भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CIRCULAR

SEBI/HO/IMD/DF3/CIR/P/2018/69 April 12, 2018

All Mutual Funds/ Asset Management Companies (AMCs)/
Trustee Companies/ Boards of Trustees of Mutual Funds

Sir/Madam,

Subject: Performance disclosure post consolidation/ Merger of Schemes

1. Reference is drawn to Schedule VI under Regulation 30 of SEBI (Mutual Funds) Regulations, 1996 and SEBI circular dated March 15, 2017 which govern the depiction of past performance of schemes.
2. Currently, there are no specific guidelines governing the depiction of performance of the surviving scheme, pursuant to merger of schemes. Further, it is observed that Mutual Funds adopt varied practices, such as disclosing the weighted average performance or performance of surviving schemes, while making such disclosures.
3. In order to standardize the disclosure of performance of schemes post-merger, the issue was discussed in Mutual Fund Advisory Committee (MFAC) and based on the recommendations, it has been decided to disclose the performance, post-merger of schemes as given below:

   i) When two schemes, for example, Scheme A (Transferor Scheme) & Scheme B (Transferee Scheme), having similar features, get merged and the merged scheme i.e., surviving scheme also has the same features, the weighted average performance of both the schemes needs to be disclosed.

   ii) When Scheme A (Transferor Scheme) gets merged into Scheme B (Transferee Scheme) and the features of Scheme B are retained, the performance of the scheme whose features are retained needs to be disclosed.

iii) When Scheme A (Transferor Scheme) gets merged into Scheme B (Transferee Scheme) and the features of Scheme A (Transferor scheme) are retained, the performance of the scheme whose features are retained needs to be disclosed.

iv) When Scheme A (Transferor Scheme) gets merged with Scheme B (Transferee Scheme) and a new scheme, Scheme C emerges after such consolidation or merger of schemes, the past performance need not be provided.

4. In addition to disclosing the performance of the scheme as mentioned in para 3 above, past performance of such scheme(s) whose features are not retained post-merger may also be made available on request with adequate disclaimer.

5. This circular shall be applicable with effect from May 01, 2018.

6. 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,

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