporting period
Gross change on account of Gain on fair value changes (MTM)		
Gross change on account of Gain on fair value changes - Derivative Instruments (MTM)		
Change in unrealised gain in the value of investments due to foreign exchange fluctuation		
Others (to be specified)		
Total		

Note 18

Loss on Sale/Redemptions of Investments

Particulars	Figures for the current reporting Period	Figures for the previous reporting period
Loss on sale/redemption of investments (Gross)		
Loss on inter-scheme sale of Investments (Gross)		
Loss on derivatives transactions (Gross)		
Loss on exchange rate fluctuation		
Loss on sale of real estate assets		
Loss on inter-scheme sale of real estate assets (Gross)		
Others (to be specified)		
Total		

Note 19

Expenses – Others

Particulars (inclusive of applicable statutory levies)	Figures for the current reporting Period	Figures for the previous reporting period
Custodian Fees and Expenses		
Registrar Fees and Expenses		
Marketing/Publicity/Advertisement Expenses		
Audit Fees		
Investor Communication Expenses		
Investor Education Awareness and Financial Inclusion related expenses		
Brokerage & Transaction Costs		
Insurance & Security Expenses		
Statutory Taxes		
Registration and local charges		
Other Operating expenses		
Others (to be specified)		
Total		

<u>Notes</u>

(i) All disclosures required by Indian Accounting Standards (IND AS) shall be applicable with respect to preparation of annual statements of accounts of the schemes, shall form part of notes to account.

(ii) Accounting policy in respect of recognition of revenue and income from investments (including dividend and interest in case of securities and rental income in case of real estate asset) shall be disclosed by way of a note.

(iii) If a security is in default beyond its maturity date, then disclosure to this effect shall be provided. Such disclosure shall include details of the security including ISIN, name of security, value of the security considered under net receivables (i.e. value recognized in NAV in absolute terms and as % to NAV) and total amount (including principal and interest) that is due to the scheme on that investment. Further, this disclosure shall continue till the value of the security recognized in the

NAV is received or for a period of 3 years from the date of maturity of security, whichever is later.

(iv) The total income and expenditure expressed as a percentage of average net assets, calculated on a Daily Average Net Asset basis should be indicated. Expenditure expressed as a percentage of average net assets should be at plan level.

(v) Accounting policy of valuation of Investments shall be disclosed.

(vi) Contingent liabilities disclosure should be made of all contingent liabilities, showing separately: -

(a) Underwriting commitments;

(b) Uncalled liability on partly paid shares;

(c) Other commitments; and

(d) Others (specifying details).

(vii) The Balance Sheet and the Revenue Account shall be signed by the Chief Executive Officer, Chief Operating Officer/Chief Finance Officer/ such other KMP as designated by Board of AMC who is responsible for preparation of financial statements, Chief Investment Officer, scheme wise fund manager/s, and the Board of Trustees, and reported upon by the Auditors. The financial statements of the scheme should be approved at a meeting of the Board of Directors of the Asset Management Company and also at a meeting of the trustees or in the case of a trustee company by the Board of Directors of the trustee company.

(viii) Disclosures as required by the Regulations or as may be prescribed by the Board from time to time shall form part of notes to accounts.

F. INDICATIVE FORMAT OF HALF-YEARLY CONSOLIDATED ACCOUNT STATEMENT[525]

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8		Col 9
Sr. No.	ISIN	Scheme Name	Folio No.	No. of units	NAV as	Cumulative Amount invested (in INR)	Market Value as on	Average Total Expense Ratio[1] (In % terms)		Gross commission paid to distributors[2] [3] *(in absolute terms)* (In INR)
								Regular	Direct	
a.		XYZ Equity Scheme- Growth - Direct Plan						NA		NA
b.		ABC Medium Term- Growth - Regular Plan							NA	
c.		DEF Long Term - Growth - Direct Plan						NA		NA
Total										

1: Total Expense Ratio (i.e. Base Expense Ratio + all other fees and charges) above represents the average of annualized total expense ratio charged in the respective schemes during the half-year period.

2: The gross commission in Col. 9 above includes all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors during the half-year period .... to .....

3: The commission in Col 9 above indicates gross commission received by the distributor against the respective investment and does not exclude costs incurred by distributors such as GST (wherever applicable, as per existing rates), operating costs, etc.

[525] Circular no. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016

5. STANDARD OFFER DOCUMENTS[526]

A. SCHEME INFORMATION DOCUMENT (SID)

//Front Cover Page//

SCHEME INFORMATION DOCUMENT

SECTION I

NAME OF THE SCHEME

(Type of Scheme)

1. Name and type of the scheme to be aligned with SEBI Circulars on Categorization and Rationalization of Mutual Fund Schemes,
2. As per SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, type of scheme to include PRC description
3. As per SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, the PRC matrix along with the mark for the cell in which the scheme resides shall be disclosed on front page of SID.
4. For Index Funds / Index ETF - Name of scheme shall include complete name of underlying Index.
5. For Index Funds / Index ETF - Name of scheme shall include complete name of underlying Index.
6. In case of FOF's where single fund is underlying (Feeder Funds): To include the complete name of the underlying fund in the name of the scheme
7. Product Labelling and Risk-o-meter of the Scheme and Benchmark should be disclosed
8. In case the scheme is listed/proposed to be listed (ETFs/close ended etc.), the Scrip Code issued by the stock exchange after listing to be mentioned below the Scheme Name.

[526] SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008

This product is suitable for investors who are seeking*:	Scheme Riskometer	Benchmark Riskometer (as applicable)
		As per AMFI Tier I Benchmark i.e. ……………… (as applicable)

- The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made

Offer for Units of Rs. -- each for cash
during the
New Fund Offer and Continuous offer for Units at NAV based prices

New Fund Offer Opens on: ____ New Fund Offer Closes on: __________________________ Scheme re-opens on: ____

Name of Mutual Fund :
Name of Asset Management Company :
Name of Trustee Company :
Addresses, Website of the entities

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of ___ Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on www.____. ***(website address).***

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website. **The Scheme Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated ___.

Note: The wording in italics is explanatory comments/instructions.

Instructions:

i. *A Mutual Fund is free to add any other disclosure, which in the opinion of the Trustees of the Mutual Fund (Trustees) or the Asset Management Company (AMC) is material for the investor, provided that such information is not presented in an incomplete, inaccurate or misleading manner. Care should be taken to ensure that inclusion of such information does not, by virtue of its nature, or manner of presentation, obscure or impede understanding of any information that is required to be included under the Scheme Information Document.*

ii. *Since investors who rely on the Scheme Information Document may not be sophisticated in legal or financial matters, care should therefore be taken to present the information in the Scheme Information Document in simple language and in a clear, concise and easily understandable manner.*

iii. *The scheme shall not have a name or title which may be deceptive or misleading. Scheme's name should be consistent with its statement of investment policy and the scheme name should be in line with SEBI circulars on categorization.*

iv. *The type of the scheme would mean whether the scheme is an equity scheme, debt scheme, hybrid scheme etc. and whether the scheme is open-ended, close-ended, an interval fund etc. and the scheme type should be in line with SEBI circular on categorization.*

v. *Scheme Information Document has two sections- Section I and Section II. While Section I contains scheme specific information that is dynamic, Section II contains elaborated provisions (including references to applicable Regulations/circulars/guidelines) with reference to information/disclosures provided in Section I.*

Part I. HIGHLIGHTS/SUMMARY OF THE SCHEME

Sr. No.	Title	Description
I.	**Name of the scheme**	• (As per SEBI circular on categorization and rationalization of mutual fund schemes) • Maturity/duration of scheme for close ended/Target maturity schemes to be mentioned in the name of the scheme
II.	**Category of the Scheme**	(As per SEBI circular on categorization and rationalization of mutual fund schemes)
III.	**Scheme type**	• Maturity/duration of scheme for close ended/Target maturity schemes to be mentioned (Specifying month and year will be sufficient.) • As per SEBI categorization circular – All Debt schemes to include PRC description in the scheme type
IV.	**Scheme code**	(To be disclosed after obtaining scheme code)
V.	**Investment objective**	Clear and concise Investment objective to be stated in SID and must be true to the scheme label. It shall contain statement "There is no assurance that the investment objective of the Scheme will be achieved"
VI.	**Liquidity/listing details**	Provide Liquidity provisions on ongoing basis. Listing details only to be provided if the scheme intends to list immediately after NFO
VII.	**Benchmark (Total Return Index)**	• As per AMFI Tier I benchmark • The name and the justification (specific to the scheme objective) for the use of benchmark index with which the performance of the scheme can be compared with. • Second Tier benchmark if applicable
VIII.	**NAV disclosure**	Mention only the Daily Disclosure timings on AMFI and AMC website. Further Details in Section II.
IX.	**Applicable timelines**	Timeline for • Dispatch of redemption proceeds, • Dispatch of IDCW (if applicable) etc.

X.	**Plans and Options** Plans/Options and sub options under the Scheme	**Plan- Direct Plan/Regular Plan Options under each Plan(s)** Growth Income Distribution cum Capital Withdrawal (IDCW) (include facilities if applicable) • Including Default option/ facility (as applicable) For detailed disclosure on default plans and options, kindly refer SAI.
XI.	**Load Structure**	**Exit Load:**
XII.	**Minimum Application Amount/switch in**	• During NFO: • On continuous basis:
XIII.	**Minimum Additional Purchase Amount**	
XIV.	**Minimum Redemption/switch out amount**	
XV.	**New Fund Offer Period** This is the period during which a new scheme sells its units to the investors.	NFO opens on: NFO closes on: Minimum duration to be 3 working days and will not be kept open for more than 15 calendar days Any changes in dates will be published through notice on AMC website i.e. …………. The NFO period in case of ELSS schemes shall continue to be governed by guidelines issued by Government of India.
XVI.	**New Fund Offer Price:** This is the price per unit that the investors have to pay to invest during the NFO.	price per unit
XVII.	**Segregated portfolio/side pocketing disclosure**	Confirmation/disclosure statement only. For Details, kindly refer SAI
XVIII.	**Swing pricing disclosure**	Confirmation/disclosure statement only. For Details, kindly refer SAI
XIX.	**Stock lending/short selling**	Confirmation/disclosure statement only. For Details, kindly refer SAI
XX.	**How to Apply and other details**	Summary of process only. Details in section II

XXII.	**Investor services**	• Contact details for general service requests: • Contact details for complaint resolution:
XXIII	**Specific attribute of the scheme (such as lock in, duration in case of target maturity scheme/close ended schemes) (as applicable)**	
XXIV	**Special product/facility available during the NFO and on ongoing basis**	Briefly describe the facilities/products Available Facilities like: • Systematic Investment Plan • Systematic Transfer Plan • Systematic Withdrawal Plan • For further details of above special products / facilities, For Details, kindly refer SAI
XXV.	**Weblink**	A weblink wherein TER for last 6 months, Daily TER as well as scheme factsheet shall be made available.

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

(i) The Scheme Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 2026 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.

(iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

(v) The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct

(vi) A confirmation that the AMC has complied with the compliance checklist applicable for Scheme Information Documents and other than cited deviations/ that there are no deviations from the regulations

(vii) Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines there under shall be applicable.

(viii) The Trustees have ensured that the (name of the scheme/Fund) approved by them is a new product offered by (name of the Mutual Fund) and is not a minor modification of any existing scheme/fund/product (This clause is not applicable to Fixed Maturity Plans and Close Ended Schemes except for those close ended schemes which have the option of conversion into open ended schemes on maturity and also to Interval Schemes.)

Date:	**Name:**
Place:	**Designation:**

Part II. INFORMATION ABOUT THE SCHEME

A. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

This includes asset allocation table giving the broad classification of assets and indicative exposure level in percentage terms. The asset allocation should be consistent with the investment objective of the scheme and SEBI circulars on Categorization and Rationalization of Mutual Fund Schemes.

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum

- Percentage of investment in overseas securities, derivatives for non-hedging purposes, stock lending, securitized debt, Debt instruments with special features (AT 1 and AT 2 Bonds), Debt Instruments with SO / CE, InVITs, Tri-party repos, other mutual funds, repo/ reverse repo transactions in corporate debt securities, Credit Default Swaps, covered call option etc). to be indicated.
- In case the Scheme does not intend to invest in these securities, negative confirmation in a table format should be provided for securities / instruments in which the scheme will not invest.
- Cumulative gross exposure limits to be adhered in terms of SEBI Master Circular for Mutual Funds.
- Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sl. no	**Type of Instrument**	**Percentage of exposure**	**Master Circular reference***
1.	Securities Lending		
2.	Equity Derivatives for non- hedging purposes		
3.	Securitized Debt		

4.	Overseas Securities		
5.	InVITS		
6.	AT1 and AT2 Bonds		
7.	Any other instrument		

***SEBI Master circular for Mutual Fund references (wherever applicable) in support of exposure limits of different types of asset classes in asset allocation shall be provided.**

Indicative table to mention express prohibition/ enablement for investment. In case SID is silent with regards to investment in particular security/investment, the same shall not be reflected.

Portfolio rebalancing: AMC to refer to Paragraph 1.9.1(b), Paragraph 3.11, Paragraph 4.4.5(i) and Paragraph 4.5.5 of SEBI Master Circular for Mutual Funds and applicable clause of Consolidated checklist of standard observations for active and passive breach/es.

B. WHERE WILL THE SCHEME INVEST?

This includes only a list of all instruments in which the scheme will invest. (Detailed definition and applicable Regulations/guidelines for each instrument shall be included in Section II)

Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

C. WHAT ARE THE INVESTMENT STRATEGIES?

Information about investment approach and risk control shall be included in simple terms. Due care shall be taken in deciding whether the investment strategy is "Passive"/"Active". Investment strategy shall match the asset allocation pattern of the scheme. (Example: Fund of Funds with multiple funds cannot be considered as a scheme with passive investment strategy since fund manager has scope for active selection and management of funds).

Further, details on generic concepts such as macroeconomic trends may not be provided unless there are investment strategies derived specifically from these concepts.

Disclosure for derivatives to be provided in summary form. For detailed derivative strategies, please refer to SAI.

Further, Portfolio turnover policy, particularly for equity oriented schemes shall also be disclosed. In discussing the investment strategies, the scheme shall briefly discuss in the Scheme Information Document the probable effect of such strategies on the rate of the total portfolio turnover of the scheme, if such effects are significant and also other consequences which will result from the higher portfolio turnover rate e.g. higher brokerage and transaction cost.

D. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

Benchmark (Total Returns Index): AMFI prescribed benchmark for all schemes except ETFs / Index Funds and FOFs with single underlying Fund. The name and the justification (specific to the scheme objective) for the use of benchmark index with which the performance of the scheme can be compared with.

E. WHO MANAGES THE SCHEME?

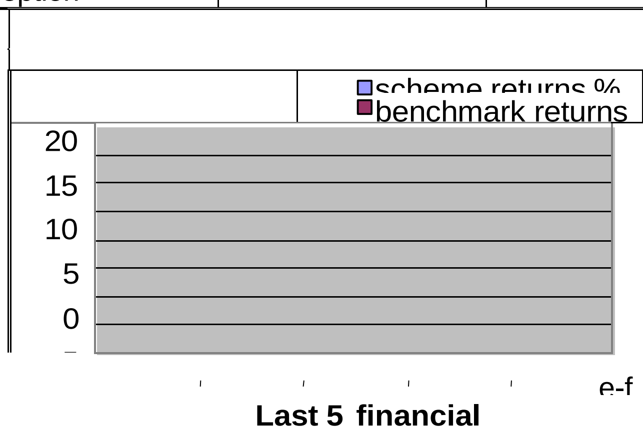
Name, age, tenure of managing the scheme, educational qualification and experience of the fund manager to the scheme to be disclosed. The experience of the fund manager shall include last 10 years' experience and also the name of other schemes under his /her management.

Dedicated fund manager is optional for commodity based funds and overseas investments as per applicable SEBI circular.

F. HOW IS THE SCHEME DIFFERENT FROM EXISTING SCHEMES OF THE MUTUAL FUND?

Provide a reference list of existing schemes and a functional website link that contains detailed comparative table.

G. HOW HAS THE SCHEME PERFORMED (if applicable)?

[In case of a new scheme, this is not applicable hence give the statement-"This is a new scheme and does not have any performance track record"]	Compounded Annualised	Scheme Returns %	Benchmark Returns
	Returns for the last 1		
	Returns for the last 3		
	Returns for the last years		
	Returns since inception		
Or			
[In case of a scheme the return figures shall that scheme only which is in existence 1 year the returns Compounded and sche which is existence for less returns would be since inception.	Absolute Returns for each financial year for the last 5 years		
Absolute returns for year for the last 5 represented by diagr as the format.]			

H. ADDITIONAL SCHEME RELATED DISCLOSURES

i. Scheme's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website link that contains detailed description.)

ii. Disclosure of name and exposure to Top 7 issuers, stocks, groups and sectors as a percentage of NAV of the scheme in case of debt and equity ETFs/index funds through a functional website link that contains detailed description

iii. Functional website link for Portfolio Disclosure - Fortnightly / Monthly.

iv. Functional website link to the respective addendums to the SID after the last update of SID

v. Portfolio Turnover Ratio

vi. Aggregate investment in the Scheme by:

Sr. No.	Category of Persons	Net Value		Market Value (in Rs.)
1.	Concerned scheme's Fund Manager(s)	Units	NAV per unit	

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard kindly refer SAI.

vii. Investments of AMC in the Scheme – Details to be provided vide functional website link. The AMC shall not invest in any of the schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document and that the AMC shall not be entitled to charge any fees on such investment

Part III- OTHER DETAILS

A. COMPUTATION OF NAV

Disclosure pertaining to illustration on computation of NAV and Methodology for calculation of sale and re-purchase price of the units of mutual fund scheme.

Disclosure to the effect that the repurchase price shall not be lower than 97% of the NAV. For other details such as policies w.r.t computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI

B. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. Details of source for meeting these expenses may be disclosed. AMC to ensure that no NFO expenses will be / were charged to the Scheme.

C. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto ____% of the daily net assets of the scheme shall be charged to the scheme as expenses *(Give slab wise break up depending on the assets under management. Give plan/option wise break up if the expense structures are different).* For the actual current expenses being charged, the investor shall refer to the website of the mutual fund.

Expense Head	% p.a. of daily Net Assets* (Estimated p.a.)
Investment Management & Advisory Fee	
Audit fees/fees and expenses of trustees	
Custodial Fees	

Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling Expenses including fees, commission and charges towards distribution of mutual fund schemes	
Costs related to investor communications	
Costs of fund transfer from location to location	
Cost towards investor education, awareness and financial inclusion	
Brokerage & transaction cost pertaining to execution of trade	
Cost of statutory advertisements	
Other Expenses (to be specified as per Reg 66 of SEBI MF Regulations)	
Maximum Total expenses ratio (TER) permissible under Regulation 66	
Statutory levies (including GST) on all expenses excluding brokerage and transaction cost	
Statutory levies (including GST) on brokerage and transaction cost	

Impact of TER on returns of both Direct plan and Regular plan through an illustration may be provided.

Disclosure of additional incentives for gross new inflows from specified cities and specified type of investors.
In case of Fund of Funds scheme, it shall be disclosed that the investors are bearing the recurring expenses of the scheme, in addition to the expenses of other schemes in which the Fund of Funds Scheme makes investments. Also, provide expense ratio of underlying scheme(s) of FOF schemes.
Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

D. LOAD STRUCTURE

*Exit Load is an amount which is paid by the investor to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC (*www------*) or may call at (toll free no.) or your distributor.*

Type of Load	Load chargeable (as %age of NAV)
Exit	To be prescribed by respective AMC

Section II

I. Introduction

A. Definitions/interpretation

Functional website link that contains detailed description

B. Risk factors

- **Scheme specific risk factors**

Include risk factors associated with investment in various instruments in which the scheme intends to invest as indicated in asset allocation section.

