

**THE GAZETTE OF INDIA
EXTRAORDINARY
PART –III– SECTION 4
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SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 29th July, 2010**

**SECURITIES AND EXCHANGE BOARD OF INDIA
(MUTUAL FUNDS) (AMENDMENT) REGULATIONS, 2010**

No. LAD-NRO/GN/2010-11/13/13945. - In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to further amend the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, namely :-

1. These regulations may be called the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2010.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 -
 - (i) in regulation 34, for the figure and word “45 days” the words “fifteen days” shall be substituted;
 - (ii) in regulation 35, -
 - (a) in sub-regulation (3), for the words “six weeks”, the words “five working days” shall be substituted;
 - (b) in sub-regulation (4), for the words “six weeks”, the words “five working days” shall be substituted.
 - (iii) in regulation 36, -
 - (a) in sub-regulation (1), for the words “thirty days”, the words “five working days” shall be substituted;
 - (b) in the proviso to sub-regulation (1), for the words “thirty days”, the words “five working days” shall be substituted;
 - (c) in sub-regulation (2), for the words “thirty days”, the words “five working days” shall be substituted.
 - (iv) in regulation 52, -
 - (a) sub-regulation (3) shall be omitted;
 - (b) for sub-regulation (6), the following sub-regulation shall be substituted, namely:-

“(6) The total expenses of the scheme excluding issue or redemption expenses, whether initially borne by the mutual fund or by the asset

management company, but including the investment management and advisory fee shall be subject to the following limits:—

(a) in case of a fund of funds scheme, the total expenses of the scheme including the management fees shall be either:-

(i) not exceeding 0.75% of the daily or weekly average net assets, depending upon whether the NAV of the scheme is calculated on daily or weekly basis; or

(ii) it may consist of -

(A) management fees for the scheme not exceeding 0.75% of the daily or weekly average net assets depending upon whether the NAV of the scheme is calculated on daily or weekly basis;

(B) other expenses relating to administration of the scheme; and

(C) charges levied by the underlying schemes:

Provided that the sum total of (A), (B) and the weighted average of the total expense ratio of the underlying schemes shall not exceed 2.50% of the daily or weekly average net assets (depending upon whether the NAV of the scheme is calculated on daily or weekly basis) of the scheme.

(b) in case of an index fund scheme or exchange traded fund, the total expenses of the scheme including the investment and advisory fees shall not exceed one and one half percent (1.5%) of the weekly average net assets;

(c) in case of any other scheme-

(i) on the first Rs.100 crores of the daily or average weekly net assets 2.5%;

(ii) on the next Rs.300 crores of the daily or average weekly net assets 2.25%;

(iii) on the next Rs.300 crores of the daily or average weekly net assets 2.0%;

(iv) on the balance of the assets 1.75%:

Provided that in respect of a scheme investing in bonds such recurring expenses shall be lesser by at least 0.25% of the daily or weekly average net assets outstanding in each financial year.”

(v) in the Tenth Schedule, clause (e) shall be omitted.

**C. B. BHAVE
CHAIRMAN**

Footnotes:-

1. The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Principal Regulations, were published in the Gazette of India on December 9, 1996 vide S.O.No. 856(E).
2. The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 were subsequently amended –
 - (a) on April 15, 1997 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 1997 vide S.O. No.327(E).
 - (b) on January 12, 1998 by the Securities and Exchange Board of India (Mutual Funds)(Amendment) Regulations, 1998 vide S.O. No.32(E).
 - (c) on December 08, 1999 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 1999 vide S.O. No.1223(E).
 - (d) on March 14, 2000 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2000 vide S.O. No.235 (E).
 - (e) on March 28, 2000 by the Securities and Exchange Board of India (Appeal to the Securities Appellate Tribunal) (Amendment) Regulations, 2000 vide S.O. No.278(E).
 - (f) on May 22, 2000 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2000 vide S.O. No.484 (E).
 - (g) on January 23, 2001 by the Securities and Exchange Board of India (Mutual Funds)(Amendment) Regulations, 2001 vide S.O. No.69 (E).
 - (h) on May 29, 2001 by the Securities and Exchange Board of India (Investment Advice by Intermediaries) (Amendment) Regulations, 2001 vide S.O. No.476(E).
 - (i) on July 23, 2001 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2001 vide S.O. No.698(E).
 - (j) on February 20, 2002 by the Securities and Exchange Board of India (Mutual Funds)(Amendment) Regulations, 2002 vide S.O. No.219 (E).
 - (k) on June 11, 2002 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2002 vide S.O. No.625 (E).
 - (l) on July 30, 2002 by the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2002 vide S.O. No.809(E).
 - (m) on September 9, 2002 by the Securities and Exchange Board of India (Mutual Funds)(Fourth Amendment) Regulations, 2002 vide S.O. No.956(E).
 - (n) on September 27, 2002 by the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 vide S.O. No.1045(E).
 - (o) on May 29, 2003 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2003 vide S.O.No. 632(E).
 - (p) on January 12, 2004 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2004 vide F.No. SEBI/LAD/DOP/4/2004.
 - (q) on March 10, 2004 by the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004 vide S.O. No. 398(E).
 - (r) on January 12, 2006 by the Securities and Exchange Board of India (Mutual Funds)(Amendment) Regulations, 2006 vide S.O.No. 38(E).

- (s) on May 22, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2006 vide S.O.No. 783(E).
- (t) on August 3, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2006 vide S.O.No. 1254(E).
- (u) on December 27, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Fourth Amendment) Regulations, 2006 vide F. No. SEBI/LAD/DOP/82534/2006.
- (v) on December 27, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Fifth Amendment) Regulations, 2006 vide F. No. SEBI/LAD/DOP/83065/2006.
- (w) on May 28, 2007 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2007 vide F. No. 11/LC/GN/2007/2518.
- (x) on October 31, 2007 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2007 vide F. No. 11/LC/GN/2007/4646.
- (y) on March 31, 2008 by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2008 vide F. No. 11/LC/GN/2008/21669.
- (z) on April 16, 2008 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008 vide F. No. LADNRO/ GN/2008/03/123042.
- (za) on May 22, 2008 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2008 vide No. LADNRO/ GN/2008/09/126202.
- (zb) on September 29, 2008 by the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2008 vide No. LADNRO/ GN/2008/24/139426.
- (zc) on April 8, 2009 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2009 vide No. LAD-NRO/GN/2009-10/01/159601.
- (zd) on June 5, 2009 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2009 vide No. LAD- NRO/GN/2009-10/07/165404.