



CIRCULAR

SEBI/HO/IMD/DF2/CIR/P/2018/16

February 02, 2018

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

Sir/ Madam,

Subject: Review of additional expenses of up to 0.30% towards inflows from beyond top 15 cities (B15)

1. Presently, in terms of para A(1) of SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012, additional TER can be charged up to 30 basis points on daily net assets of the scheme as per regulation 52 of SEBI (Mutual Funds) Regulations, 1996, if the new inflows from beyond top 15 cities are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the average assets under management (year to date) of the scheme, whichever is higher.
2. The additional TER for inflows from beyond top 15 cities (B15 cities) was allowed with an objective to increase penetration of mutual funds in B15 cities. Since more than five years have elapsed and on review, it is now decided that the additional TER of upto 30 basis points would be allowed for inflows from beyond top 30 cities instead of beyond top 15 cities.
3. Accordingly, (i) para A of SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012; (ii) para A(1)(b) and Annexure A1 mentioned at para A(2) of SEBI Circular CIR/IMD/DF/05/2014 dated March 24, 2014, are modified, whereby at all relevant places, the terms "15 cities", "T15" and "B15" would be substituted with "30 cities", "T30" and "B30" respectively, while keeping the other provisions of the circulars unchanged.
4. This circular shall be applicable with effect from April 1, 2018.
5. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulation, 1996, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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