C. Risk mitigation strategies

II. Information about the scheme:

A. Where will the scheme invest – Detailed description of the instruments (including overview of debt markets in India, if applicable) mentioned in Section I

B. What are the investment restrictions?

All the investment restrictions as contained in the Sixth Schedule to SEBI (Mutual Funds) Regulations, 2026 and circulars issued thereunder, applicable to the scheme shall be incorporated. Further in case the fund follows any internal norms vis-à-vis limiting exposure to a particular scrip or sector, etc. apart from the aforementioned investment restrictions the same needs to be disclosed.

C. Fundamental Attributes

Following are the Fundamental Attributes of the scheme, in terms of Paragraph 1.9 of SEBI Master Circular for Mutual Funds.

(i) Type of a scheme

- Open ended/Close ended/Interval scheme
- Equity Schemes/Debt schemes/Hybrid Schemes/ Any other type of Scheme

(ii) Investment Objective

- Main Objective - Growth/Income/Both.

- Investment pattern - The Tentative portfolio breakup of Equity/Debt/Money Market instruments, other permitted securities and such other securities as may be permitted by the Board from time to time with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

(iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption.
- Aggregate fees and expenses charged to the scheme.
- Any safety net provided.

In accordance with Regulation 22(9)(c)) of the SEBI (MF) Regulations, 2026 and Paragraph 1.9.2 of SEBI Master Circular for Mutual Funds the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- SEBI has reviewed and provided its comments on the proposal
- A written communication (including digital modes such as email/sms etc.) about the proposed change is sent to each Unitholder and details as specified by the Board are appropriately displayed on the website of the AMC; and
- The Unitholders are given an option for a period of atleast 30 calendar days to exit at the prevailing NAV without any exit load

D. **Index methodology (for index funds, ETFs and FOFs having one underlying domestic ETF)-** Disclosures regarding the index, index eligibility criteria, methodology, index service provider, index constituents, impact cost of the constituents

E. **Principles of incentive structure for market makers (for ETFs)**

F. **Floors and ceiling within a range of 5% of the intended allocation against each sub class of asset, as per Paragraph 14.5 of SEBI master circular for mutual funds (only for close ended debt schemes)**

G. **Other Scheme Specific Disclosures:**

Listing and transfer of units	
Dematerialization of units	
Minimum Target amount (This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)	
Maximum Amount to be raised (if any)	
Dividend Policy (IDCW)	
Allotment (Detailed procedure)	Mention, the procedure for allotment and dispatch of account statements/unit certificates. Indicate the time period. Mention the number of days within which the statement shall be dispatched to the unitholders who subscribe to the units when the scheme is open for continuous subscription after NFO as per the applicable guidelines.
Refund	If application is rejected, full amount will be refunded within 5 working days of closure of NFO. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC.
Who can invest This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their risk profile.	
Who cannot invest	
How to Apply and other details	Details regarding- 1. availability of application form from either the Investor Service Centers (ISCs)/Official Points of Acceptance (OPAs) of AMC or may be downloaded from the website of AMC (Provide website link) shall be specified

	Please refer to the SAI and Application form for the instructions. 2. link for the list of official points of acceptance, collecting banker details etc. 3. name, address and contact no. of Registrar and Transfer Agent (R&T), email id of R&T, website address of R&T, official points of acceptance, collecting banker details etc. on back cover page. To inform investors that it is mandatory to mention their bank account numbers in their applications/requests for redemption.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	
Restrictions, if any, on the right to freely retain or dispose of units being offered.	
Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.	
Minimum amount for purchase/redemption/switches (mention the provisions for ETFs, as may be applicable, for direct subscription/redemption with AMC.	
Accounts Statements	The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).

	A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 15th of the succeeding month. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable For further details, refer SAI.
Dividend/ IDCW	The payment of dividend/IDCW to the unitholders shall be made within seven working days from the record date.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase. For list of exceptional circumstances refer Paragraph 15.3.3 of SEBI Master Circular for Mutual Funds. For schemes investing atleast 80% of total assets in permissible overseas investments (as per Paragraph 13.11 of SEBI Master Circular for Mutual Funds), the transfer of redemption or repurchase proceeds to the unitholders shall be made within five working days from the date of redemption or repurchase.
Bank Mandate	
Delay in payment of redemption / repurchase proceeds/dividend	The Asset Management Company shall be liable to pay interest to the unitholders at rate as specified vide Paragraph 15.4 of SEBI Master Circular for Mutual Funds by SEBI for the period of such delay

Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	
Disclosure w.r.t investment by minors	
Any other disclosure in terms of Consolidated Checklist on Standard Observations	

III. Other Details

A. In case of Fund of Funds Scheme, Details of Benchmark, Investment Objective, Investment Strategy, TER, AUM, Year wise performance, Top 10 Holding/ link to Top 10 holding of the underlying fund should be provided

B. Periodic Disclosures such as monthly disclosures, half yearly results, annual report

- Specify timelines of these disclosures and details of where they are disclosed. (such as "Refer to AMC website, SAI, AMFI website for further details etc. Provide a functional link for each respective field")
- Any disclosure in terms of Consolidated Checklist on Standard Observations

C. Transparency/NAV Disclosure (Details with reference to information given in Section I)

D. Transaction charges and stamp duty- Indicate only the amount of transaction charges and stamp duty applicable. Details to be provided in SAI.

E. Associate Transactions- Please refer to Statement of Additional Information (SAI)

F. Taxation- For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

	Resident Investors	Mutual Fund
Tax on dividend		
Capital gain Long Term: Short Term:		

G. Rights of Unitholders- Please refer to SAI for details.

H. **List of official points of acceptance:** Details to be uploaded and updated on a functional website link

I. **Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority**

AMCs are required to disclose penalties, pending litigation etc. for the last 5 financial years and wherever the amount of penalty is more than 5 lakhs.

- Further, AMCs are required to provide the functional link for said point and update the data on real time basis (along with the date of updation mentioned therein), upon receipt of information by the AMC. The disclosure of penalties, pending litigations etc. in the functional link will be as per the sub-headings mentioned in section VI of the format of SID prescribed under Format No. 5A. AMCs to ensure real time upation of data on the said link.
- Any disclosure in terms of Consolidated Checklist on Standard Observations

Note- Changes made to align with regulatory mandate shall not be considered as fundamental attribute change.

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B. STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (SAI) contains details of -------Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated ________.

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

ABC (the "Mutual Fund") has been constituted as a trust on _______ in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with XYZ, as the Sponsor and DEF as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on ____________under Registration Code MF-

B. Sponsor

ABC Mutual Fund is sponsored by XYZ. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs._______ to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of the Sponsor (past three years):

Particulars	**Year 1**	**Year 2**	**Year 3**
Net Worth			
Total Income			
Profit after tax			
Assets Under Management (if applicable)			

C. The Trustee

DEF (the "Trustee"), through its Board of Directors, shall discharge its obligations as trustee of the ABC Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

Details of Trustee Directors:

Name	**Age**	**Qualification**	**Brief Experience**

PQR	*45*	*CA*	*PQR is a fellow member of the Institute of Chartered Accountant and is in practice from 1978. He is a Senior Partner with a firm of Chartered Accountants in India. He is also a director on the Board of various companies and trustee of charitable institutions*

State the responsibilities and duties of the Trustee as well as the specific and general due diligence.

II. Asset Management Company

STP Ltd. is a private limited company incorporated under the Companies Act, 1956 on ________, having its Registered Office at _____________________. STP Ltd. has been appointed as the Asset Management Company of the -----------Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated ___________, and executed between DEF and STP.

Details of AMC Directors:

Name	**Age**	**Qualification**	**Brief Experience**
UVT	*45*	*CA*	*UVT is a fellow member of the Institute of Chartered Accountant and is in practice from 1978. He is a Senior Partner with a firm of Chartered Accountants in India. He is also a director on the Board of various companies and trustee of charitable institutions*

State the Duties and obligation of the AMC as specified in the SEBI Mutual Fund Regulations on www.sebi.gov.in.

Information on Key Personnel:

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years
CEO					
CIO					
Operations Head					
Compliance Officer					
Sales Head					
Risk Manager					
Investor Relations Officer					

(The AMC may decide on the key personnel it wants to mention in the SAI in addition to the persons mentioned above.)

III. Service providers

A. Custodian

Name, Address and SEBI Registration Number of the Custodian for the scheme

B. Transfer agent

Name and principal business address of the Registrars, Transfer Agents and the dividend paying agent. *A statement to the effect that* the Board of the Trustees and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. Also state the SEBI Registration Number of Registrars, Transfer Agents.

C. Statutory auditor

Name and Address of the statutory auditor for Mutual Fund.

D. Legal counsel

Name and Address of the Legal Counsel

E. Fund Accountant

Name and Address of the fund accountant

F. Collecting Bankers

Name, Address and SEBI Registration Number

IV. Condensed financial information (CFI) *for all the schemes launched by MF during the last three fiscal years (excluding redeemed schemes) in the format given below*

HISTORICAL PER UNIT STATISTICS	**SCHEME NAME**		
	YR. 1	**YR. 2**	**YR. 3**
NAV at the beginning of the year (as on April 1)			
Dividends*			
NAV at the end of the year (as on March 31)			
Annualised return**			
Net Assets end of period (Rs. Crs.)			
Ratio of Recurring Expenses to net assets			

* *Excluding dividend details of liquid scheme.*

** *Only for growth option. Explanation to be given for not providing annualised return for options other than growth option. Absolute returns to be provided for schemes less than one year.*

V. RISK FACTORS

A. Standard Risk Factors

a. Standard Risk Factors for investments in Mutual Fund

b. Risk factors of not maintaining average AUM of Rs. 20 crore on half yearly rolling basis (Applicable only for open ended debt oriented schemes)

c. Risks associated with different derivative strategies

d. Other risk factors (viz. Swing pricing, investment in CDMDF, LRM etc.)

B. Special Considerations

VI. HOW TO APPLY?

Describe briefly the manner in which the units of the scheme being offered under the scheme information document may be purchased by the prospective investor. The descriptions should emphasise the procedures to be followed. Also provide the details of KYC requirement for unit holders.

A. Special Products / Facilities offered by the AMC / Schemes

B. Default scenarios available to the investors under plans/options of the Schemes.

VII. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/ dividend warrants shall be dispatched to the Unit Holders within 7 working days from the record date of IDCW/dividend. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement shall be sent on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. If a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non-transferable) within 5 Business Days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. For schemes investing at least 80% of total assets in such permissible overseas investments, 5 Working Days of accepting the valid

redemption or repurchase request. Further, in case of exceptional scenarios as prescribed by AMFI vide its communication no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, read with Paragraph 15.3.3 of SEBI Master Circular for Mutual Funds, the AMC may not be able to adhere with the timelines prescribed above.

4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
   - whenever required to do so by SEBI, in the interest of the Unit holders.
   - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
   - when the majority of the trustees decide to wind up a scheme in terms of Regulation 36(2)(a) of SEBI (Mutual Funds) Regulations, 2026 or prematurely redeem the units of a close ended scheme.
8. The trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the asset management company, unless it complies with Regulation 22(9)(c) of SEBI (Mutual Funds) Regulations, 2026.
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by the Board.

VIII. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

This section shall disclose the Valuation of Assets and properties of the scheme in accordance with Seventh Schedule of SEBI (Mutual Funds) Regulations, 2026 and applicable circulars/guidelines.

COMPUTATION OF NAV

A. Policy of computation of NAV

B. Policy for computation of NAV in foreign securities

C. Procedure in case of delay in disclosure of NAV

IX. TAX & LEGAL & GENERAL INFORMATION

A. Taxation on investing in Mutual Funds

This section shall disclose the applicable tax provisions for Mutual Fund and for investments in Mutual Fund scheme.

B. Legal Information

This section may include information on Nomination Facility, KYC Requirements, Requirements of Prevention of Money Laundering Act, Transfer and transmission of units, Duration of the scheme/Winding up, Procedure and manner of winding up etc.

C. General Information

1. Inter-Scheme Transfer of Investments:
   Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

   (a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

   Explanation : "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

   (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

2. Aggregate investment in the Scheme under the following categories:

Please find below the aggregate investment in the respective Scheme(s) by Board of Directors of _________ (AMC) and key personnel as on May 31 _____:

Scheme Name	Aggregate amount invested in the Scheme as on May 31, _____(market value in Rs.)		
	AMC's Board of Directors	Key personnel (excluding Fund Manager)	Fund Manager

3. Dematerialisation and Rematerialisation procedures

4. ASBA disclosures
5. Portfolio Turnover Details

D. Associate Transactions

The following disclosures, summarising historical information pertaining to the last three fiscal years of the schemes of the Mutual Fund under the management of the Asset Management Company reflecting associate transactions and the manner in which such transactions affected the performance of schemes of the Mutual Fund shall be made. The disclosures shall include, subscription by the schemes in issues lead managed by associate companies, total business given to associate brokers and the percentage of brokerage commission paid to them and any distribution of units performed by associate companies.

This section shall also disclose:

(a) the policy for investing in group companies of the sponsor of a Mutual Fund that is followed/to be followed by the Mutual Fund, including the aggregate market value of investments in group companies of the Sponsor and asset Management Company by all the schemes of the Mutual Fund and its percentage of the aggregate net asset value of the Mutual Fund,

(b) in case any scheme of the Mutual Fund has invested more than 25% of its net assets in group companies, this shall be disclosed.

(c) names of associates of the Sponsor or the Asset Management Company with which the Mutual Fund proposes to have dealings, transactions and those whose services may be used for marketing and distributing the scheme and the commissions that may be paid to them.

E. Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at ________________________________ during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 2026 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

F. Investor Grievances Redressal Mechanism

Describe briefly the investors' complaints history for the last three fiscal years of existing schemes and the redressal mechanism thereof. The SAI should include data updated every two months on the number of complaints received, redressed and pending with the Mutual Fund.

G. Information pertaining to Investments by the Schemes of the Fund

1. Derivative strategies
2. Swing Pricing
3. Provisions on creation of Segregated portfolio/Side pocketing
4. Short selling / stock lending

H. Transaction Charges and Stamp Duty

X. DISCLOSURES AND REPORTS BY THE FUND

1. Account Statement/Consolidated Account Statement
2. Monthly Portfolio Disclosures/Financial Results
3. Half Yearly Results
4. Annual Report

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines thereunder shall be applicable.

Instruction:

A Mutual Fund is free to add any other disclosure, which in the opinion of the Trustees of the Mutual Fund (Trustees) or the Asset Management Company (AMC) is material, provided that such information is not presented in an incomplete, inaccurate or misleading manner. Care should be taken to ensure that inclusion of such information does not, by virtue of its nature, or manner of presentation, obscure or impede understanding of any information that is required to be included under the Scheme Information Document and Statement of Additional Information.

Note:
The wording in italics is explanatory commentary/instructions.
The words in Arial font are the text to be used in the Statement of Additional Information, as applicable.

*****

C. KEY INFORMATION MEMORANDUM (KIM)[527]

NAME OF THE SCHEME

(Type of the Scheme)

1. Name and type of the scheme to be aligned with SEBI Circulars on Categorization and Rationalization of Mutual Fund Schemes,
2. As per SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, type of scheme to include PRC description
3. As per SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, the PRC matrix along with the mark for the cell in which the scheme resides shall be disclosed on front page of Key Information Memorandum.
4. For Index Funds / Index ETF - Name of scheme shall include complete name of underlying Index.
5. In case of FOF's where single fund is underlying (Feeder Funds): To include the complete name of the underlying fund in the name of the scheme.
6. Product Labelling and Risk-o-meter of the Scheme and Benchmark should be disclosed.
7. In case the scheme is listed/proposed to be listed (ETFs/close ended etc.), the Scrip Code issued by the stock exchange after listing to be mentioned below the Scheme Name.

This product is suitable for investors who are seeking*:	**Scheme Riskometer**	**Benchmark Riskometer (as applicable)**
		As per AMFI Tier I Benchmark i.e. ……………… (as applicable)

- The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

[527] SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008

Offer for Units of Rs. -- Per Unit for cash during the

New fund Offer Period and at NAV based prices upon re-opening

New Fund Offer Opens on:
New Fund Offer Closes on:
Scheme Re-opens for continuous sale and repurchase on:

Name of Mutual Fund :

Name of Asset Management Company :

Name of Trustee Company :

Addresses, Website of the entities

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, ,penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the website www. -----.**

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 2026, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

This Key Information Memorandum is dated _______ .

Investment Objective	

<table>
<tr>
<td>Asset Allocation Pattern of the scheme</td>
<td>
This includes asset allocation table giving the broad classification of assets and indicative exposure level in percentage terms. The asset allocation should be consistent with the investment objective of the scheme and SEBI circulars on Categorization and Rationalization of Mutual Fund Schemes.
<table>
<tr><td rowspan="2">Instruments</td><td colspan="2">Indicative allocations (% of total assets)</td></tr>
<tr><td>Maximum</td><td>Minimum</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td></tr>
</table>

Percentage of investment in overseas securities, derivatives for non-hedging purposes, stock lending, securitized debt, Debt instruments with special features (AT 1 and AT 2 Bonds), Debt Instruments with SO / CE and InVITs, Tri-party repos, other mutual funds, repo/ reverse repo transactions in corporate debt securities, Credit Default Swaps, covered call option etc). to be indicated.
In case the Scheme does not intend to invest in these securities, negative confirmation in a table format should be provided for securities / instruments in which the scheme will not invest.
Cumulative gross exposure limits to be adhered in terms of Master Circular for Mutual Funds
Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

</td>
</tr>
</table>

<table>
<tr>
<td></td>
<td>
Indicative Table (Actual instrument/percentages may vary subject t o applicable SEBI circulars)
<table>
<tr><th>Sl. no</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Master Circular references*</th></tr>
<tr><td>1.</td><td>Securities Lending</td><td></td><td></td></tr>
<tr><td>2.</td><td>Equity Derivatives for non- hedging purposes</td><td></td><td></td></tr>
<tr><td>3.</td><td>Securitized Debt</td><td></td><td></td></tr>
<tr><td>4.</td><td>Overseas Securities</td><td></td><td></td></tr>
<tr><td>5.</td><td>InVITS</td><td></td><td></td></tr>
<tr><td>6.</td><td>AT1 and AT2 Bonds</td><td></td><td></td></tr>
<tr><td>7.</td><td>Any other instrument</td><td></td><td></td></tr>
</table>
*SEBI Master circular for Mutual Funds references (wherever applicable) in support of exposure limits of different types of asset classes in asset allocation shall be provided.

