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**SECURITIES AND EXCHANGE BOARD OF INDIA**

**NOTIFICATION**

**Mumbai, the 19<sup>th</sup> August, 2013**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**(MUTUAL FUNDS) (THIRD AMENDMENT) REGULATIONS, 2013**

**No. LAD-NRO/GN/2013-14/18/6384 -** In exercise of the powers conferred by section 30, read with clause (c) of sub-section (2) of section 11 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) (Third Amendment) Regulations, 2013.
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 24, in clause (b), the following proviso shall be inserted, namely-

"Provided further that the asset management company may become a proprietary trading member for carrying out trades in the debt segment of a recognised stock exchange, on behalf of a mutual fund."

(II) in regulation 26, in sub-regulation (2), the following proviso shall be inserted, namely-

"Provided that where the sponsor or its associates hold 50 per cent or more of the voting rights of the share capital of the custodian, such custodian may act as custodian for a mutual fund constituted by the same sponsor or any of its associates or subsidiary company if:

- (i) the sponsor has a net worth of at least twenty thousand crore rupees at all points of time;
- (ii) 50 per cent or more of the directors of the custodian are those who do not represent the interest of the sponsor or its associates;
- (iii) the custodian and the asset management company of a mutual fund are not subsidiaries of each other;
- (iv) no person is a director of both the custodian and the asset management company of a mutual fund; and
- (v) the custodian and the asset management company of a mutual fund sign an undertaking that they will act independently of each other in their dealings with the scheme."

**U.K. SINHA**  
**CHAIRMAN**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**Footnote:**

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.

(ze) on July 29, 2010 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2010 vide No. LAD-NRO/GN/2010-11/13/13945.

(zf) on August 30, 2011 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011 vide No. LAD-NRO/GN/2011-12/27668.

(zg) on February 21, 2012 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2012 vide No. LAD-NRO/GN/2011-12/38/4290.

(zh) on 26th September, 2012 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012 vide No. LAD-NRO/GN/2012-13/17/21502.

(zi) on 16th April, 2013 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/03/5652.

(zj) on 19th June, 2013 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2013 vide No. LAD-NRO/GN/2013-14/12/6108.