



CIRCULAR

SEBI/HO/IMD/DF2/CIR/P/2020/96

June 05, 2020

To,

All Recognized Stock Exchanges/
All Custodians/
All Mutual Funds/
Asset Management Companies (AMCs)/
All Trustee Companies/ Board of Trustees of Mutual Funds

Sir / Madam,

Sub: Participation of Mutual Funds in Commodity Derivatives Market in India

1. In partial modification to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/65 dated May 21, 2019, paragraph 3(iii) regarding holding of physical goods by mutual fund schemes, is modified as under:

"3(iii) No Mutual fund schemes shall invest in physical goods except in 'gold' through Gold ETFs. However, as mutual fund schemes participating in ETCDs may hold the underlying goods in case of physical settlement of contracts, in that case mutual funds shall dispose of such goods from the books of the scheme, at the earliest, not exceeding the timeline prescribed below: -

a) For Gold and Silver: - 180 days from the date of holding of physical goods,

b) For other goods (except for Gold and Silver):

- 1) By the immediate next expiry day of the same contract series of the said commodity.*
- 2) However, if Final Expiry Date (FED) of the goods falls before the immediate next expiry day of the same contract series of the said commodity, then within 30 days from the date of holding of physical goods."*

All other conditions in the aforesaid circular shall remain unchanged.

2. 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



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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