<u>Indicative table to mention express prohibition/ enablement for investment. In case SID is silent with regards to to investment in particular security/investment, the same shall not be reflected.</u>

<u>Portfolio rebalancing: AMC to refer to Paragraph 1.9.1(b), Paragraph 3.11, Paragraph 4.4.5(i) and Paragraph 4.5.5 of SEBI Master Circular for Mutual Funds and applicable clause of Consolidated checklist of standard observations for active and passive breach/es.</u>

<u>The aforesaid instances have resulted due to alignment with regulatory mandate, Fundamental attribute change may not be applicable for AMCs.</u>
</td>
</tr>
<tr><td>Investment Strategy</td><td></td></tr>
<tr><td>Risk Profile of the Scheme</td><td>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:</td></tr>
</table>

<table>
<tr><td></td><td colspan="3">For details on risk factors and risk mitigation measures, please refer SID.</td></tr>
<tr><td>Plans/Options</td><td colspan="3"></td></tr>
<tr><td>Applicable NAV (after the scheme opens for subscriptions and redemptions)</td><td colspan="3"></td></tr>
<tr><td>Minimum Application Amount/ Number of Units</td><td>Purchase</td><td>Additional Purchase</td><td>1.1.1.1.1.1 Redemption</td></tr>
<tr><td>Despatch of Redemption Request</td><td colspan="3">Redemption: Within ____ working days of the receipt of the redemption request at the authorised centre of the ------- Fund .</td></tr>
<tr><td>Benchmark Index</td><td colspan="3"></td></tr>
<tr><td>Dividend Policy</td><td colspan="3"></td></tr>
<tr><td>Name of the Fund Manager including the tenure for which the fund manager has been managing the scheme</td><td colspan="3"></td></tr>
<tr><td>Name of the Trustee Company</td><td colspan="3"></td></tr>
<tr><td>Performance of the scheme :

[In case of a new scheme, the statement should be given “This scheme is a new scheme and does not have any performance track record”]</td><td colspan="3"><table>
<tr><td>Compounded Annualised Returns</td><td>Scheme Returns %</td><td>Benchmark Returns %</td></tr>
<tr><td>Returns for the last 1 year</td><td></td><td></td></tr>
<tr><td>Returns for the last 3 years</td><td></td><td></td></tr>
<tr><td>Returns for the last 5 years</td><td></td><td></td></tr>
<tr><td>Returns since inception</td><td></td><td></td></tr>
</table>
Absolute Returns for each financial year for the last 5 years</td></tr>
</table>

Or [In case of a scheme in existence, the return figures shall be given for that scheme only, as per the For a scheme which is in existence for more than 1 year, the returns given will be Compounded Annualised Returns and for scheme which is in existence for less than 1 year, the returns would be absolute returns since inception.] Absolute returns for each financial year for the last 5 years shall be represented by means of a bar diagram as per the adjacent format.]	
Additional Scheme Related Disclosures	1. Scheme's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website link that contains detailed description.) 2. Disclosure of name and exposure to Top 7 issuers, stocks, groups and sectors as a percentage of NAV of the scheme in case of debt and equity ETFs/index funds through a functional website link that contains detailed description 3. Portfolio Turnover Ratio
Expenses of the Scheme	New Fund Offer Period Continuous Offer

Load Structure **Recurring expenses**	Exit load : Exit load : Give slab wise break up depending on the assets under management. Give plan/option wise break up if the expense structures are different. For the actual current expenses being charged, the investor should refer to the website of the mutual fund. Actual expenses for the previous financial year: **----** (Not Applicable in case of a new scheme) The maximum limit of recurring expenses that can be charged to the Scheme would be as per Regulation 66 of the SEBI (MF) Regulation, 2026. Investors are requested to read "Section- Annual Scheme Recurring Expenses" in the SID. In case of FoF schemes, provide expense ratio of underlying scheme(s).	
Tax treatment for the Investors (Unitholders)	Investor will be advised to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.	
Daily Net Asset Value (NAV) Publication	Mention only the Daily Disclosure timings on AMFI and AMC website.	
For Investor Grievances please contact	Name and Address of Registrar	
Unitholders' Information	Give the frequency and the policy of the fund house for the providing the Accounts Statement, Annual Financial results and Half yearly portfolio to the investors.	

N.B. Data and information shall be up-to-date but in no case older than 30 calendar days from the date of KIM

*****

D. INVESTMENT STRATEGY INFORMATION DOCUMENT (ISID)

Front Cover Page

INVESTMENT STRATEGY INFORMATION DOCUMENT

SECTION 1

NAME OF THE INVESTMENT STRATEGY

(Type of Investment Strategy)

1. Name and type of the Investment strategy to be aligned with SEBI Circular on Regulatory framework for Specialised Investment Funds (SIF).

2. In accordance with SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, type of investment strategy to include PRC description and table. As per SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, the PRC matrix along with the mark for the cell in which the scheme resides shall be disclosed on front page of ISID.

3. Product Labelling and Risk- band of the Investment Strategy and Benchmark should be disclosed

4. In case the investment strategy is listed/proposed to be listed (close ended / interval investment strategies etc.), the Scrip Code issued by the stock exchange after listing to be mentioned below the name of the investment strategy.

This product is suitable for investors who are seeking	**Risk-band***	**Benchmark Risk-band (as applicable)**
	Risk band Level 1 .. .. .. Risk band Level 5	Risk band Level 1 .. .. .. Risk band Level 5

*The Risk Band shall be as specified by AMFI.

 The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the investment strategy or model portfolio and the same may vary post NFO when the actual investments are made

Offer of units of Rs… each for cash during the

New Fund Offer and Continuous offer for Units at NAV based prices

New Fund Offer Opens on: _______

New Fund Offer Closes on: _______

Investment strategy re-opens on: __________

Name of SIF :

Name of the mutual fund:

Name of Asset Management Company :

Name of Trustee Company :

Addresses, Website of the entities (including SIF) :

The particulars of the investment strategy have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Investment Strategy Information Document.

The Investment Strategy Information Document sets forth concisely the information about the investment strategy that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Investment Strategy Information Document after the date of this Document from the SIF/Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of ________ SIF, Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on www.__________. (website address).

SAI is incorporated by reference (is legally a part of the Investment Strategy Information Document). For a free copy of the current SAI, please contact your

nearest Investor Service Centre or log on to our website (give reference to both the SIF website and mutual fund website)

The Investment strategy Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation.

Investors are advised to note that investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision.

This Investment Strategy Information Document is dated ________.

Note: The wording in italics is explanatory commentary/instructions.

Instructions:

i. SIF is free to add any other disclosure, which in the opinion of the Trustees or the Asset Management Company (AMC) is material for the investor, provided that such information is not presented in an incomplete, inaccurate or misleading manner. Care should be taken to ensure that inclusion of such information does not, by virtue of its nature, or manner of presentation, obscure or impede understanding of any information that is required to be included under the Investment Strategy Information Document.

ii. Care should be taken to ensure that the information is presented in the Investment Strategy Information Document in simple language and in a clear, concise and easily understandable manner.

iii. The investment strategy shall not have a name or title which may be deceptive or misleading. Name of the investment strategy should be consistent with its statement of investment policy and the investment strategy name should be in line with SEBI circular on Regulatory framework for Specialised Investment Funds (SIF).

iv. The type of the investment strategy would mean whether the strategy is an equity oriented investment strategy, debt oriented investment strategy or hybrid investment strategy, etc. and whether the investment strategy is open-ended, close-ended or interval and the investment strategy type should be in line with SEBI circular on Regulatory framework for Specialised Investment Funds (SIF).

v. Investment Strategy Information Document has two sections- Section I and Section II. While Section I contains investment strategy specific information that is dynamic, Section II contains *elaborated provisions (including references to applicable Regulations/circulars/guidelines) with reference to information/disclosures provided in Section I.*

PART I. HIGHLIGHTS/SUMMARY OF THE INVESTMENT STRATEGY

Sr.No	**Title**	**Description**
I.	**Name of the Investment Strategy**	• (As per SEBI Circular on Regulatory Framework for Specialised Investment Funds (SIF)
II.	**Category of the Investment Strategy**	**As per SEBI circular on Regulatory Framework for Specialised Investment Funds)**
III.	**Type of Investment Strategy**	• Open ended/ close/interval investment strategy • All Debt oriented investment strategies to include PRC description in the investment strategy type in terms of Paragraph 6.18 of Master Circular for Mutual Funds.
IV.	**Investment strategy code**	(To be disclosed after obtaining investment strategy code)
V.	**Investment objective**	• Clear and concise Investment objective to be stated in ISID and must be true to the investment strategy label. It shall contain the following statement "There is no assurance that the investment objective of the Investment strategy will be achieved.
VI.	**Liquidity/listing details**	• Provide Liquidity provisions on ongoing basis. Listing details only to be provided if the investment strategy intends to list immediately after NFO
VII.	**Benchmark (Total Return Index)**	• The name and the justification (specific to the investment strategy objective) for the use of benchmark index with which the performance of the investment strategy can be compared with. • Second Tier benchmark if applicable
VIII.	**Subscription frequency**	
IX.	**Redemption frequency**	**Equity Oriented Investment Strategies-** **Daily** or any lesser redemption frequency as may be decided by AMC **Debt Oriented Investment Strategies-**

		Once in a week or any lesser redemption frequency as may be decided by AMC **Hybrid Investment Strategies-** **Two Times in a week** or any lesser redemption frequency as may be
X.	**NAV disclosure**	Mention only the Daily Disclosure timings on AMFI and AMC website. Further Details in Section II.
XI.	**Applicable timelines**	Timeline for • Dispatch of redemption proceeds, • Dispatch of IDCW (if applicable) etc.
XII.	***Plans and Options*** Plans/Options and sub options under the Investment strategy	***Plan- Direct Plan/Regular Plan*** ***Options under each Plan(s)*** Growth • Income Distribution cum Capital Withdrawal (IDCW) (include facilities if applicable) • Including Default option/ facility (as applicable) For detailed disclosure on default plans and options, kindly refer SAI.
XIII.	***Load Structure***	***Exit Load:***
XIV.	***Minimum Application Amount/switch in***	• During NFO: • On continuous basis:
XV.	***Minimum Additional Purchase Amount***	
XVI.	***Minimum Redemption/switch out amount***	Rs. _______ The redemption will be subject to compliance with provisions mentioned under "Minimum investment threshold"
XVII.	**Notice Period**	(Maximum duration of notice period shall not exceed 15 working days.)
XVIII.	**New Fund Offer Period** This is the period during which a new investment strategy sells its units to the investors.	NFO opens on: NFO closes on: Minimum duration to be 3 working days and will not be kept open for more than 15 calendar days Any changes in dates will be published through notice on AMC SIF website i.e. …………..
XIX.	**New Fund Offer Price:**	price per unit

	This is the price per unit that the investors have to pay to invest during the NFO.	
XX.	**Segregated portfolio/side pocketing disclosure**	Confirmation/disclosure statement only. For Details, kindly refer SAI
XXI.	**Swing pricing disclosure**	Confirmation/disclosure statement only. For Details, kindly refer SAI
XXII.	**Stock lending/short selling**	Confirmation/disclosure statement only. For Details, kindly refer SAI
XXIII.	**How to Apply**	Summary of process only. Details in section II
XXIV.	**Investor services**	• Contact details for general service requests: • Contact details for complaint resolution:
XXV.	**Specific attribute of the investment strategy (such as lock-in, duration in case of close ended schemes as applicable)**	
XXVI.	**Special product/facility available during the NFO and on ongoing basis**	Briefly describe the facilities/products Available Facilities like: • Systematic Investment Plan • Systematic Transfer Plan • Systematic Withdrawal Plan • For further details of above special products / facilities, For Details, kindly refer SAI
XXVII.	**Weblink**	A weblink wherein TER for last 6 months, Daily TER as well as investment strategy factsheet shall be made available (when applicable)

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

(i) The Investment Strategy Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 2026 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Investment strategy as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Investment Strategy Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Investment Strategy.

(iv) The intermediaries named in the Investment Strategy Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

(v) The contents of the Investment Strategy Information Document including figures, data, yields etc. have been checked and are factually correct

(vi) A confirmation that the AMC has complied with the compliance checklist applicable for Investment Strategy Information Document other than cited deviations/ that there are no deviations from the regulations

(vii) Notwithstanding anything contained in this Investment Strategy Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines there under shall be applicable.

(viii) The Trustees have ensured that the (name of the Investment Strategy) approved by them is a new product offered by (name of the SIF) and is not a minor modification of any existing Investment Strategy.

Date: **Name:**

Place: **Designation:**

PART II. INFORMATION ABOUT THE INVESTMENT STRATEGY

B. HOW WILL THE INVESTMENT STRATEGY ALLOCATE ITS ASSETS?

This includes asset allocation table giving the broad classification of assets and indicative exposure level in percentage terms. The asset allocation should be consistent with the investment objective of the Investment Strategy and SEBI circular on Regulatory framework for Specialised Investment Funds (SIF).

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum

- Percentage of investment in overseas securities, derivatives for non-hedging purposes, stock lending, securitized debt, Debt instruments with special features (AT 1 and AT 2 Bonds), Debt Instruments with SO / CE, InVITs, Tri-party repos, other mutual funds, repo/ reverse repo transactions in corporate debt securities, Credit Default Swaps, covered call option etc). to be indicated.
- In case the Investment Strategy does not intend to invest in these securities, negative confirmation in a table format should be provided for securities / instruments in which the Investment Strategy will not invest.
- Cumulative gross exposure limits to be adhered in terms of SEBI Master Circular for Mutual Funds.
- Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sl.no	Type of Instrument	Percentage of Exposure	Master Circular reference*
1.	Securities Lending		
2.	Derivatives for non-hedging and other than for portfolio rebalancing purposes		
3.	Securitized Debt		
4.	Overseas Securities		
5.	InVITS		

6.	Debt instruments with special features (AT1 and AT2 Bonds)		
7.	Debt Instruments with SO / CE		
8.	Tri-party repos		
9.	Repo/ reverse repo transactions in corporate debt securities		
10.	Credit Default Swaps		
11.	Any other instrument		

**SEBI Master circular for Mutual Funds references (wherever applicable) in support of exposure limits of different types of asset classes in asset allocation shall be provided.*

Timelines for deployment of funds collected by Asset Management Companies (AMCs) in New Fund Offer (NFO) as per asset allocation of the scheme as per SEBI circular dated February 27, 2025

Portfolio rebalancing: AMC to refer to Paragraph 1.9.1(b), Paragraph 3.11, Paragraph 4.4.5(i) and Paragraph 4.5.5 of SEBI Master Circular for Mutual Funds and applicable clause of Consolidated checklist of standard observations for active and passive breach/es.

B. WHERE WILL THE INVESTMENT STRATEGY INVEST?

This includes only a list of all instruments in which the Investment Strategy will invest. (Detailed definition and applicable regulations/guidelines for each instrument shall be included in Section II)

Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

C. WHAT IS THE INVESTMENT APPROACH?

Information about investment approach and risk control shall be included in simple terms. Investment approach shall match the asset allocation pattern of the investment strategy.

Further, details on generic concepts such as macroeconomic trends may not be provided unless there are investment approaches derived specifically from these concepts.

Disclosure for derivatives to be provided in summary form. For detailed derivative strategies, please refer to SAI.

Further, Portfolio turnover policy, particularly for equity oriented investment strategies shall also be disclosed. In discussing the investment approaches, the investment strategy shall briefly discuss in the ISID the probable effect of such approaches on the rate of the total portfolio turnover of the investment strategy, if such effects are significant and also other consequences which will result from the higher portfolio turnover rate e.g. higher brokerage and transaction cost.

D. HOW WILL THE INVESTMENT STRATEGY BENCHMARK ITS PERFORMANCE?

Benchmark (Total Returns Index):

The AMC shall appropriately select any of broad market indices available, as a benchmark index depending on the investment objective and portfolio of the investment strategy.

- Equity oriented investment strategies shall be compared against a suitable broad market index such as BSE Sensex or NSE Nifty or BSE 100 or CIRISL 500 etc
- Debt oriented investment strategies shall be compared with a suitable broad market index that is a representative of the fund's portfolio.
- Hybrid investment strategies shall be compared with suitable broad market benchmark wherever available

The name and the justification (specific to the investment strategy objective) for the use of benchmark index with which the performance of the investment strategy can be compared with.

E. WHO MANAGES THE INVESTMENT STRATEGY?

Name, age, tenure of managing the scheme, educational qualification and experience of the fund manager to the Investment strategy to be disclosed. The experience of the fund manager shall include last 10 years' experience and also the name of other investment strategies under his /her management.

Fund manager adequate expertise and experience is required for commodity based investment strategies and overseas investments as per applicable SEBI circulars. However, appointment of dedicated fund manager for aforesaid investments is optional.

F. HOW IS THE INVESTMENT STRATEGY DIFFERENT FROM EXISTING INVESTMENT STRATEGIES OF THE SIF?

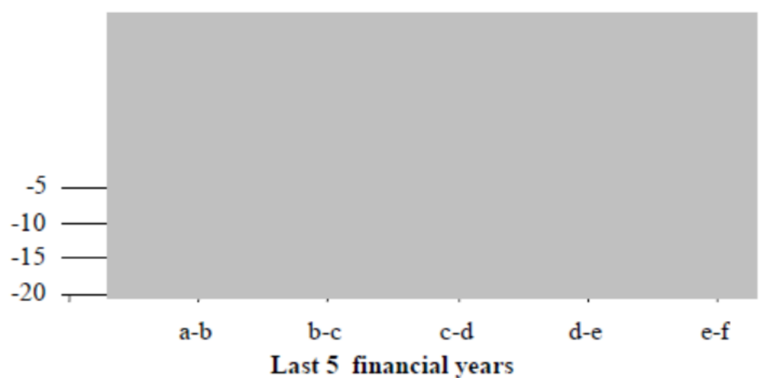
Provide a reference list of existing investment strategies and a functional website link that contains detailed comparative table.

G. HOW HAS THE INVESTMENT STRATEGY PERFORMED (if applicable)?

<table>
<tr><td rowspan="6">[In case of a new investment strategy, this is not applicable hence give the statement- “This investment strategy is a new strategy and does not have any performance track record”]

Or

[In case of an investment strategy in existence, the return figures shall be given for that investment strategy only. For an investment strategy which is in existence for more than 1 year, the returns given will be Compounded Annualised Returns and for investment strategy which is in existence for less than 1 year, the returns would be absolute returns since inception.

Absolute returns for each financial year for the last 5 years shall be represented by means of a bar diagram as per the adjacent format.]</td><td>Compounded Annualised Returns</td><td>Investment Strategy Returns %</td><td>Benchmark Returns %</td></tr>
<tr><td>Returns for the last 1 year</td><td></td><td></td></tr>
<tr><td>Returns for the last 3 years</td><td></td><td></td></tr>
<tr><td>Returns for the last 5 years</td><td></td><td></td></tr>
<tr><td>Returns since inception</td><td></td><td></td></tr>
<tr><td colspan="3">

Absolute Returns for each financial year for the last 5 years</td></tr>
</table>

H. **ADDITIONAL INVESTMENT STRATEGY RELATED DISCLOSURES**

i. Investment Strategy's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website link that contains detailed description.)

ii. Functional website link for Portfolio Disclosure.

iii. Portfolio Turnover Rate particularly for equity oriented Investment Strategies shall also be disclosed.

iv. Functional website link to the respective addendums to the SID after the last update of SID

v. Aggregate investment in the Investment Strategy by:

Sr. No.	**Category of Persons**	**Net Value**	
1.	Concerned Investment Strategy's Fund Manager(s)	Units	NAV per unit

For any other disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions in this regard kindly refer SAI.

vi. Investments of AMC in the Investment Strategy – Details to be provided vide functional website link.

The AMC shall not invest in any of the Investment Strategies unless full disclosure of its intention to invest has been made in the ISID and that the AMC shall not be entitled to charge any fees on such investment

PART III- OTHER DETAILS

A. COMPUTATION OF NAV

Disclosure pertaining to illustration on computation of NAV and Methodology for calculation of sale and re-purchase price of the units of Investment Strategy.

Disclosure to the effect that the repurchase price shall not be lower than 97% of the NAV. For other details such as policies w.r.t computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI

B. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. Details of source for meeting these expenses may be disclosed. AMC to ensure that no NFO expenses will be / were charged to the Investment Strategy*.*

C. ANNUAL RECURRING EXPENSES

These are the fees and expenses for operating the Investment Strategy. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto _____ % of the daily average net assets of the Investment Strategy shall be charged to the Investment Strategy as expenses *(Give slab wise break up depending on the assets under management. Give plan/option wise break up if the expense structures are different).* For the actual current expenses being charged, the investor shall refer to the website of the SIF.

