

THE GAZETTE OF INDIA
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SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 11th December, 2012
SECURITIES AND EXCHANGE BOARD OF INDIA
(PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES
RELATING TO SECURITIES MARKET)
(AMENDMENT) REGULATIONS, 2012

No. LAD-NRO/GN/2012-13/25/5455.— 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 (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, namely:—

1. These Regulations may be called the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2012.

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 (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, in regulation 4, in sub-regulation (2), after the clause (r), the following clause and explanation shall be inserted, namely,-

"(s) mis-selling of units of a mutual fund scheme;

Explanation.- For the purpose of this clause, "mis-selling" means sale of units of a mutual fund scheme by any person, directly or indirectly, by—

- (i) making a false or misleading statement, or
- (ii) concealing or omitting material facts of the scheme, or
- (iii) concealing the associated risk factors of the scheme, or
- (iv) not taking reasonable care to ensure suitability of the scheme to the buyer."

U. K. SINHA
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA

Footnote:

1. The SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 were published in the Gazette of India on July 17, 2003 vide No. S.O. 816 (E).
2. The SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 was subsequently amended on April 23, 2007 by SEBI (Manner of Service of Summons and Notices Issued by the Board) (Amendment) Regulations, 2007 vide No. SEBI/LAD/DOP/2232/2007.