

**DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT**

SEBI / IMD / CIR No. 6 /172445/ 2009
August 7, 2009

All Mutual Funds, Asset Management Companies (AMCs)
and Association of Mutual Funds in India (AMFI)

Sir / Madam,

Sub: Exit load - Parity among all classes of unit holders

1. SEBI vide circular No. SEBI/IMD/CIR No. 5/126096/08 dated May 23, 2008 has simplified the formats for Offer Document and Key Information Memorandum of Mutual Funds Scheme. The simplified Scheme Information Document format provides that “Wherever quantitative discounts are involved the following shall be disclosed – The Mutual Fund may charge the load within the stipulated limit of 7% and without any discrimination to any specific group of unit holders. However, any change at a later stage shall not affect the existing unit holders adversely”
2. It is observed that the mutual funds are making distinction between the unit holders by charging differential exit loads based on the amount of subscription. In order to have parity among all classes of unit holders, it has now been decided that no distinction among unit holders should be made based on the amount of subscription while charging exit loads.
3. 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 the 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