Expense Head	% p.a. of daily Net Assets* (Estimated p.a.)
Investment Management & Advisory Fee	
Audit fees/fees and expenses of trustees	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling Expenses including fees, commission and charges towards distribution of mutual fund schemes	
Costs related to investor communications	
Costs of fund transfer from location to location	
Cost towards investor education, awareness and financial inclusion	
Brokerage & transaction cost pertaining execution of trade	

Expense Head	% p.a. of daily Net Assets* (Estimated p.a.)
Cost of statutory advertisements	
Other Expenses (to be specified as per Reg 66 of SEBI MF Regulations)	
Maximum Base expenses ratio (BER) permissible under Regulation 66	
Statutory levies (including GST) on all expenses excluding brokerage and transaction cost	
Statutory levies (including GST) on brokerage and transaction cost	

Impact of TER on returns of both Direct plan and Regular plan through an illustration may be provided.

Disclosure of additional incentives for gross new inflows from specified cities and specified type of investors.

Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

D. LOAD STRUCTURE

Exit Load is an amount which is paid by the investor to redeem the units from the Investment Strategy*. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of ……..SIF (*www.-----*) or may call at (toll free no.) or your distributor.*

Type of Load	Load chargeable (as %age of NAV)
Exit	To be prescribed by respective AMC

Section II

I. *Introduction*

A. Definitions/interpretation

Functional website link that contains detailed description

B. *Risk factors*

- ***Investment Strategy specific risk factors***

Include risk factors associated with investment in various instruments in which the investment strategy intends to invest as indicated in asset allocation section.

C. *Risk mitigation strategies*

II. *Information about the investment strategy:*

A. *Where will the investment strategy invest* – *In terms of Regulation 51 of SEBI MF Regulations, detailed description of the instruments as permitted under Regulation 39 for mutual fund schemes (including overview of debt markets in India, if applicable) mentioned in Section I*

B. *What are the investment restrictions?*

All the investment restrictions as contained Regulation 52 and Sixth Schedule to SEBI (Mutual Funds) Regulations, 2026 and circulars issued thereunder, applicable to the investment strategy shall be incorporated.

Further in case the fund follows any internal norms vis-à-vis limiting exposure to a particular scrip or sector, etc. apart from the aforementioned investment restrictions the same needs to be disclosed.

C. Fundamental Attributes

Following are the Fundamental Attributes of the investment strategy, in terms of Paragraph 1.9 of SEBI Master Circular for Mutual Funds:

(i) Type of investment strategy:

o Open ended/Close ended/Interval investment strategy

o Equity Schemes/ Debt Schemes/ Hybrid Schemes/Any other type of Scheme

(ii) Investment Objective

o Main Objective - Growth/Income/Both.

o Investment pattern - The Tentative portfolio breakup of Equity/Debt/Money Market instruments, other permitted securities and such other securities as may be permitted by the Board from time to time with minimum and maximum asset allocation, while retaining the option to alter the asset allocation for a short term period on defensive considerations.

(iii) Terms of Issue

o Liquidity provisions such as listing, repurchase, redemption.

o Aggregate fees and expenses charged to the investment strategy.

o Any safety net provided.

In accordance with Regulation 22(9)(c) of the SEBI (MF) Regulations 2026 and Paragraph 1.9.2 of SEBI Master Circular for Mutual Funds, the Trustees shall ensure that no change in the fundamental attributes of the investment strategy or the trust or fee and expenses payable or any other change which would modify the investment strategy thereunder and affect the interests of Unitholders is carried out unless:

• SEBI has reviewed and provided its comments on the proposal

• A written communication (including digital modes such as email/sms etc.) about the proposed change is sent to each Unitholder and details as specified by the Board are appropriately displayed on the website of the AMC; and

• The Unitholders are given an option for a period of atleast 30 calendar days to exit at the prevailing NAV without any exit load.

D. ***Floors and ceiling within a range of 5% of the intended allocation against each sub class of asset, as per Paragraph 14.5.1 of Master Circular for Mutual Funds (only for close ended debt investment strategies- if applicable)***

E. ***Other Investment Strategy Specific Disclosures:***

Listing and transfer of units	
Dematerialization of units	
Minimum Target amount (This is the minimum amount required to operate the investment strategy and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)	
Redemption and subscription frequency of the investment strategy	
Notice period of the investment strategy	

Maximum Amount to be raised (if any)	
Dividend Policy (IDCW)	
Allotment (Detailed procedure)	Mention, the procedure for allotment and dispatch of account statements/unit certificates. Indicate the time period. Mention the number of days within which the statement shall be dispatched to the unitholders who subscribe to the units when the investment strategy is open for continuous subscription after NFO as per the applicable guidelines.
Refund	If application is rejected, full amount will be refunded within 5 working days of closure of NFO. If refunded later than 5 working days @ 15% p.a. for delay period will be paid and charged to the AMC.
Who can invest This is an indicative list and investors shall consult their financial advisor to ascertain whether the investment strategy is suitable to their risk profile.	
Who cannot invest	
How to Apply (details)	Details regarding- availability of application form from either the Investor Service Centers (ISCs)/Official Points of Acceptance (OPAs) of AMC or may be downloaded from the website of AMC (Provide website link) shall be specified. Please refer to the SAI and Application form for the instructions. A link for the list of official points of acceptance, collecting banker details etc. Name, address and contact no. of Registrar and Transfer Agent (R&T), email id of R&T, website address of R&T, official points of acceptance, collecting banker details etc. on back cover page. To inform investors that it is mandatory to mention their bank account numbers in their applications/requests for redemption.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the investment	

strategy or the AMC) involved in the same.	
Restrictions, if any, on the right to freely retain or dispose of units being offered.	
Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.	
Where can the applications for purchase/redemption switches be submitted?	Please refer the AMC website/ SIF website (Provide website link) at the following link for the list of official points of acceptance, collecting banker details etc. To inform investors that it is mandatory to mention their bank account numbers in their applications/requests for redemption.
Minimum amount for purchase/redemption/switches	
Minimum threshold requirement and consequences of non-maintenance	
Accounts Statements	The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form). A Consolidated Account Statement (CAS) detailing all the transactions across all SIFs (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 15th of the succeeding month. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all investment strategies of SIFs and securities held in dematerialized form across demat accounts, if applicable For further details, refer SAI.

Dividend/ IDCW	The payment of dividend/IDCW to the unitholders shall be made within seven working days from the record date.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase. For list of exceptional circumstances refer Paragraph 15.3.3 of Master Circular for Mutual Funds. For investment strategies investing atleast 80% of total assets in permissible overseas investments (as per Paragraph 13.11 of SEBI Master Circular for Mutual Funds), the transfer of redemption or repurchase proceeds to the unitholders shall be made within five working days from the date of redemption or repurchase.
Bank Mandate	
Delay in payment of redemption / repurchase proceeds/dividend	The Asset Management Company shall be liable to pay interest to the unitholders at rate as specified vide Paragraph 15.4 of Master Circular for Mutual Funds for the period of such delay.
Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	
Disclosure w.r.t investment by minors	
Any other disclosure in terms of Consolidated Checklist on Standard Observations	

III. Other Details

A. Periodic Disclosures such as monthly disclosures, half yearly results, annual report

- Specify timelines of these disclosures and details of where they are disclosed. (such as "Refer to AMC website, SIF website, SAI, AMFI website for further details etc. Provide a functional link for each respective field")
- Portfolio disclosures
- Any disclosure in terms of Consolidated Checklist on Standard Observations

B. Scenario Analysis for Derivatives Positions (As specified by AMFI)

C. Liquidity risk management tools and its applicability

D. Transparency/NAV Disclosure (Details with reference to information given in Section I)

E. Transaction charges and stamp duty- Indicate only the amount of transaction charges and stamp duty applicable. Details to be provided in SAI.

F. Associate Transactions- Please refer to Statement of Additional Information (SAI)

G. Taxation- For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

	Resident Investors	Non Resident Investors	Mutual Fund/SIF
Tax on Dividend			
Capital gain Long Term: Short Term:			

H. Rights of Unitholders- Please refer to SAI for details.

I. List of official points of acceptance: Details to be uploaded and updated on a functional website link to the website of SIF

J. Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority

- AMCs to ensure real time updation of data on the said link.

- Any disclosure in terms of Consolidated Checklist on Standard Observations

E. MF LITE SCHEME INFORMATION DOCUMENT

Applicable for Passively Managed schemes of Mutual Funds under MF Lite Framework

Name of Mutual Fund:

Name of Asset Management Company:

Address of AMC:

Website of AMC:

Name of Trustee Company:

Address of Trustee Company:

Name of the Scheme:

Category of Scheme:

*Equity/ Debt/ Hybrid ETF/Gold or Silver ETF/FoFs (single domestic or overseas index). *In case of Hybrid funds, indicate the sub category (Balanced/Equity oriented/debt oriented)

Scheme Code: (To be disclosed after obtaining the same):

NFO open date:

NFO close date:

Offer for Units of Rs. -- each for cash during the New Fund Offer and Continuous offer for Units at NAV based prices

Investment objective	**Scheme Riskometer**	**Benchmark Riskometer (as applicable)**
Xxxxxxxxx AMC xxxxx index scheme: Passive investment in equity and equity related securities replicating the composition of the ………… Index, subject to tracking errors (given for illustration purpose) "There is no assurance that the investment objective of the Scheme will be achieved"		

Investors are advised to refer to the Statement of Additional Information (SAI) for details of the

____

Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and other general information on www.__________.

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI MF Regulations) as amended till date and circulars issued thereunder filed with SEBI. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated ________.

HIGHLIGHTS/SUMMARY OF THE SCHEME

<table>
<tr><td>Sr No.</td><td>Title</td><td>Description</td></tr>
<tr><td>I.</td><td>Benchmark (TRI)</td><td></td></tr>
<tr><td>II.</td><td>Plans and Options

Plans/Options and sub options under the Scheme</td><td>Plan- Direct Plan/Regular Plan

Options under each Plan(s)

Growth
Income Distribution cum Capital Withdrawal (IDCW) (include facilities
if applicable)
Including Default option/ facility (as applicable)</td></tr>
<tr><td>III.</td><td>Load Structure</td><td></td></tr>
<tr><td>IV.</td><td>Minimum application amount/Switch in</td><td>During NFO:
On continuous basis:</td></tr>
<tr><td>V.</td><td>Minimum Additional Purchase Amount)</td><td>On continuous basis:</td></tr>
<tr><td>VI.</td><td>Minimum redemption/Switch Out amount</td><td>On continuous basis:</td></tr>
<tr><td>VII.</td><td>Tracking Error</td><td><table><tr><td>Regular Plan</td><td>Direct Plan</td></tr><tr><td></td><td></td></tr></table></td></tr>
<tr><td>VIII.</td><td>Tracking Difference</td><td><table><tr><td>Regular Plan</td><td>Direct Plan</td></tr><tr><td></td><td></td></tr></table></td></tr>
<tr><td>IX.</td><td>Computation of NAV</td><td>Mention the formula for computation of NAV (Detailed disclosure on weblink)</td></tr>
<tr><td>X.</td><td>Asset Allocation</td><td>This scheme tracks …. Index.</td></tr>
</table>

		95% allocation is to the constituents of index and 5% to …….. (as applicable) List of underlying securities for passive schemes to invest: 1. Equity 2. Plain vanilla debt securities 3. Physical commodities and exchange traded commodity derivatives 4. Equity derivatives 5. GSEC, Tbills and other money market instruments 6. Any other instrument (as applicable) *For details AMC may refer **Annexure 1** (As applicable)*
XI.	Fund manager details	Name: Managing since: Total Experience (in years) :
XII.	Annual Scheme Recurring Expenses	(Mention only the actual TER% applicable) For detailed disclosure, kindly refer SAI
XIII.	Transaction charges and stamp duty	Indicate only the amount of transaction charges and stamp duty applicable
XIV.	Information available through weblink	(Following information may be provided through weblink. Mention weblink/ weblinks in this box for each item • Liquidity/listing details • NAV disclosure • Applicable timelines for dispatch of redemption proceeds etc • Breakup of Annual Scheme Recurring expenses • Definitions • Applicable risk factors

		• Detailed disclosures regarding the index, index eligibility criteria, methodology, index service provider, index constituents, impact cost of the constituents/ underlying fund in case of fund of funds • List of official points of acceptance • Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations • Investor services • Portfolio Disclosure • Detailed comparative table of the existing schemes of AMC • Scheme performance • Periodic Disclosures • Any disclosure in terms of Consolidated Checklist on Standard Observations • Scheme specific disclosures (as per the prescribed format) • Scheme Factsheet *Instruction to AMC : For details on disclosures to be provided under each of the above bullet points, refer to **Annexure 2** titled 'Sections moved to Weblink')*
XV.	How to Apply	Summary of process only like availability of application form from either the Investor Service Centers (ISCs)/Official Points of Acceptance (OPAs) of AMC or may be downloaded from the website of AMC. *For detailed disclosure, kindly refer SAI*
XVI.	Where can applications for subscription/redemption/ switches be submitted	Summary of process only like the list of official points of acceptance, collecting banker details etc. Inform investors that it is mandatory to mention their bank account numbers in their applications/requests for redemption *For detailed disclosure, kindly refer SAI*
XVII.	Specific attribute of the scheme (such as lock in/ duration in case of target Maturity scheme/close	

	ended schemes etc.) (as applicable)	
XVIII.	Special product/facility available during the NFO and on ongoing basis	Briefly describe the facilities/products Available Facilities like: • Systematic Investment Plan • Systematic Transfer Plan • Systematic Withdrawal Plan • For further details of above special products / facilities, *For detailed disclosure, kindly refer SAI*

Optional

	Segregated portfolio/side pocketing disclosure	Optional. Confirmation/disclosure statement only. *For Details, kindly refer SAI*
	Stock lending/short selling	Confirmation/disclosure statement only. *For Details, kindly refer SAI*

Annexure 1 to Format No. 5.E

AMC to choose the applicable provisions based on intended asset allocation	
Equity derivatives of underlying securities forming part of the index may also be available as an investment option in case the underlying security is not available for purchase.	• Calculation of cumulative gross exposure • Numerical example of risk involved • Disclosure relating to extent and manner of participation in derivatives to be provided
ETCDs (applicable to ETFs only)	• Risk factors w.r.t ETCDs • Calculation of cumulative gross exposure • Investment limits • Disclosure relating to extent and manner of participation in derivatives to be provided
Hybrid schemes	As applicable
Close ended debt schemes	As applicable
Gold or Silver ETF/FoFs (single domestic /overseas index)	As applicable

Annexure 2 to Format No. 5.E

Liquidity / Listing Details	Provide Liquidity provisions on ongoing basis. Listing details only to be provided if the scheme intends to list immediately after NFO.
NAV Disclosure	• Disclosure timings Disclosure pertaining to illustration on computation of NAV and Methodology for calculation of sale and re-purchase price of the units of mutual fund scheme.
Applicable Timelines	Timeline for • Dispatch of redemption proceeds, Dispatch of IDCW (if applicable) etc.
Breakup of Annual Scheme Recurring expenses	• Head wise breakup including impact of TER on returns of both directs and regular plan through illustration may be provided. TER for last 6 months as well as scheme factsheet shall be made available
Definition	Functional website link that contains detailed description
Risk Factors	• Scheme specific risk factors

	Risk mitigation strategies
Index methodology / Details of underlying fund in case of Fund of Funds	Disclosures regarding the index, index eligibility criteria, methodology, index service provider, index constituents, impact cost of the constituents. In case of Fund of Funds Scheme, Details of Benchmark, Investment Objective, Investment Strategy, TER, AUM, Year wise performance, Top 10 Holding/ link to Top 10 holding of the underlying fund should be provided.
List of official points of acceptance	Details to be uploaded and updated on a functional website link
Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority	AMCs to ensure real time updation of data on the said link.
Investor Services	Details of related information/procedure/investor points • Contact details for general service requests Contact details for complaint resolution
Portfolio Disclosure	• As per specified timelines i.e. Fortnightly / Monthly/ Half Yearly Portfolio turnover rate (times) and policy
Detailed comparative table of the existing schemes of AMC	(As applicable)
Scheme performance	(As applicable)
Periodic Disclosures such as Half yearly disclosures, half yearly results, annual report	
Scheme factsheet	
Scheme specific disclosures	*Refer the format given below*

Format for Scheme Specific Disclosures (on weblink):

Portfolio rebalancing	Timeline to be provided. *For detailed disclosure, kindly refer SAI*
Disclosure w.r.t investments by key personnel and AMC directors including regulatory provisions	Amount of investment to be provided *For detailed disclosure, kindly refer SAI*
Investments of AMC in the Scheme	Amount of investment to be provided *For detailed disclosure, kindly refer SAI*
Taxation	For details on taxation please refer to the clause on Taxation in the SAI
Associate Transactions	*For detailed disclosure, kindly refer SAI*
Listing and transfer of units	
Dematerialization of units	
Minimum Target amount (This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return).	
Maximum Amount to be raised (if any)	
Dividend Policy (IDCW)	
Allotment (Detailed procedure)	Mention, the procedure for allotment and dispatch of account statements/unit certificates. Indicate the time period. Mention the number of days within which the statement shall be dispatched to the unitholders who subscribe to the units when the scheme is open for continuous subscription after NFO as per the applicable guidelines.
Refund	If application is rejected, full amount will be refunded in terms of applicable provision of Master circular for Mutual Funds.
Who can invest This is an indicative list and investors shall consult your financial advisor to ascertain whether the scheme is suitable to you risk profile.	
Who cannot invest	
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same	

Restrictions, if any, on the right to freely retain or dispose of units being offered.	
Cut off timing for subscriptions/ redemptions/switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.	
Minimum balance to be maintained and consequences of non-maintenance.	
Accounts Statements	Timeline and other details to be mentioned in terms of applicable provision of Master circular for Mutual Funds. *For further details, refer SAI.*
Dividend/ IDCW	The payment of dividend/IDCW to the unitholders shall be made within seven working days from the record date.
Redemption	Timeline and other details to be mentioned in terms of applicable provision of Master circular for Mutual Funds. *For further details, refer SAI.*
Bank Mandate	
Delay in payment of redemption / repurchase proceeds/dividend	Timeline and other details to be mentioned in terms of applicable provision of Master circular for Mutual Funds. *For further details, refer SAI.*
Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	Details to be mentioned in terms of applicable provision of Master circular for Mutual Funds. *For further details, refer SAI.*
Disclosure w.r.t investment by minors	Details to be mentioned in terms of applicable provision of Master circular for Mutual Funds. *For further details, refer SAI.*
Principles of Incentive structure for market makers	
The respective addendums to the MF Lite Scheme's SID after the last update of SID.	

F. KEY INFORMATION MEMORANDUM (KIM) OF SIF[528]

NAME OF THE INVESTMENT STRATEGY

(Type of Investment strategy)

1. Name and type of the Investment strategy to be aligned with SEBI Circular on Regulatory framework for Specialised Investment Funds (SIF).
2. In accordance with SEBI Circulars on Potential Risk Class (PRC) Matrix for debt schemes, the PRC matrix along with the mark for the cell in which the scheme resides shall be disclosed on front page of SID.
3. Product Labelling and Risk- band of the Investment Strategy and Benchmark should be disclosed
4. In case the investment strategy is listed/proposed to be listed (close ended / interval investment strategies etc.), the Scrip Code issued by the stock exchange after listing to be mentioned below the name of the investment strategy.

