

**DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT**

**SEBI/IMD/CIR No. 14/120784/08
March 18, 2008**

**All Mutual Funds Registered with SEBI
Association of Mutual Funds in India (AMFI)**

Dear Sirs,

Sub: Load on Bonus Units and units allotted on Reinvestment of Dividend

1. The practice of charging load on bonus units issued to unit holders by mutual funds was taken up with AMFI. Based on the recommendations of AMFI Working Group on Standardization of Key Operational Areas, it was decided that AMC's shall not charge entry as well as exit load on Bonus units and of units allotted on reinvestment of Dividend.
2. While necessary advice in this regard is already being given to Mutual Funds at the time of filing of draft offer documents, AMC's are hereby advised to make necessary disclosures in this regard in the draft offer documents filed with SEBI.
3. The provisions of this circular shall also be applicable to redemption by existing unit holders with effect from April 1, 2008. Necessary addendum may be issued by the AMC's in this regard.
4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

Ruchi Chojer