This product is suitable for investors who are seeking*	**Risk-band**	**Benchmark Risk-band (as applicable)**
	Risk band Level 1 (Lowest risk) **..** **..** **..** **Risk band Level 5 (Highest risk)**	**Risk band Level 1 (Lowest risk)** **..** **..** **..** **Risk band Level 5 (Highest risk)**

SIF shall disclose the product labeling of the Investment Strategy depending upon the level of risk in the Investment Strategy

Offer for Units of Rs. -- Per Unit for cash during the

New fund Offer Period and at NAV based prices upon re-opening

[528] SEBI Letter No. SEBI/HO/IMD/IMD-RAC-2/OW/20457/1 dated July 30, 2025

New Fund Offer Opens on:

New Fund Offer Closes on:

Investment Strategy Re-opens for continuous sale and repurchase on:

Name of SIF :

Name of the mutual fund :

Name of Asset Management Company :

Name of Trustee Company :

Addresses, Website of the entities (including SIF)

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the Investment Strategy /SIF, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Investment Strategy Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the website www. -----.

The Investment Strategy particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 2026, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

<table>
<tr><td>Investment Objective</td><td></td></tr>
<tr><td>Asset Allocation Pattern of the Investment Strategy</td><td>This includes asset allocation table giving the broad classification of assets and indicative exposure level in percentage terms. The asset allocation should be consistent with the investment objective of the Investment Strategy and SEBI circular on Regulatory framework for Specialised Investment Funds (SIF).

<table>
<tr><td rowspan="2">Instruments</td><td colspan="2">Indicative allocations

(% of total assets)</td></tr>
<tr><td>Minimum</td><td>Maximum</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td colspan="3"></td></tr>
</table>

Percentage of investment in overseas securities, derivatives for non-hedging purposes, stock lending, securitized debt, Debt instruments with special features (AT 1 and AT 2 Bonds), Debt Instruments with SO / CE, ReITs and InVITs, Tri-party repos, other mutual funds, repo/ reverse repo transactions in corporate debt securities, Credit Default Swaps, covered call option etc). to be indicated.
In case the Investment Strategy does not intend to invest in these securities, negative confirmation in a table format should be provided for securities / instruments in which the Investment Strategy will not invest.
Cumulative gross exposure limits to be adhered in terms of SEBI Circular on Regulatory framework for Specialised Investment Funds (SIF)
Any other information/disclosure to be added as per applicable Consolidated checklist of standard observations.

<u>Indicative Table</u> (Actual instrument/percentages may vary subject to applicable SEBI circulars)</td></tr>
</table>

Sl. no	Type of Instrument	Percentage of exposure	Circular references*
1.	Securities Lending		
2.	Derivatives for non-hedging and other than for portfolio rebalancing purposes		
3.	Securitized Debt		
4.	Overseas Securities		
5.	InVITS		
6.	Debt instruments with special features (AT1 and AT2 Bonds)		
7.	Debt Instruments with SO / CE		
8.	Tri-party repos		
9.	Repo/ reverse repo transactions in corporate debt securities		
10.	Credit Default Swap transactions		
11.	Any other instrument		

*SEBI circular references (wherever applicable) in support of exposure limits of different types of asset classes in asset allocation shall be provided.

	Timelines for deployment of funds collected by Asset Management Companies (AMCs) in New Fund Offer (NFO) as per asset allocation of the scheme as per SEBI circular dated February 27, 2025 Portfolio rebalancing: AMC to refer to Clause 1.14.1.2, Clause 2.9, Clause 3.5.3.11 and Clause 3.6.7 of SEBI Master Circular for Mutual Funds and applicable clause of Consolidated checklist of standard observations for active and passive breach/es.		
Investment Approach			
Risk Profile of the Investment Strategy	SIF Units involve investment risks including the possible loss of principal. Please read the ISID carefully for details on risk factors before investment. Investment Strategy specific Risk Factors are summarized below		
Plans and Options			
Applicable NAV (after the Investment Strategy opens for Redemption/repurchase and sale)			
Subscription frequency			
Redemption frequency			
Minimum Investment Threshold			
Minimum Application Amount/ Number of Units	Purchase	Additional Purchase	*Redemption/Repurchase* Rs. ________ The redemption will be subject to provisions mentioned under "Minimum Investment Threshold"
Notice period **(Maximum duration of notice period shall not exceed 15 working days.)**			

Despatch of Repurchase (Redemption) Request	Within 3 working days of the receipt of the redemption request at the authorised centre of the ------- Fund.
Benchmark Index	
Dividend /IDCW Policy	
Name of the Fund Manager	
Name of the Trustee Company	

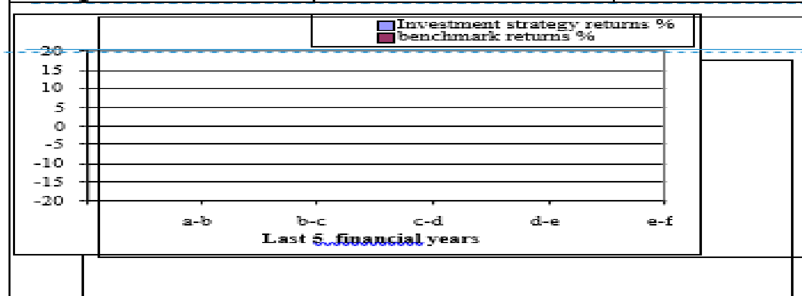
[In case of a new investment strategy, this is not applicable hence give the statement- "This investment strategy is a new strategy and does not have any performance track record"]

Or

[In case of an investment strategy in existence, the return figures shall be given for that investment strategy only. For an investment strategy which is in existence for more than 1 year, the returns given will be Compounded Annualised Returns and for investment strategy which is in existence for less than 1 year, the returns would be absolute returns since inception.

Absolute returns for each financial year for the last 5 years shall be represented by means of a bar diagram as per the adjacent format.]

Compounded Annualised Returns	Investment Strategy Returns %	Benchmark Returns %
Returns for the last 1 year		
Returns for the last 3 years		
Returns for the last 5 years		
Returns since inception		



Absolute Returns for each financial year for the last 5 years

Expenses of the Scheme	New Fund Offer Period
Load Structure	Continuous Offer Exit Load
Recurring expenses	Give slab wise break up depending on the assets under management. Give plan/option wise break up if the expense structures are different.

	For the actual current expenses being charged, the investor should refer to the website of the SIF. Actual expenses for the previous financial year: ---- (Not Applicable in case of a new scheme) The maximum limit of recurring expenses that can be charged to the Investment Strategy would be as per Regulation 66 of the SEBI (MF) Regulation, 2026. Investors are requested to read “Section- Annual Scheme Recurring Expenses” in the ISID.	
Additional Scheme related disclosures	1. Scheme’s portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website link that contains detailed description.) 2. Disclosure of name and exposure to Top 7 issuers, stocks, groups and sectors as a percentage of NAV of the scheme in case of debt and equity ETFs/index funds through a functional website link that contains detailed description 3. Portfolio Turnover Rate particularly for equity oriented schemes shall also be disclosed.	
Daily Net Asset Value (NAV) Publication	Mention only the Daily Disclosure timings on AMFI and AMC website.	
Tax treatment for the Investors (Unitholders)	Investor will be advised to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.	
For Investor Grievances please contact	Name and Address of Registrar	Name, address, telephone number, fax number, e-mail i.d. ------
Unitholders’ Information	Give the frequency and the policy of the fund house for the providing the Accounts Statement, Annual Financial results and Half yearly portfolio to the investors.	

Date:

N.B. Data and information shall be up-to-date but in no case older than 30 days from the date of KIM

G. STATEMENT OF ADDITIONAL INFORMATION (SAI) FOR SIF [529]

This Statement of Additional Information (SAI) contains details of XXX 'Specialized Investment Fund' ('SIF') offered by ABC Mutual Fund (the "Mutual Fund"), its constitution, and certain tax, legal and general information. It is incorporated by reference and is legally a part of the Investment Strategy Information Document (ISID).

This SAI is dated ________.

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

ABC Mutual Fund has been constituted as a trust on _______ in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with XYZ, as the Sponsor and DEF as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on ……………..under Registration Code MF-

B. Constitution of the Specialized Investment Fund

XXX 'Specialized Investment Fund ('SIF') is offered by ABC Mutual Fund in terms of Regulation 48(1) of SEBI (Mutual Funds) Regulations, 2026 ("SEBI Regulations") with DEF as the Trustee and STP as the Asset Management Company (AMC). ABC Mutual Fund was granted approval to establish the SIF by SEBI on……..

C. Sponsor

ABC Mutual Fund is sponsored by XYZ. The Sponsor is the Settler of the Mutual Fund Trust.

Financial Performance of the Sponsor (past three years):

Particulars	**Year 1**	**Year 2**	**Year 3**
Net Worth			
Total Income			
Profit after tax			

[529] SEBI Letter No. SEBI/HO/IMD/IMD-RAC-2/OW/20457/1 dated July 30, 2025

Assets Under Management (if applicable)			

D. The Trustee

DEF (the "Trustee"), through its Board of Directors, shall discharge its obligations as trustee of the XXX SIF. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations, as amended from time to time and will also review the activities carried on by the AMC.

As regards to the SIF, the Trustee ensures that all the activities of the SIF are in accordance with the provisions of the SEBI Regulations and Circulars issued in this regard from time to time.

1. **Details of Trustee Directors:**

Name	**Age/Educational Qualification**	**Brief Experience**
PQR	45/CA	PQR is a fellow member of the Institute of Chartered Accountant and is in practice from 1978. He is a Senior Partner with a firm of Chartered Accountants in India. He is also a director on the Board of various companies and trustee of charitable institutions

State the responsibilities and duties of the Trustee as well as the specific and general due diligence.

II. Asset Management Company

STP is a public/private company incorporated under the Companies Act, 1956/ 2013 on ________, having its Registered Office at ______________________. STP has been appointed as the Asset Management Company of the XXX SIF by the Trustee vide Investment Management Agreement (IMA) dated ___________, and executed between DEF and STP. STP is also the AMC of ABC Mutual Fund.

Details of AMC Directors:

Name	Age/Educational Qualification	Brief Experience
UVT	*45/CA*	*UVT is a fellow member of the Institute of Chartered Accountant and is in practice from 1978. He is a Senior Partner with a firm of Chartered Accountants in India. He is also a director on the Board of various companies and trustee of charitable institutions*

State the Duties and obligation of the AMC as specified in the SEBI Mutual Fund Regulations on www.sebi.gov.in.

Information on Key Personnel:

Name/Designation	Age/Educational Qualification	Total No. of years of Experience	Nature of past experience including assignments held during the last 10 years

III. Service providers

1. Custodian

Name, Address and SEBI Registration Number of the Custodian.

2. Registrar and Transfer agent

Name and principal business address of the Registrars, Transfer Agents and the dividend paying agent. A statement to the effect that the Board of the Trustees and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. Also state the SEBI Registration Number of Registrars, Transfer Agents.

3. Statutory auditor

Name and Address of the statutory auditor for SIF.

4. Legal counsel

Name and Address of the Legal Counsel

5. Fund Accountant

Name and Address of the fund accountant

6. Collecting Bankers

Name, Address and SEBI Registration Number

IV. Condensed financial information (CFI) ***for all the investment strategies launched by SIF during the last three fiscal years (excluding redeemed investment strategies) in the format given below***

HISTORICAL PER UNIT STATISTICS	Name of the Investment Strategy		
	YR. 1	YR. 2	YR. 3
NAV (Net Asset Value) at the beginning of			

the year (as on April 1)			
IDCW*			
NAV at the end of the year (as on March 31)			
Annualised return**			
Net Assets at the end of period (Rs. Crs.)			
Ratio of Recurring Expenses to net assets			

* Excluding IDCW details of investment strategy.

** Only for growth option. Explanation to be given for not providing annualised return for options other than growth option. Absolute returns to be provided for Investment strategies less than one year.

V. RISK FACTORS

1. **Standard Risk Factors**

a. Standard Risk Factors for investments in SIF

b. Risks associated with different derivative strategies including derivative strategies as applicable for the SIF.

c. Other risk factors (viz. Swing pricing, investment in CDMDF, LRM etc.)

2. **Special Considerations**

VI. HOW TO APPLY?

Describe briefly the manner in which the units of the Investment strategy being offered under the Investment Strategy Information Document may be purchased by the prospective investor. The descriptions should emphasise the procedures to be followed. Also provide the details of KYC requirement for unit holders.

A. Special Products / Facilities offered by the Investment Strategies.

B. Default scenarios available to the investors under Growth/dividend plans of the Investment Strategies.

VII. RIGHTS OF UNITHOLDERS OF THE INVESTMENT STRATEGY

1. Unit holders have a proportionate right in the beneficial ownership of the assets of the Investment Strategy.

When the SIF declares an Income Distribution cum Capital Withdrawal (IDCW) under an Investment Strategy, IDCW payments shall be completed to the Unit Holders within 7 working days from the record date of IDCW.

Consolidated Account Statement ('CAS') at SIF level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be send on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request. If a Unit holder so desires the SIF shall issue a Unit certificate (non- transferable) within 5 Business Days of the receipt of request for the certificate.

2. The SIF shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. Provided that, processing of redemption(s) in the SIF Investment Strategies shall be subject to appropriate notice period(s), if any, as may be implemented by the AMC, based on structure of the Investment Strategy and the liquidity risk associated with it.

3. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.

4. The appointment of the AMC for the SIF can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the investment strategy.

5. 75% of the Unit holders can pass a resolution to wind- up an Investment strategy.

6. The Trustee shall obtain the consent of the Unit holders:
   - whenever required to do so by SEBI, in the interest of the Unit holders.
   - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Investment strategy.
   - when the majority of the trustees decide to wind up a scheme in terms of Regulation 36(2)(a) of SEBI (Mutual Funds) Regulations, 2026 or prematurely redeem the units of a close ended scheme.
   - when the majority of the trustees decide to wind up the Investment Strategy or prematurely redeem the units of an Investment Strategy.

7. The trustees shall ensure that no change in the fundamental attributes of any Investment strategy, the fees and expenses payable or any other change which would modify the Investment strategy and affect the interest of the unit holders is carried out by the asset management company, unless it complies with Regulation 22(9)(c) of SEBI (Mutual Funds) Regulations, 2026.

8. The Trustee shall ensure that no change in the fundamental attributes of any Investment strategy or the trust or fees and expenses payable or any other change which would modify the Investment strategy and affects the interest of Unit holders of the Investment Strategy, shall be carried out by the AMC, unless the AMC ensures compliance with requirements listed hereunder:

(i) SEBI has reviewed and provided its comments on the proposal;

(ii) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well **as in a** newspaper published in the language of the region where the Head Office of the ABC Mutual Fund is situated; and

(iii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.

9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

VIII. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

This section shall disclose the Valuation of Assets and properties of the Investment strategy in accordance with Seventh Schedule and Regulation 22(9)(b)(i) of SEBI (Mutual Funds) Regulations, 2026 and applicable guidelines.

IX. COMPUTATION OF NAV

A. Policy of computation of NAV

B. Policy for computation of NAV in foreign securities

C. Procedure in case of delay in disclosure of NAV

X. TAX & LEGAL & GENERAL INFORMATION

A. Taxation on investing in SIF

This section shall disclose the applicable tax provisions for investments in SIF Investment strategy.

B. Legal Information

This section may include information on Nomination Facility, KYC Requirements, Requirements of Prevention of Money Laundering Act, Transfer and transmission of units, Duration of the Investment Strategy /Winding up, Procedure and manner of winding up etc.

C. General Information

1. Inter- Investment Strategy transfer of investments:

Transfers of investments from one Investment Strategy to another Investment Strategy in the same SIF shall be allowed only if -

(a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

(b) the securities so transferred shall be in conformity with the investment objective of the Investment Strategy to which such transfer has been made.

2. Aggregate investment in the Investment Strategy under the following categories:

In accordance with Paragraph 6.8 on 'Scheme Related Disclosures' of SEBI Master Circular for Mutual Funds please find below the aggregate investment in the respective Investment Strategy by Board of Directors of ________ (AMC) and key personnel as on May 31 _____:

Name of Investment Strategy	**Aggregate amount invested in the Investment Strategy as on May 31, _____(market value in Rs.)**		
	AMC's Board of Directors	**Key personnel (excluding Fund Manager)**	**Fund Manager**

3. Dematerialisation and Rematerialisation procedures
4. ASBA disclosures
5. Portfolio Turnover Details

D. Associate Transactions

The following disclosures, summarising historical information pertaining to the last three fiscal years of the Investment strategy of the SIF under the management of the Asset Management Company reflecting associate transactions and the manner in which such transactions affected the performance of Investment strategies of SIF, should be made. The disclosures shall include any underwriting obligations undertaken by the Investment strategies of SIF with respect to issues of associate companies, devolvement if any, of such commitments, subscription by the Investment strategies in issues lead managed by associate companies, total business given to associate brokers and the percentage of brokerage commission paid to them and any distribution of units performed by associate companies.

This section shall also disclose:

(a) the policy for investing in group companies of the sponsor of a Mutual Fund that is followed/to be followed by the SIF, including the aggregate market value of investments in group companies of the Sponsor and asset Management Company by all the Investment strategies of SIF and its percentage of the aggregate net asset value of the SIF,

(b) in case any Investment strategies of SIF has invested more than 25% of its net assets in group companies, this shall be disclosed.

(c) names of associates of the Sponsor or the Asset Management Company with which the SIF proposes to have dealings, transactions and those whose services may be used for marketing and distributing the Investment strategy and the commissions that may be paid to them.

E. Documents Available for Inspection

The following documents will be available for inspection at the office of ABC Mutual Fund at ________________________________ during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- No objection from SEBI to establish SIF
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 2026 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

F. Investor Grievances Redressal Mechanism

Describe briefly the investors' complaints history for the last three fiscal years of existing investment strategies and the redressal mechanism thereof. The SAI should include data updated every six months on the number of complaints received, redressed and pending with the SIF.

G. Information pertaining to Investments by the Investment Strategies of SIF

1. Derivative strategies
2. Swing Pricing
3. Provisions on creation of Segregated portfolio/Side pocketing
4. Short selling / stock lending

H. Transaction Charges and Stamp Duty

XI. Disclosures and Reports by The Fund

1. Account Statement/Consolidated Account Statement
2. Half Yearly Disclosures/Portfolio Disclosures/Financial Results
3. Half Yearly Results
4. Annual Report

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines thereunder shall be applicable.

****

<u>Instruction:</u>

A SIF is free to add any other disclosure, which in the opinion of the Trustees of the SIF or the Asset Management Company (AMC) is material, provided that such information is not presented in an incomplete, inaccurate or misleading manner. Care should be taken to ensure that inclusion of such information does not, by virtue of its nature, or manner of presentation, obscure or impede understanding of any information that is required to be included under the Investment Strategy information document and Statement of Additional Information.

Note:

The wording in italics is explanatory commentary/instructions.

The words in Arial font are the text to be used in the Statement of Additional Information, as applicable.

****

6. STANDARD OBSERVATIONS[530]

A. STANDARD OBSERVATION FOR SCHEME INFORMATION DOCUMENT (SID)

While filing the Statement of Additional Information (SAI) and the Scheme Information Document (SID) for launching a new scheme / revising and filing existing SAI and SID with SEBI, the mutual funds should highlight and clearly mention the page number of the SAI and SID on which each of the following observation has been incorporated. In case of any amendment to Regulations, the new provisions should be incorporated in the SAI / SID.

Consolidated List of Standard Observations:

Compliance Check List		**Page No. in SID**
Cover Page Disclosures		
1.	Name of the scheme and type of scheme shall be as per categorization circular. Name of Index Funds: Name of scheme shall include complete name of underlying Index. Name in case of FOF's where single fund is underlying (Feeder Funds): To include the complete name of the underlying fund in the name of the scheme	
2.	Type of scheme for Debt Schemes to include Potential Risk Class (PRC) description	
3.	Risk-o-meter of the Scheme	
4.	Potential Risk Class Matrix in case of debt Schemes	
Summary / Key Highlights Disclosures		
5.	Investment objective must be true to the scheme label and shall contain statement "There is no assurance that the investment objective of the Scheme will be achieved"	
6.	Duration of the scheme shall be mentioned for close ended scheme in 'Highlights' section	
7.	Scheme Code to form a part of summary disclosures	
Risk Factors		

[530] SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008

8.	Scheme specific risk shall include risks pertaining to only those instruments that are applicable based on the asset allocation pattern. All the risk factors to be disclosed at a single place in the Scheme Information Document instead of giving at different places	
9.	Risk Control/ Mitigation measures shall specify risk control strategies for risks identified based on the asset allocation pattern.	
10.	Tracking error and tracking difference risks to be provided in all index funds, ETFS and FoFs as per SEBI Master Circular for Mutual Funds	
11.	If the scheme proposes to invest in overseas investments, required disclosures as per SEBI Master Circular for Mutual Funds have been made at all relevant places. The risk factors associated with such investments including currency risk and risks arising from exhaustion of overseas limits as per applicable SEBI and RBI circulars shall also be disclosed.	
12.	Liquidity Risk Management practices to be added for open ended debt schemes in accordance with Paragraph 5.2 of SEBI Master Circular for Mutual Funds relating to 'Stress testing by open ended Debt schemes'	
Asset Allocation Disclosures		
13.	Securities in which investment is made for the purpose of ensuring liquidity (debt and money market instruments) are those that fall within the definition of liquid assets	
14.	Cash and cash equivalent having residual maturity of less than 91 Days which are not considered for the purpose of calculating gross exposure limit shall be specified in the SID along with list of instruments, relevant circular reference, and reference of Letter to AMFI dated November 03, 2021.	
15.	If AMC intends to invest in overseas securities, limits for investing in overseas securities shall be specified under asset allocation section and reference shall be made to all the relevant circulars in this regard. Further until Overseas Investment Limits are revised by RBI/SEBI an undertaking w.r.t restriction on investment shall be provided by AMC at the time of filing of Scheme Documents by AMC.	
16.	Separate limits as applicable for Overseas ETFs and Overseas securities to be provided for as per Paragraph 13.11 of SEBI Master circular for Mutual Funds.	
17.	The Paragraph related to "cumulative gross exposure shall not exceed 100%...." shall be duly incorporated under asset allocation section in terms of Paragraph 13.18.1 of SEBI Master Circular for Mutual Funds.	

18.	AMC shall provide exhaustive list of negative confirmations to invest or provide limits as applicable there in for the below types of asset classes in asset allocation section: a. Derivatives b. Securitized Debt c. Debt Instruments with special features (AT1 and AT2 Bonds) d. Debt Instruments with SO / CE e. Stock lending and Borrowing f. Overseas Investments h. InVITs i. Tri-party repos j. Other mutual funds k. Repo/ reverse repo transactions in corporate debt securities l. Credit Default Swap transactions	
19.	To provide circular references wherever applicable in support of exposure limits of different types of asset classes in asset allocation. Clarify whether, apart from the investment restrictions prescribed under SEBI (MF) Regulations, does the fund follow any internal norms vis-à-vis limiting exposure to a particular scrip or sector, etc.	
20.	Derivatives exposure for non-hedging purposes: Scheme to disclose exposure in percentage terms of net assets of the scheme	
21.	Index Funds, ETF's and FOFs: Residual portion of 5% in asset allocation is provided for liquidity purposes and hence instruments are to be of such nature.	
Portfolio Rebalancing and Short Term Defensive Consideration		
22.	Under Portfolio Rebalancing section of SID give reference to Paragraph 3.11 or 4.5.5.of SEBI Master circular for Mutual Funds as the case may be. Further SID shall disclose provisions stated in the said Paragraphs in the relevant part of SID.	
23.	Short term defensive consideration: Deviation occurring in view of short term defensive consideration as per Paragraph 1.9.1(b) of SEBI Master circular for	

	Mutual Funds to be provided separately from portfolio rebalancing as given in point above	
24.	Paragraphs on rebalancing due to short term defensive consideration (active breach) and passive breach shall be segregated (and not combined under the heading of Portfolio Rebalancing)	
Benchmark and Underlying Fund Details		
25.	Tier 1 benchmark to be as per AMFI published list in all schemes except Index Funds and ETFs and FOF with single underlying fund	
26.	SID shall provide Details of Benchmark, Investment Objective, Investment Strategy, TER, AUM, Year wise performance, Top 10 Holding/ link to Top 10 holding of the underlying fund in case of Fund of Fund	
Investment Strategy		
27.	Due care shall be taken in deciding whether the investment strategy is "Passive"/"Active". (Ex: A Fund of funds scheme investing in multiple funds in its portfolio is considered to have an active investment strategy)	
28.	Investment strategy to match the asset allocation pattern of the respective scheme. (Ex: to not include strategy pertaining to derivatives in cases of funds not having exposure to derivatives. If the Scheme intends to invest in derivatives, the strategies associated with investments in derivatives shall be disclosed.) Further, the following disclosures with respect to investment in derivatives be added: "Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies". "The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments".	
Where shall Scheme invest section:		
29.	To include only those asset classes which are provided for in the asset allocation	
30.	Compliance with inter scheme asset transfer as mentioned at Paragraph 13.19 of SEBI Master circular for Mutual Funds.	

31.	Comply with Paragraph 13.1.8 of SEBI Master Circular for Mutual Funds for investment limits relating to investing in HFCs	
Fund Manager Disclosures		
32.	Dedicated fund manager is optional for commodity based assets and any overseas component as per applicable SEBI circulars.	
33.	Who Manages The Scheme- Name, age, qualification and experience of the fund manager shall be disclosed in relevant section of SID. The experience of the fund manager shall include last 10 years and also the name of other schemes under his /her management.	
NFO Disclosures		
34.	Any modification to the New Fund Offer Period shall be announced by way of an Addendum uploaded on website of the AMC.	
35.	"How to Apply" Section of SID shall provide details regarding availability of application form from either the Investor Service Centres(ISCs)/Official Points of Acceptance(OPAs) of Mutual Fund or may be downloaded from the website of AMC. The list of the Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of the Mutual Fund shall be provided on the website of the AMC. Detailed procedure shall be given in SAI	
Ongoing Offer Disclosures		
36.	SID to disclose that there is no minimum balance requirement	
37.	Disclosure with respect to investment by minors shall be incorporated in SID in accordance with Paragraph 15.13 of SEBI Master Circular for Mutual Funds.	
Periodic Disclosures		
38.	Risk-o-meter and Scheme summary document to be part of periodic disclosures	
39.	In case of Index/ETFs, under periodic disclosures section of the scheme document, AMC shall specify periodic disclosure of tracking error and tracking difference.	
40.	All the requirements specified in Paragraph 4.5 of SEBI Master Circular for Mutual Funds related to “Passive Funds” shall be complied with and relevant disclosures stipulated in the said circular shall be duly incorporated in the SID. Further an undertaking regarding compliance with the said circular shall be provided in case of “Passive Funds”	
	Disclosure of NAV shall be made under “Periodic Disclosures” section of SID specifying timelines for disclosure of NAV and places where it shall be disclosed.	
NAV Disclosures		

41.	Disclosure of NAV shall be made under "Periodic Disclosures" section of SID specifying timelines for disclosure of NAV and places where it shall be disclosed. As per current SEBI Master Circular: For FOFs – 10 am following business day For schemes with ETCD exposures – 9 am following business day For all other schemes – 11 pm same business day	
42.	SID shall include illustration on computation of NAV.	
Recurring expenses		
43.	Cost towards investor education shall be in compliance with the requirements of Paragraph 11.9 Of SEBI Master Circular for Mutual Funds (applicable only in case of Index Funds/ ETFs/ FOFs)	
44.	SID shall include impact of TER/Returns on both Direct plan and regular plan through an illustration.	
45.	In FOFs: To disclose that the TER of the scheme is within 2 times of the underlying fund as per Regulation 66 (8)	
46.	Comply with Paragraph 11.6 of SEBI Master Circular for Mutual Funds on additional incentive to distributors for bringing inflows from beyond top 30 cities (B30) and from women investors.	
Loads		
47.	No Entry Load shall be charged and exit load shall be charged in line with the provisions of Regulation 44(4) and SEBI Master Circular for Mutual Funds. Disclosure to the effect that the repurchase price shall not be lower than 95% of the NAV.	
Section on penalties, pending litigation or proceedings		
48.	Disclosure on Pending Penalties and Pending Litigations shall be provided as per the relevant clause as prescribed in the SID format.	
49.	If penalty is paid it must specify on which date it was paid.	
Other Disclosures		
50.	To not include blanket denial of service statements: Example: Account statement is not proof of ownership of units held by the investor	

51.	In case of Target Maturity Index Scheme, the index that scheme intends to track/replicate shall be included in the approved Index List published by AMFI. To be part of due diligence certificate and filing letter of the draft SID.	
52.	Specify the disclosures pertaining to treatment of unclaimed redemption and IDCW amounts in terms of Paragraph 15.5 of SEBI Master circular for Mutual Funds in SAI.	
53.	Mention the enabling provisions for creation of Segregated portfolio in accordance with Paragraph 5.5 of SEBI Master Circular for Mutual Funds in SID. Detailed procedure for creation of segregated portfolio to be provided in SAI.	
54.	Mention the provisions pertaining to applicability of swing pricing framework for applicable debt schemes in accordance with the provisions of Paragraph 5.8 of SEBI Master Circular for Mutual Funds in SID. Detailed provisions in this regard to be provided in SAI. (Applicable in case of open-ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds))	
55.	Following undertaking shall be provided- "You are required to give a due diligence certificate stating that the draft Scheme Information Document is in accordance with the SEBI (Mutual Funds) Regulations. You are again advised to specifically confirm whether there are any deviations from the Regulations or whether subjective interpretations have been applied to the provisions of the Regulations or where the AMC feels that any matter is required to be brought to the notice of SEBI. Further you are also advised to confirm that the contents of the SID including figures, data, yields, etc. have been checked and are factually correct." *"AMC has complied with the set of checklist applicable for Scheme Information Documents"*	
56.	No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so through stock exchange mode.	
57.	(a) The unit holders would have an option to hold the units in demat form in addition to the account statement as per the current practice.	
	(b) unit holders who wish to trade in units would be required to have a demat account	
	(c) Application form shall be modified to provide for demat account details and other details to enable exercise of the option as detailed above.	

58.	The AMC shall not invest in any of the schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document and that the AMC shall not be entitled to charge any fees on such investments may be disclosed.	
59.	The fundamental attributes of the scheme shall be disclosed in the Scheme Information Document. The note shall also include the steps to be followed by the Trustee for change in fundamental attributes, as required by the SEBI regulations. 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 the unitholders, shall be carried out unless, • SEBI has reviewed and provided its comments on the proposal • written communication (including digital modes such as email/sms etc.) about the proposed change is sent to each unitholder; and • the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load for a period of at least 30 calendar days.	
60.	SID shall disclose the number of days within which the statement shall be dispatched to the unitholders who subscribe to the units when the scheme is open for continuous subscription after NFO as per the applicable guidelines.	
61.	Disclosure to the effect that it shall be mandatory for the investors of mutual fund schemes to mention their bank account numbers in their applications/requests for redemption.	
62.	The Scheme Information Document shall have no clause, which in effect limits the jurisdiction for settlement of claims of the investors to a specific place/region.	
63.	A statement shall be incorporated on the last page of the Scheme Information Document as follows "Notwithstanding anything contained in the Scheme Information Document the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the Guidelines thereunder shall be applicable."	
64.	All information in the Scheme Information Document and KIM shall be updated, considering the above observations, 30 calendar days before the launch of the scheme.	
65.	The schemes are required to be approved by the trustees. While approving the scheme, the trustees may also review the systems, adequacy of key personnel, compliance mechanism, etc. as required under Regulation 22 (2). A letter from the Trustees shall be submitted while filing a new Scheme Information Document, confirming that the trustees have ensured that the asset management company complies with the requirements of Regulation (2).	

-Signed-

CO / CEO

Disclosure of any deviations from applicable SEBI circulars and guidelines and best practices:

Sl. No	SEBI Regulations, Circulars and Guidelines	Deviation	Rationale for the deviation.	Page no. in SID

-Signed-

CO / CEO

B. STANDARD OBSERVATIONS FOR STATEMENT OF ADDITIONAL INFORMATION (SAI)

STANDARD OBSERVATIONS FOR SAI:

Sr. No	Standard Observation	Remarks
1.	If the AMC is undertaking other business activities as provided in Regulation 21(b) brief details of the same giving SEBI registration particulars, if applicable, and certification that there is no conflict of interest.	
2.	The details of sponsor shall also include a brief note on their activities.	
3.	The details pertaining to the key personnel of the AMC shall inter-alia include the age of the person, educational qualification, total number of years' experience, type and nature of past experience including assignments held during the last 10 years, etc. The number of persons involved in equity research and fund management and their past experience must be mentioned. If any of the key personnel is based elsewhere and not in the registered/corporate office of the AMC, must be disclosed.	
4.	The detailed procedures followed for investment decisions, whether an individual or committee takes decisions, role of chief executive of AMC in investment decisions, recording of each investment decision, how these decisions and performance of schemes are monitored by the AMC Board and the trustees, should be explained by way of a separate paragraph in the Statement of Additional Information.	
5.	A brief note on the supervisory role performed by the Trustees, the number of meetings held during the last year, systems set up by the trustees for monitoring the activities of the AMC.	
6.	Disclosure that no amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholders approval would be obtained where it affects the interests of unitholder.	
7.	Share holding pattern of the AMC specifying the percentage holding of various groups/companies.	
8.	The appointment of the AMC can be terminated by majority of the trustees or by seventy five percent of the unitholders of the scheme.	
9.	The dispatch of dividend warrants shall be made within 30 calendar days of the declaration of the dividend and despatch of redemption or repurchase proceeds shall be made within 10 working days from the date of redemption or repurchase.	

Sr. No	Standard Observation	Remarks
10.	Suspension or restriction of repurchase / redemption facility under any scheme of the mutual fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustees. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.	
11.	If the work relating to transfer of units is processed in-house, disclosure that the charges are at competitive rates and if the rates are higher, reasons for charging higher rates should be disclosed.	
12.	Disclosure as to the procedure for seeking approval of the unitholders in specified circumstances.	
13.	The SAI shall fully disclose the fund's policy for dealing with unclaimed redemption amounts in line with Paragraph 15.5 of Master Circular for Mutual Funds	
14.	The disclosure in respect of tax benefits to the mutual fund and the unit holders shall be in accordance with prevailing tax laws.	
15.	The SAI shall have no clause, which in effect limits the jurisdiction for settlement of claims of the investors to a specific place/region.	
16.	The application inviting subscription to the scheme should mention about the availability of the facility of Multiple nominations and how the same can be availed. Necessary details in this regard may also be disclosed in the SAI.	
17.	The table on Condensed Financial Information shall be provided as per the relevant clause as prescribed in the SAI format.	
18.	A statement should be incorporated on the last page of the Statement of Additional Information as follows "Notwithstanding anything contained in the Statement of Additional Information the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the Guidelines thereunder shall be applicable."	

7. DISCLOSURES

A. INDICATIVE FORMAT OF DISCLOSURE ON PERFORMANCE OF OTHER SCHEMES MANAGED BY THE FUND MANAGER[531]

Name of Fund Manager:						
Period	**1 year**		**3 year**		**5 year**	
	Scheme return %	Benchmark return (%)	Scheme return %	Benchmark return (%)	Scheme return %	Benchmark return (%)
Scheme 1						
Scheme 2						
Scheme 3						
Scheme 4						
Scheme 5						
Scheme 6						

Note:

a. The concerned fund manager manages X number of schemes of the concerned Mutual Fund.

b. In case the number of schemes managed by a fund manager is more than six, performance data of other scheme the top 3 and bottom 3 schemes managed by fund manager has been provided herein.

c. Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement

d. Different plans shall have a different expense structure. The performance details provided herein are of (regular / direct) plan.

[531] SEBI Cir no SEBI/CIR/IMD/DF/23/2017 dated March 15, 2017

B. BROKERAGE AND COMMISSION PAID TO ASSOCIATES

Brokerage paid to associates/related parties/group companies of Sponsor/AMC[532]

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered*	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Brokerage excl. statutory levies (Rs Cr & % of total brokerage paid by the fund)		All statutory levies (Rs. Cr & % of total brokerage paid by the fund)

Commission paid to associates/related parties/group companies of sponsor/AMC

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered *	Business given (Rs. Cr. & % of total business received by the fund)	Commission paid excl. statutory levies (Rs & % of total commission paid by the fund)	All statutory levies on Commission Paid (Rs & % of total commission paid by the fund)

* The period covered shall be as following:

• SAI - Past three financial years including the current year

• Half Yearly Unaudited Financial Results – Current half year and previous half year

• Abridged Scheme wise Annual Report – Current year and previous year

The disclosures for the aforementioned period shall be furnished for each period in separate tables.

[532] SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15 ,2010

C. ROLE OF MUTUAL FUNDS IN CORPORATE GOVERNANCE OF PUBLIC LISTED COMPANIES[533]

(i) Format for disclosure of vote cast by Mutual Funds - during an individual quarter:

Details of Votes cast during the quarter ended __, of the Financial year __-__							
Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision

(ii) Format for disclosure of voting by Mutual Funds/AMCs during a financial year

Details of Votes cast during the Financial year __-__								
Quarter	Meeting Date	Company Name	Type of meetings (AGM/EGM)	Proposal by Management or Shareholder	Proposal's description	Investee company's Management Recommendation	Vote (For/ Against/ Abstain)	Reason supporting the vote decision

(iii) Format of providing the summary of proxy votes cast by Mutual Funds/AMCs across all the investee companies

Summary of Votes cast during the F.Y. ___-___					
F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained

[533] SEBI/IMD/DF/05/2014 dated March 24, 2014, SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15 ,2010, SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

D. DISCLOSURE OF INVESTOR COMPLAINTS WITH RESPECT TO MUTUAL FUNDS[534]

Redressal of Complaints received during the period: DD/MM/YYYY to DD/MM/YYYY

Name of the Mutual Fund:

Total Number of Folios:

Data for every month ending

Part A: Total complaints report (including complaints received through SCORES)

<table>
<tr><th rowspan="3">Complaint code</th><th rowspan="3">Type of complaint#</th><th rowspan="3">(a) No. of complaints pending at the beginning of the period</th><th rowspan="3">(b) No of complaints received during the period</th><th colspan="10">Action on (a) and (b)</th></tr>
<tr><th colspan="5">Resolved</th><th rowspan="2">Non Actionable *</th><th colspan="4">Pending</th></tr>
<tr><th>Within 30 days</th><th>30-60 days</th><th>60 - 180 days</th><th>Beyond 180 days</th><th>Average time taken ^ (in days)</th><th>0-3 months</th><th>3-6 months</th><th>6-12 months</th><th>Beyond 12 months</th></tr>
<tr><td>I A</td><td>Non receipt of amount declared under Income Distribution cum Capital Withdrawal option</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>I B</td><td>Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

[534] SEBI Circular No. SEBI/HO/IMD-II/IMD-II_DOF10/P/CIR/2021/00677 dated December 10,2021

I C	Non receipt of Redemption Proceeds												
I D	Interest on delayed payment of Redemption												
II A	Non receipt of Statement of Account/Unit Certificate												
II B	Discrepancy in Statement of Account												
II C	Data corrections in Investor details												
II D	Non receipt of Annual Report/Abridged Summary												
III A	Wrong switch between Schemes												
III B	Unauthorized switch between Schemes												
III C	Deviation from Scheme attributes												
III D	Wrong or excess charges/load												
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc												
III F	Delay in allotment of Units												
III G	Unauthorized Redemption												
IV	Others												

including against its authorized persons/ distributors/ employees. etc.

*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

^ Average Resolution time is the sum total of time taken to resolve each complaint in days, in the current month divided by total number of complaints resolved in the current month.

Part B: Report on complaints received through SCORES

Complaint code	Type of complaint#	(a) No. of complaints pending at the beginning of	(b) No of complaints received during	Action on (a) and (b)									
				Resolved					Non Actionable *	Pending			
				Within 3	30 - 60	60 - 180	Beyond 180 days	Average time taken ^ (in		0-3 months	3-6 months	6-12 months	Beyond 12 month
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option												
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option												
I C	Non receipt of Redemption Proceeds												
I D	Interest on delayed payment of Redemption												
II A	Non receipt of Statement of Account/Unit Certificate												
II B	Discrepancy in												

	Statement of Account												
II C	Data corrections in Investor details												
II D	Non receipt of Annual Report/Abridged Summary												
III A	Wrong switch between Schemes												
III B	Unauthorized switch between Schemes												
III C	Deviation from Scheme attributes												
III D	Wrong or excess charges/load												
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc												
III F	Delay in allotment of Units												
III G	Unauthorized Redemption												
IV	Others												

including against its authorized persons/ distributors/ employees. etc.

*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

^ Average Resolution time is the sum total of time taken to resolve each complaint in days, in the current month divided by total number of complaints resolved in the current month.

Part C: Trend of monthly disposal of complaints (including complaints received through SCORES)

SN	Month	Carried forward from previous month	Received	Resolved*	Pending**
1	**2**	**3**	**4**	**5**	**6**
1	April- YYYY				
2	May- YYYY				
3	June- YYYY				
4	July- YYYY				
5	……….				
6	……….				
	March- YYYY				
	Grand Total				

*Should include complaints of previous months resolved in the current month. If any.

** Should include total complaints pending as on the last day of the month, if any.

Part D: Trend of annual disposal of complaints (including complaints received through SCORES)

SN	Year	Carried forward from previous year	Received during the year	Resolved during the year	Pending at the end of the year
1	2021-22				
2	2022-23				
3	2023-24				
4	2024-25				
5	2025-26				
	Grand Total				

E. FORMAT FOR DISCLOSURE OF TOTAL EXPENSE RATIO (TER) OF MUTUAL FUND SCHEMES[535]

Name of Scheme: XYZ										
Date (DD/MM/YYYY)	**Regular Plan**					**Direct Plan**				
	Base Expense Ratio (BER) (%)[1]	**Brokerage cost (%)**[2]	**Transaction Cost incurred for the purpose of execution of trade (%)**[3]	**Statutory Levies (including GST) (%)**[4]	**Total TER (%)**	**Base Expense Ratio (%)**[1]	**Brokerage cost (%)**	**Transaction Cost incurred for the purpose of execution of trade (%)**	**Statutory Levies (including GST) (%)**[4]	**Total TER (%)**

1. Base Expense Ratio as per Regulation 66(7) of SEBI (Mutual Funds) Regulations, 2026.
2. Brokerage Cost as per Regulation 66(9) of SEBI (Mutual Funds) Regulations, 2026.
3. Transaction cost incurred for the purpose of execution of trade as referred under Regulation 66(10) of SEBI (Mutual Funds) Regulations, 2026.
4. Present GST rate is XX%.
5. Percentages mentioned above are annualized.
6. Base Expense Ratio of direct plan shall have a lower expense ratio excluding distribution expenses, commission, etc., and no commission shall be paid from such plans.

[535] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/18 dated February 5, 2018 and SEBI Cir no SEBI/HO/IMD/DF2/CIR/P/2018/91 dated June 05, 2018

F. FORMAT FOR DISCLOSURE OF CALL OPTIONS WRITTEN[536]

In terms of Paragraph 13.15.1 of Master Circular for Mutual Funds, call options written shall be disclosed in the following format:

<table>
<tr><td>Underlying</td><td>No. of contracts</td><td>% of underlying shares</td><td>Option price when sold</td><td>Current option price</td><td>Margin maintained in Rs. Lakhs</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="6">Call options written as percentage of total market value of equity shares held in the scheme</td></tr>
<tr><td colspan="6">For the period ended … specify the following for call options written which have already been exercised/expired
· Total Number of contracts entered into
· Gross Notional Value of contracts
· Net Profit/Loss on all contracts</td></tr>
</table>

[536] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/17 dated January 16, 2019

G. REPORTING FORMATS FOR CREDIT DEFAULT SWAPS (CDS)[537]

A. Format for disclosure to be made in the monthly portfolio statements and half-yearly trustee report

Counter Party Details			**Details of the underlying**			**Details of Protection**				**Credit event payments received**
Name	Rating	Sector	Name of the reference entity	Amount (FV)	Residual Maturity	Amount	Tenor	Price/ Spread (bps)	Premium Paid	

(Amount in Rs. crore, Residual Maturity/ Tenor in years)

B. Format for disclosure to be made in the notes to account of annual report of the mutual funds

1. No. of transactions during the year
2. Amount of protection bought during the year
3. No. of transactions where credit event payment was received during the year
    a. Pertaining to current years transactions.
    b. Pertaining to previous year (s) transactions.
4. Outstanding transactions as on year end:
    a. No. of transactions
    b. Amount of protection
5. Net income/expenses in respect of CDS transactions during year-to-date:
    a. Premium paid
    b. Credit event payments received (net of value of derivable obligations)

[537] SEBI Circular No. CIR/IMD/DF/23/2012 dated November 15, 2012

H. FORMAT FOR DISCLOSURE OF INFORMATION RATIO (IR)

The format for disclosure of IR shall be accessed through the following link:

https://www.sebi.gov.in/sebi_data/commondocs/jan-2025/AnnexureA_to_circular_1_p.xlsx

8. FORMATS RELATING TO SEBI (PIT) REGULATIONS

A. DISCLOSURES UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

[REGULATION 5E (1)]

Details of holdings in the units of its mutual fund schemes held by the Designated Persons of AMC, Trustees and their immediate relatives as on <Last day of the Quarter>					
Name of the Mutual Fund	**Name of the Scheme**	**Scheme Code [ISIN]**	**Units held by Designated Persons***	**Value (INR)**	**Date of reporting to Exchange**

*Designated Persons of AMC/ trustees/ immediate relatives of Designated Persons of AMC/Trustee Company

B. DISCLOSURES UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

[Regulation 5E (2)]

Details of all the transactions in the units of its own mutual funds by Designated Persons of asset management company, trustees and their immediate relatives, above the threshold prescribed by SEBI

Date of Transaction	Name of the Mutual Fund	Name of the Scheme	Scheme code [ISIN]	PAN of the Designated Person	Name of Designated Person	Name of Investor	Category of Investor*	Opening Balance	No. of Units (Purchase/Sale/ Redemption)	Value (INR)	Closing Balance	Transaction Type (Purchase/ Redemption)	Date of reporting to Exchange

*Designated Person of AMC/ trustees/ immediate relative of Designated Person of AMC/Trustee Company

C. REPORT BY (NAME OF THE ASSET MANAGEMENT COMPANY/INTERMEDIARY/FIDUCIARY) FOR VIOLATIONS RELATED TO CODE OF CONDUCT UNDER SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

[For asset management companies: Schedule B1 read with Regulation 5F(1) of SEBI(Prohibition of Insider Trading) Regulations, 2015

For Intermediaries/ Fiduciaries: Schedule C read with Regulation 5F(2) of SEBI(Prohibition of Insider Trading) Regulations, 2015]

Sr. No.	Particulars	Details
1	Name of the asset management company/ Intermediary/Fiduciary	
2	*Please tick appropriate checkbox* Reporting in capacity of : ☐ Asset Management Company ☐ Intermediary ☐ Fiduciary	
3	**A. Details of Designated Person (DP)**	
	i. Name of the DP	
	ii. PAN of the DP	
	iii. Designation of DP	
	iv. Functional Role of DP	
	v. Whether DP is Promoter/Sponsor/Trustee or belongs to Promoter/Sponsor/Trustee Group	
	B. If Reporting is for immediate relative of DP	
	i. Name of the immediate relative of DP	
	ii. PAN of the immediate relative of DP	
	C. Details of transaction(s)	
	i. Name of the scrip/scheme	
	ii. No of shares/units traded and value (Rs.) (Date- wise)	
	D. In case value of trade(s) is more than Rs.15 lakhs in a calendar quarter	
	i. Date of intimation of trade(s) by concerned DP of AMC, trustee and their immediate relatives under regulation 5(E)(2) of SEBI (PIT) Regulations, 2015	
	ii. Date of intimation of trade(s) by asset management company to stock exchanges under regulation 5(E)(3) of SEBI (PIT) Regulations, 2015	

<table>
<tr><td>4</td><td>Details of violations observed under Code of Conduct</td><td></td></tr>
<tr><td>5</td><td>Action taken by asset management company/ Intermediary/ Fiduciary</td><td></td></tr>
<tr><td>6</td><td>Reasons recorded in writing for taking action stated above</td><td></td></tr>
<tr><td>7</td><td>Details of the previous instances of violations, if any, since</td><td></td></tr>
<tr><td rowspan="3">8</td><td colspan="2">If any amount collected for Code of Conduct violation(s)</td></tr>
<tr><td>i. Mode of transfer to SEBI - IPEF (Online/Demand Draft)</td><td></td></tr>
<tr><td colspan="2">ii. Details of transfer/payment

In case of Online:
<table>
<tr><th>Particulars Details</th><th>Particulars Details</th></tr>
<tr><td>Name of the transferor</td><td></td></tr>
<tr><td>Bank Name, branch and</td><td></td></tr>
<tr><td>Account number</td><td></td></tr>
<tr><td>UTR/Transaction reference</td><td></td></tr>
<tr><td>Number</td><td></td></tr>
</table>

In case of Demand Draft (DD):
<table>
<tr><th>Particulars Details</th><th>Particulars Details</th></tr>
<tr><td>Bank Name and branch</td><td></td></tr>
<tr><td>DD Number</td><td></td></tr>
<tr><td>DD date</td><td></td></tr>
<tr><td>DD amount (in Rs.)</td><td></td></tr>
</table>
</td></tr>
<tr><td>9</td><td colspan="2">Any other relevant information</td></tr>
</table>

Yours faithfully,

Date and Place **Name and Signature of Compliance Officer**

PAN:

Email ID:

9. MISCELLANEOUS FORMATS

A. FORM TO REPORT ON AI AND ML TECHNOLOGIES – TO BE SUBMITTED QUARTERLY INTIMATION TO AMFI FOR THE USE OF THE AI AND ML APPLICATIONS AND SYSTEMS[538]

S/N	Head	Value
1	Entity SEBI registration number	
2	Registered entity category	
3	Entity name	
4	PAN of Entity	
5	Application / System Name	
6	Date from which the Application / System was used	
7	Type of area where AI or ML is used	<order execution / Advisory services / KYC / AML / Surveillance / Compliance/ Others (please specify in 256 characters)>
7.a	Does the system involve order initiation, routing and execution?	<Yes / NO>
7.b	Does the system disseminate investment or trading advice or strategies?	<Yes / NO>
7.c	Is the application / system used in area of Cyber security to detect attacks	<Yes / NO>
7.d	What claims have been made regarding AI and ML application / system– if any?	<free text field>
8	What is the name of the Tool / Technology that is categorized as AI and ML system / Application and submissions are declared vide this response	<free text field>
9	How was the AI or ML project implemented	<Internally / through solution provider / Jointly with a solution provider or third party>
10	Are the key controls and control points in your AI or ML application or systems in accordance to circular of SEBI that mandate cyber security control requirements	<free text field>
11	Describe the application / system and how it uses AI / ML as portrayed in the product offering	<free text field>
12	What safeguards are in place to prevent abnormal behavior of the AI or ML application / System?	<free text field>
13	Is the AI / ML system included in the scope of system audit, if applicable?	<Yes / NO>
14	Is there any adverse comment in the system audit regarding the AI / ML system? If yes, details of the adverse comments may be provided.	<free text field>

[538] SEBI circular no. SEBI/HO/IMD/DF5/CIR/P/2019/63 dated May 09, 2019

B. SYSTEM AUDIT EXCEPTION (OBSERVATION) REPORTING FORMAT [539]

Note: Mutual Funds are expected to submit following information with regards to exceptions observed in the System Audit, including open observations from previous audit report.

Name of the Mutual Fund: ___________________

Systems Audit Report Date: _________________

Table 1:

High/ Medium risk exceptions observed in the System Audit, including open observations from previous audit report

S No.	Audit Objective Checklist Question Number	Audit Objective Heading	Department Name	Description of Observation	Risk Rating	Audited By	Auditor's Recommendation	Whether similar issue was observed in any of the previous 2 audits	Management Comment with target date	Trustee Comment

Description of relevant Table heads

1. **S No. –** This indicates the serial number of the observation.
2. **Audit Objective Checklist Question Number –** This indicates question number in the guideline audit checklist
3. **Audit Objective Heading –** This indicates heading in the guideline audit checklist
4. **Department Name –** name of auditee department to which the observation pertains to e.g. PMS, R&TA, IT, Admin etc.
5. **Description of Observation –** Description of the observation in sufficient detail

[539] SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/57 dated April 11, 2019

6. **Risk Rating –** Observation's rating based on its impact and severity to reflect risk exposure.

Rating	Description
HIGH	High rating represents weakness in control with respect to threat(s) that is/are sufficiently capable and impacts asset(s) leading to regulatory noncompliance, significant financial, operational and reputational loss. These observations need to be addressed with utmost priority.
MEDIUM	Medium rating represents weakness in control with respect to threat(s) that is/are capable and impacts asset(s) leading to exposure in terms of financial, operational and reputational loss. These should be addressed reasonably promptly.
LOW	Low rating represents a weaknesses in control, which in combination with other weakness can develop into an exposure. Suggested improvements for situations not immediately/directly affecting controls.

7. **Audit By –** Name of the firm/ company performing the system audit
8. **Auditor's Recommendation** – A detailed recommendation by auditor for correction of the observation and/ or implementation of the corrective actions.
9. **Whether similar issue was observed in any of the previous 2 audits** – Yes/ No if similar issue was observed in previous two audit reports.
10. **Management Comment with target date –** Management action plan/taken to address the observation and/ or implementation of auditor's recommendation with target date to address/implement.
11. **Trustee Comment**– Trustee comments with respect to management action plan/taken to address the observation and/ or implementation of auditor's recommendation with target date to address/implement.

Table 2:

Low risk observations in current audit which were observed in previous two System audit reports:

S No.	Audit Objective Checklist Question Number	Audit Objective Heading	Description of Observation	Risk Rating	Management Comment with target date	Trustee Comment
				Low		

Description of relevant Table heads

1. **S No. –** This indicates the serial number of the observation.
2. **Audit Objective Checklist Question Number –** This indicates question number in the guideline audit checklist
3. **Audit Objective Heading –** This indicates heading in the guideline audit checklist
4. **Description of Observation –** Description of the observation in sufficient detail
5. **Risk Rating –** Observation's rating based on its impact and severity to reflect risk exposure.
6. **Management Comment with target date –** Management action plan/taken to address the observation and/ or implementation of auditor's recommendation with target date to address/implement.
7. **Trustee Comment**– Trustee comments with respect to management action plan/taken to address the observation and/ or implementation of auditor's recommendation with target date to address/implement

Table 3:

Follow on Audit for Open Items reported in Table 1 and Table 2 of Previous System Audit Report

S No.	Audited By	Department Name	Description of Observation	Risk Rating	Recommendation as per previous audit report	Reason for delay in implementation/ compliance	Observation Status as per current auditor	Management Comment with revised [Target] Closure Date	Trustee Comment

Description of relevant Table heads

2. **S No.** – Serial number
3. **Audited By –** Name of the firm that performed audit
4. **Department Name –** name of auditee department to which the observation pertains to e.g. PMS, R&TA, IT, Admin etc.
5. **Description of Observation –**Description as per previous System Audit report
6. **Risk Rating of Observation –** Risk rating as per previous System Audit report
7. **Previous Auditor's Recommendation** –Recommendation as per previous System Audit report
8. **Reason for delay in implementation / compliance –** Details of reason for delay in addressing the observation/ implementation of corrective action.
9. **Observation Status per current auditor –** Status of observation in reference to recommendation and management action plan mentioned in the previous system audit report.
10. **Revised [Target] Closure date with Management Comment –** Revised closure date or target closure date for the observation. Management comment is necessary if observation status is not closed as per current auditor.
11. **Trustee Comment–** Trustee comments with respect to revised closure date or target closure date for the observation.

C. FORMAT FOR TEMPLATE WITH RESPECT TO INTER SCHEME TRANSFERS[540]

a. For meeting liquidity requirement due to redemption pressure

<table>
<tr><th colspan="3">Template for ISTs due to Liquidity Management</th></tr>
<tr><td>ISIN of security to be transferred</td><td colspan="2"></td></tr>
<tr><td>Name of security to be transferred</td><td colspan="2"></td></tr>
<tr><td>Date and time of ISTs</td><td colspan="2"></td></tr>
<tr><th>Particular</th><th>Transferor Scheme</th><th>Transferee Scheme</th></tr>
<tr><td>Category of scheme</td><td></td><td></td></tr>
<tr><td>As per LRM minimum cash & cash equivalent required for the scheme</td><td></td><td></td></tr>
<tr><td>Net cash position after projected inflow and outflow</td><td></td><td></td></tr>
<tr><td>Line available and borrowing utilized (record, in case borrowing was not utilized) #</td><td></td><td>Not Applicable</td></tr>
<tr><td>Sale proceeds of the securities utilized (record with evidence including screenshot of Request For Quote (RFQ), the attempt to sell liquid assets in market)</td><td></td><td>Not Applicable</td></tr>
<tr><td>If all above is not sufficient then ISTs of optimal mix of low duration paper with highest quality paper and so on</td><td></td><td>Not Applicable</td></tr>
<tr><td colspan="3">Declaration:
1. IST is in the interest of unit holders.
2. Quality of security under ISTs is not suspect i.e. no adverse news or rumors in the mainstream media about the said security, nor any credit alert for last four months.
3. Fund Manager of transferee scheme confirms that he/she has done full credit risk assessment of security before buying the same through ISTs, and the same is documented.</td></tr>
<tr><td>Name and Signature of Fund Managers</td><td></td><td></td></tr>
<tr><td>Name and Signature of Chief Investment officer</td><td colspan="2"></td></tr>
<tr><td>Name and Signature of Compliance officer</td><td colspan="2"></td></tr>
</table>

[540] SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2020/202 dated October 08, 2020

The use of market borrowing before ISTs will be optional and at the discretion of Fund Managers.

b. **For Duration rebalancing**

Template for ISTs to rebalance Duration		
ISIN of security to be transferred		
Name of security to be transferred		
Date and time of ISTs		
Particular	**Transferor Scheme**	**Transferee Scheme**
Category of scheme		
Pre trade duration of scheme		
Post trade duration of scheme		
Interest rate view of Fund Manager		
Request for Quote (RFQ) screen shot		
Declaration: 1. IST is in the interest of unit holders. 2. Quality of security under ISTs is not suspect i.e. no adverse news or rumors in the mainstream media about the said security, nor any credit alert for last four months. 3. Fund Manager of transferee scheme confirms that he/she has done full credit risk assessment of security before buying the same through ISTs, and the same is documented.		
Name and Signature of Fund Managers		
Name and Signature of Chief Investment officer		
Name and Signature of Compliance officer		

c. **For Issuer/Sector/Group rebalancing**

Template for ISTs to rebalance Issuer/Sector/Group concentration	
ISIN of security to be transferred	
Name of security to be transferred	
Date and time of ISTs	

Particular	Transferor Scheme	Transferee Scheme
Category of scheme		
Pre trade concentration of Issuer/Sector/Group		
Limit specified in SEBI Regulations/circular/ guidelines for Issuer/Sector/Group		
Post trade concentration of Issuer/Sector/Group		
Outlook of Fund Manager of transferee scheme about security at the time ISTs		
Request for Quote screen shot		
Declaration: 1. IST is in the interest of unit holders. 2. Quality of security under ISTs is not suspect i.e. no adverse news or rumors in the mainstream media about the said security, nor any credit alert for last four months. 3. Fund Manager of transferee scheme confirms that he/she has done full credit risk assessment of security before buying the same through ISTs, and the same is documented.		
Name and Signature of Fund Managers		
Name and Signature of Chief Investment officer		
Name and Signature of Compliance officer		

D. INVESTOR CHARTER FOR MUTUAL FUNDS [541]

VISION

- To develop the Indian Mutual Fund Industry and bring a high degree of professionalism transparency and ethics by enacting regulations to govern the functioning of mutual funds in order to enhance and maintain standards to protect and promote the interests of unit holders of mutual funds.

MISSION

- To support the development of a vibrant, transparent, ethical and globally competitive asset management industry.
- To enact and enforce rules and regulations that promote the maintenance of high professional and ethical standards in all areas of operation of the mutual fund industry.
- To work closely with the mutual fund industry in order to recommend and promote good business practices and a code of conduct to be followed by all asset management companies engaged in the activities of investment management in the best interests of unitholders / investors.
- To recommend standardized operational processes to be followed by the Mutual Fund industry for the convenience and benefit of the investors.
- To undertake nationwide investor awareness programmes, so as to inform and educate existing and prospective investors about mutual funds as an asset class and to educate the public about the concept and working of mutual funds.
- To protect the interest of investors/unit holders.

DESCRIPTION OF ACTIVITIES / BUSINESS OF THE ENTITY

- To offer investment opportunities to the investors through various schemes.

- To pool money by issuing units to the investors at the applicable Net Asset Value (NAV).

- Deploy the monies pooled from investors in various securities and manage the portfolio in accordance with objectives as disclosed in offer document and in compliance with all applicable regulations.

[541] SEBI/HO/IMD-II/IMD-II_DOF10/P/CIR/2021/00677 dated December 10, 2021

- Disclose various information including NAV on daily basis, Risk-o-meter of schemes, portfolio of the schemes, performance of the schemes, annual report or abridged annual report etc.
- Pay redemption proceeds, dividends etc. to the investors.
- Process investor's financial and non – financial transactions / service requests.

SERVICES PROVIDED FOR INVESTORS

Non-Financial Transaction		
Sr. no	**Description of Service / Activity**	**Time taken for providing service**
1	Providing physical Consolidated Account Statement (CAS) for each calendar month	by 15th of succeeding month
2.	Providing e-CAS for each calendar month	By 12th of succeeding month
3	Providing physical CAS for the half year	By 21st of succeeding month
4	Providing e-CAS for the half year	By 18th of succeeding month
5	Request for Dematerialisation of units	2 Days *
Financial Transactions (Commercial Transactions)		
Sr. no.	**Description of Service / Activity**	**Time taken for providing service**
1	Pay-out of redemption proceeds	3 working days- for all the schemes other than below 5 working days- for schemes investing in schemes investing at least 80% of total assets in permissible overseas investments
2	Pay-out of IDCW from the record date	7 working days
3	Pay-out of proceeds on maturity of a close- ended scheme	3 working days
4	Issue of statement of accounts specifying the number of units allotted or issue units in the dematerialized form	5 working days from the date of closure of the initial subscription list or from the date of receipt of the application
5	Refund of subscription Money in case of New Fund Offer	5 working days from the date of closure of the initial subscription list
Complaints/Requests		
Sr. no.	**Description of Service / Activity**	**Time taken for providing service***
1	Submission of ATR to SEBI in respect of complaint received from investor through SCORES	21 calendar days
Disclosure / Reports		
Sr. no.	**Description of Service / Activity**	**Time taken for providing service**
1	Intimation regarding change in TER of schemes	3 working days in advance of TER effective date
2	Intimation regarding change in Fundamental Attributes of schemes (Exit Window)	30 calendar days prior to the effective date of Fundamental Attribute change
3	Intimation regarding Merger of schemes	30 calendar days prior to the effective date of Merger

4	Intimation regarding Conversion of Close Ended Scheme to Open Ended Scheme	30 calendar days prior to the effective date of conversion
5	Disclosure of Daily NAV other than FOF Schemes	Daily by 11 pm
6	Disclosure of Daily NAV of FOF Schemes	T+1 by 10 am
7	Disclosure of Fortnightly Portfolio of Schemes (Debt Schemes)	within 5 calendar days.
8	Disclosure of Monthly Portfolio of Schemes	within 10 calendar days
9	Disclosure of Risk-o-meter	by 10th calendar day of every month
10	Disclosure of TER of scheme	Every day
11	Disclosure of Annual report of Schemes / abridged scheme wise Annual Report	Every year before July 31
12	Disclosure of Annual report of AMC	Within 4 months from the end of the financial year
13	Disclosure of half Yearly Unaudited Financials	within 1 month from end of the half-year
14	Disclosure of notice in respect of IDCW declaration	Within one calendar day of the decision by the trustees
15	Disclosure of Complaints redressal report	within 7th calendar day of succeeding month
16	Disclosure of Asset Under Management	7 days from the end of the month
17	Disclosure of transactions in debt and money market securities	15 days from each transaction day
18	Disclosure of half yearly updated scheme information document	2 month from the end of the half-year
19	Disclosure of half yearly updated Key Information Memorandum	2 month from the end of the half-year
20	Disclosure of statement of additional information	3 months from end of financial year
21	Disclosure of Executive Remuneration	1 month from the end of financial year.

Notes:

1. * All the above mentioned time taken for providing service (Financial & Non-Financial) will be subject to receipt of complete documentation/information from the investor.
2. Day refers to working day unless otherwise specified.
3. The Asset Management Companies which fail to meet the stipulated timelines maybe liable for suitable action as deemed fir in terms of SEBI Act, 1992 or regulations framed thereunder.

GRIEVANCE REDRESSAL MECHANISM FOR INVESTORS

1. In case of any grievance / complaint, an investor should approach the concerned Mutual Fund / Investor Service Centre of the Mutual Fund. If the complaint remains unresolved, the investor may write to the designated Investor Relations Officer of the mutual fund. The name of the Investor

Relations Officer / contact person is generally mentioned in the Scheme Information Document (SID) of the mutual fund scheme, and also on the website of the concerned mutual fund, whom one may approach / write to in case of any query, complaints or grievance.

2. If the investor's complaint is not redressed satisfactorily, one may lodge a complaint with SEBI on SEBI's portal, named , 'SCORES', which is a centralized web based complaints redress system. SEBI takes up the complaints registered via SCORES (https://scores.gov.in/scores/Welcome.html) with the concerned mutual fund / intermediary for timely redressal. SCORES facilitates tracking the status of the complaint.

3. Investors may send their physical complaints to: Office of Investor Assistance and Education, Securities and Exchange Board of India, SEBI Bhavan. Plot No. C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

4. If the complaint remains unresolved on SCORES or the investor is dissatisfied with the resolution provided, the investor may opt for the Online Dispute Resolution (ODR) mechanism as prescribed by SEBI. The ODR mechanism provides resolution of disputes through online conciliation and/or arbitration in a time-bound and cost-effective manner and can be accessed at https://smartodr.sebi.gov.in

DO's and DON'Ts FOR INVESTORS

Do's

1. Check registration status of the Mutual Fund on SEBI website before transacting with them.

2. Read all Scheme related documents and understand the scheme features and the risks involved and suitability of the scheme to the investor's risk profile.

3. Provide and keep updated KYC details including address, tax status, residency, and other key information such as PAN & bank account details.

4. Provide own email address and mobile number and to promptly notify changes to this information, if any.

5. Check Account Statement & Common Account Statements for discrepancy, if any and promptly bring any such discrepancies to the notice of the Asset Management Company

6. Read communications / notices / addendums / press releases, etc. sent / or published by the mutual fund via newspapers, email, etc.

7. Consider availing nomination facility in respect of investments made in Mutual Funds.

8. Choose the plan for investments i.e. Direct Plan or Regular Plan.

9. Invest through registered and regulated entities

10. Keep confidential critical information such as user ID, password, etc.

11. Invest by issuing payments in the name of the Mutual fund / scheme only and not in the name of any other entity.

Don'ts

1. Do not invest based on speculation, rumor or informal advice.

2. Do not fall for the promise of indicative or exorbitant or assured returns.

3. Do not issue blank cheques or blank signed transaction instructions.

4. Do not use third-party bank accounts for fund flows for subscription or redemption of units.

RIGHTS OF INVESTORS

1. Right to receive information and details about the scheme including about its investment philosophy, risk profile, portfolio holdings, fees, charges and expenses and such other information as may be required under SEBI regulations to enable investors to make an informed decision about investing in a scheme, prior to making any such investment.

2. Right to timely receipt of account statement evidencing a transaction as specified in the SEBI Mutual Funds Regulations, or to receive such statements on request.

3. Right to receive Consolidated Account Statement (CAS) at a periodic frequency as specified by SEBI.

4. Right to timely disclosure of daily Net Asset Values (NAV), Portfolio and Performance of each scheme including scheme's AUM, investment objective, expense ratios on mutual fund website.

5. Right to receive Annual report / abridged annual report of the scheme(s) invested in,

6. Right to timely receipt of redemption proceeds / IDCW payments / refunds, as applicable.

7. Right to be notified about any change in the fundamental attributes (features) of a mutual fund scheme in which the investor has investments and to be provided a right to exit the scheme without cost, if so desired, as a result of the fundamental attribute change.

8. Right to be informed about such disclosures which may have a material bearing on their investments in mutual fund schemes.

9. Right to privacy of information in accordance with the applicable laws of the land.

10. Right to security of, and access to, information provided to Asset Management Companies and their service providers in relation to investments in mutual funds. Right to have such information corrected and receive confirmation of such correction.

11. Right to information about how complaints are handled and can be escalated in the event investors are not satisfied with the resolution provided.

12. Right to timely redressal of grievances and complaints within the timelines specified by regulations and the right to escalate complaint not resolved satisfactorily to the Investor Grievance Officer of the respective Asset Management Company.

13. Right to escalate unresolved complaints to SEBI via the SCORES portal. In addition to SCORES, investors can also opt for online dispute resolution (ODR) mechanism, which includes mediation and/or conciliation and/or arbitration, in accordance with the procedure specified by the SEBI

RESPONSIBILITIES OF INVESTORS

1. To check registration status of the Mutual Fund on SEBI website before transacting with them.

2. To read all Scheme related documents and understand the scheme features and the risks involved and suitability of the scheme to the investor's risk profile.

3. To provide and keep updated KYC details including address, tax status, residency, and other key information such as PAN & bank account details.

4. To provide own email address and mobile number and to promptly notify changes to this information, if any.

5. To check Account Statement & Consolidated Account Statements for discrepancy, if any and promptly bring any such discrepancies to the notice of the Asset Management Company

6. To read communications / notices / addendums / press releases, etc. sent / or published by the mutual fund via newspapers, email, etc.

7. To consider availing facility to nominate in respect of investments made in Mutual Funds.

8. To choose the plan for investments i.e. Direct Plan or Regular Plan.

9. To invest through registered and regulated entities and not to invest based on speculation, rumor or informal advice

10. To keep confidential critical information such as user ID, password, etc.

11. To invest by issuing payments in the name of the Mutual fund / scheme only and not in the name of any other entity.

12. To protect oneself by not falling for the promise of indicative or exorbitant or assured returns.

13. To protect oneself by not issuing blank cheques or blank signed transaction instructions.

14. To avoid using third-party bank accounts for fund flows for subscription or redemption of units.

****

E. LETTER TO UNITHOLDERS IN CASE OF CHANGE IN CONTROL[542]

Letter to all the Unitholders about the proposed change in control of
<u><<On the letter head of the Asset Management Company>></u>
Dear Unitholder,

Sub: Change in control of XXX Asset Management Company pursuant to merger/ takeover/ induction of new sponsor/ dilution of shareholding by existing shareholders

I. Background:

II. Nature of change in control:

a) In case of new Sponsor:

The activities of the new sponsor and its financial track record and performance *(as prescribed in the standard offer document)* is as follows *(requisite details to be provided, if applicable)*: -----

b) In case of taking over of the schemes by an existing mutual fund registered with SEBI:

The condensed financial information of all the schemes in the format prescribed in the standard offer document is available of the AMC's website at << weblink*>> **--** *(requisite details to be provided, if applicable)*.

[**The web link to be provided for the data mentioned above should be accompanied by a clause indicating that the unitholders may make a separate request for a hard copy of the said details, if they wish. A dedicated email id. and the postal address to which such request may be made by the unitholder shall be clearly mention.*]

c) In case of new sponsor(s) or in case of taking over of the schemes by an existing mutual fund:

The requisite undertakings as prescribed in Paragraph 2.5.4 of SEBI Master circular are enclosed as **Annexure --** *(requisite details to be provided, if applicable)***.**

d) In case any shareholders / sponsors diluting the shareholding below 10% and if applicable, ceasing to be a co-sponsor:

Requisite details to be provided as per the specific case

III. Rationale for the change/s / Expected Benefits of the change/s:

IV. Effects of the proposed change:

[542] SEBI Email to AMFI dated August 12, 2024

V. Requisite approvals for the Proposed Transaction:

The Board of Directors of the AMC and Trustee Company have approved the above change in control in their respective board meetings held on <date of the meeting (s)>.

SEBI vide its communication dated [Insert Date] has granted its prior/ final approval for the proposed change in control.

The proposed changes shall be made subject to other requisite approvals, as applicable.

VI. Option for exit to the unit holders without exit load for XX days: (not less than 15 calendar days or not less than 30 days in case the change in control resulting in consolidation or merger of schemes)

The above-mentioned change would result in change in control within the meaning of Regulation 17(c) of the MF Regulations.

As per regulation 17(c), SEBI (Mutual Funds) Regulations, 2026 (MF Regulations), no change in control of an asset management company can be made unless the unitholders are given an option to exit on the prevailing Net Asset Value ("NAV") without any exit load.

In accordance with the MF Regulations, and pursuant to the approval from SEBI, an exit option is being provided to unit holders as on close of business hours on the record date being [Insert Date] to exit from his/ her/ its investment in the Schemes of XXX Mutual Fund ["Scheme(s)"] at the prevailing NAV without any exit load, for a period of --xx days from [Insert Date] to [Insert Date] (both days inclusive) (up to 3.00 p.m. on [Insert last date]) if they do not wish to stay invested in the Schemes upon the change in control becoming effective.

A list of all the schemes of XXX Mutual Fund along with their AUM and maturity date (where applicable) as on............... is available on the AMC's website at << weblink*>>.

[**The web link to be provided for the data mentioned above should be accompanied by a clause indicating that the unitholders may make a separate request for a hard copy of the said details, if they wish. A dedicated email id. and the postal address to which such request may be made by the unitholder shall be clearly mentioned.*]

Please note that the 'no load' exit option is not available to investments in the schemes of XXX Mutual Fund which have not completed the statutory lock-in period / lock-in period stated under Scheme Information Document on the date of exercising 'no load exit option'.

However, Unitholders who have completed the statutory lock-in period will be eligible to exercise the option to exit without being charged an exit load.

Further, such exit option will not be available to unit holders who have pledged or encumbered their units in the Scheme and Mutual Fund has been instructed to mark a pledge/lien on such units, unless the release of the pledge/ lien is obtained and appropriately communicated to AMC / Mutual Fund prior to applying for redemption/switch-out.

VII. Procedure for exercising exit option:

The Exit Option can be exercised by submitting a normal redemption request at any of the official points of acceptance of XXX Mutual Fund, details of which are available in the relevant scheme information document ("SID") / website viz. _______. In case any existing unit holder has not received the letter relating to exit option, they are advised to contact any of the Investor Service Centers of XXX AMC or download and print the letter format from the website.

The redemption proceeds will be transferred electronically / dispatched to the respective Unitholders within stipulated period from the date of receipt of the valid redemption request.

Unit holders should procure a release of their pledges/ vacate the lien on units, if any, prior to applying for redemption/ switch-out during the Exit Option Period. In case units have been frozen / locked pursuant to an order of a government authority or a court, such exit option can be executed only after the freeze / lock order is vacated / revoked within the exit option period specified above.

In case any existing Unitholder has not received the letter relating to Exit Option, they are advised to contact any of the Investor Service Centers of XXX Mutual Fund.

VIII. Expenses &Taxation:

The expenses related to the proposed change in …. and other consequential changes as outlined above will NOT be charged to the unit holders of the schemes of XXX Mutual Fund.

As regards the unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information (SAI) of XXX Mutual Fund and Scheme Information Documents (SID) of the respective scheme(s) would apply including deduction of tax at source (TDS) in accordance with applicable tax laws. In view of individual nature of tax consequences, you are advised to consult your financial / tax advisor for detailed tax advice.

IX. Others:

The details of the unclaimed redemption and unclaimed IDCW/dividend amounts as of (date) along with the procedure for claiming the same by the unit holders is hosted on our website at <<INSERT PATH/ LINK >>**.***

[**The web link to be provided for the data mentioned above should be accompanied by a clause indicating that the unitholders may make a separate request for a hard copy of the said details, if they wish. A dedicated email id. and the postal address to which such request may be made by the unitholder shall be clearly mentioned.*]

As a unit holder, you are requested to go through this communication carefully and consult your Advisor in the event that you have any questions.

Unit holders having no objection to the proposed changes and wishing to remain invested need not take any further action.

This option to exit is merely an option and not compulsory.

X. Updation of Scheme related documents:

The SAI, the SID, the KIM and other relevant documents relating to the Schemes shall be appropriately amended and updated (wherever applicable) in accordance with the MF Regulations, so as to reflect the relevant change(s) pursuant to change in control.

Contact Details:

In case you need any further clarifications, please contact us on the details provided below, who is primarily responsible to provide the clarification

<Contact details of Investor Relations Officer to be added>.

We will be happy to assist you.

With regards,

Yours faithfully

For <Name of the AMC>

Authorised Signatory

F. DECLARATION FORM FOR OPTING OUT OF NOMINATION [543]

To, Mutual Fund/ AMC's Name Mutual Fund/ AMC's Address	**Date:** D D D M M Y Y Y Y
Mutual Fund Folio Number	
Sole/First Holder Name	
Second Holder Name	
Third Holder Name	

I/We hereby confirm that I/We do not wish to appoint any nominee(s) for any mutual fund units held in my/ our mutual fund folio and understand the issues involved in non-appointment of nominee(s) and further are aware that in case of death of all the account holder(s), my/our legal heirs would need to submit all the requisite documents issued by Court or other such competent authority, based on the value of assets held in the mutual fund folio.

Name and Signature of Unitholder(s)

Unitholder (1) Signature: ______________________ Name: _______________________

Unitholder (2) Signature: ______________________ Name: _______________________

Unitholder (3) Signature: ______________________ Name: _______________________

[543] SEBI Circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/82 dated June 15, 2022

10. REPORTING FORMATS FOR OFFSITE INSPECTION

As part of the off-site inspection and surveillance of Mutual Funds and to monitor the compliance of the SEBI (Mutual Funds) Regulations, 2026 and circulars issued therein, the Board has framed the data structures. Accordingly, all MF/AMCs along with RTAs associated with them shall furnish the data in the prescribed formats to the Board. The said formats can be accessed using the link – offsite inspection formats for Mutual Funds.

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