

### **Annexure III**

#### **BROAD COVERAGE OF HALF YEARLY REPORT BY TRUSTEES TO SEBI (HYTR)**

1. Trustees shall submit HYTR on the activities of Mutual Funds/AMCs to SEBI within two months for the half year ended September and March along with summary of instances of non-compliances in addition to the main report.
2. Anything given in the format shall not be interpreted as modification of any MF Regulations or Circulars issued thereunder.
3. Trustees shall also report any other compliance/reporting requirements as prescribed by SEBI from time to time.
4. The Format is indicative only. HYTR shall contain any other non-compliances during the period over and above the regulations/clauses specified in the format along with the corrective action(s) taken by AMC and Trustees.

The report of the Trustees should give specific comments on the following:

1. Performance of schemes.
2. Activities of the AMC with specific reference to transactions with associates, concentration of business with associate brokers, compliance with investment restrictions and net worth of the AMC.
3. Ability of the AMC/sponsor to honour the guaranteed returns in case of any scheme guaranteeing returns.
4. Deployment of funds of the scheme in accordance with investment objectives and not for any option trading or short selling or carry forward transactions.
5. Valuation and pricing of units – whether in accordance with the Regulations. Further, please provide instances where prices provided by Valuation Agencies were not considered for valuation of securities along with justifications for the same.
6. Publication of Annual Report and furnishing of half yearly and annual accounts to unit holders and SEBI.
7. Listing of scheme on stock exchange as per terms of the scheme information document, despatch of account statement to unit holders within 5 business days from closure of New Fund Offer and timely despatch of repurchase/redemption proceeds and dividend warrants.
8. Action taken on deficiency and warning letters issued by SEBI.

9. Before launch of scheme, AMC had systems in place for back office etc. appointed all key personnel, auditors, compliance officer, prepared manual, specified norms, etc.
10. AMC shall appoint Registrar & Share Transfer Agents, who are registered with SEBI. If the work is done in-house, then the rates charged must be competitive and for higher rates reasons for charging higher rates must be disclosed.
11. AMC has been diligent in empanelling brokers, in monitoring securities transactions and avoiding undue concentration with any broker.
12. AMC has not given undue and unfair advantage to any associate.
13. In case any company has invested more than 5% of NAV scheme, an investment made by the scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be justified.
14. Whether the AMC has dealt with any associate broker more than 5% of the quarterly business done by a mutual fund.
15. In case the AMC has dealt through any other broker other than an associate broker in excess of 5% or more of the aggregate purchase and sale of securities made by the mutual fund in all its schemes, the AMC has recorded in writing the justification for the same and whether all such investments have been reported to the trustees on a quarterly basis.
16. Utilisation of the services of the sponsor or any of its associates, employees, etc. by AMC – whether disclosures made in the annual accounts.
17. Whether AMC submitted quarterly report on its activities and complied with Regulations.
18. Transactions of mutual fund are in accordance with the trust deed.
19. Funds pertaining to a scheme have been invested in accordance with the Regulations.
20. All activities of AMC are in accordance with the Regulations.
21. Details of transaction in securities by key personnel in their own name or on behalf of the AMC.
22. Whether AMC filed with the trustees detailed bio-data of all directors of AMC along with their interest in other companies within 15 days of their appointment and any change in the interest of directors every six months.

23. Whether directors of the AMC filed with the trustees, a statement of holding of securities at the end of each financial year along with dates of acquisition.
24. No conflict of interest between the manner in which the AMC has deployed its networth and the interest of the unitholders.
25. Remedial steps, as necessary, taken by the trustees in case the conduct and business of the mutual fund is not in accordance with the Regulations.
26. Certification that Trustees have satisfied themselves that there have been no instances of self- dealing or front running by any of the trustees, directors and key personnel of the AMC.
27. Certification that AMC has been managing the schemes independently of any other activities and the unitholders' interest has been protected.
28. Comments of the independent trustee on the report received from the AMC regarding the investments by the mutual fund in the securities of the group companies of the sponsor.
29. Confirmation that the mutual fund has not made any investment in - any unlisted security of an associate or group company of the sponsor, any security issued by way of private placement by an associate or group company of the sponsor or listed securities of group companies of the sponsor which is in excess of 25% of the net assets of all the schemes of the mutual fund.
30. In case the mutual fund has an aggregate of securities which are worth Rs.10 crore or more as on the latest balance sheet date, whether transactions on or after January 15, 1998 are only through dematerialised securities.
31. Whether unitholders' consent obtained wherever necessary in accordance with Regulations.
32. Compliance with the Guidelines on recording of investment decisions and other related compliances viz. investment in unlisted and privately placed securities, unrated debt securities, securities classified as below investment grade or default, transactions where associates are involved and the instances where there is poor performance of the schemes.
33. Compliance with respect to provisions related to investment/Trading in Securities by Employees of Asset Management Companies and Mutual Fund Trustee Companies.
34. Compliance with respect to provisions related to AMFI/ NISM Certification Programme for agents/ distributors and employees of AMC.

35. Compliance status on selection of Benchmarks for comparison of performance of schemes.
36. Compliance with respect to provisions regarding monitoring of compliance with Code of Conduct for intermediaries.
37. Comments on the adequacy of risk management systems.
38. Compliance with reconciliation procedure for investment in Government Securities.
39. Compliance with respect to provisions related to registration of Intermediaries.
40. Compliance with respect to provisions related to minimum number of investors and maximum holdings by a single investor in scheme / plan of mutual fund.
41. Compliance with respect to provisions related to monitoring the portfolio structure of the capital protection oriented scheme.
42. Compliance with respect to provisions related to uniform cut-off timings for applicability of Net Asset Value (NAV) of Mutual Fund scheme(s)/plan(s).
43. Compliance with respect to provisions related to parking of funds in short term deposits of scheduled commercial banks pending deployment.
44. Compliance with respect to provisions of Risk Management Framework for liquid and overnight funds.
45. Compliance of guidelines on overseas Investments by Mutual Funds.
46. Compliance with requirements of securities lending arrangement.
47. Compliance with requirements of simplification and updation of Offer Document and Key Information Memorandum of Mutual Funds Scheme.
48. Compliance with respect to provisions related to prohibition on disclosure of Indicative Portfolios and Yields in Mutual Fund schemes.
49. Whether the assets of Gold ETF are invested in gold or gold related instruments as per the asset allocation mentioned in the Scheme Information document.
50. Whether physical verification of gold held in schemes was conducted by statutory auditors.
51. Compliance with requirements for participation in repo in corporate debt securities.
52. Whether Mutual Fund/AMC has set apart at least 2 basis points on daily net assets within the maximum limit of TER as per regulation 52 of the

Regulations for investor education and awareness initiatives on annual basis and whether Mutual Fund has made complete disclosures in the half yearly trustee report to SEBI regarding the investor education and awareness initiatives undertaken.

53. Details of efforts undertaken by AMC to increase geographical penetration of mutual funds and the details of opening of new branches, especially at locations beyond top 15 cities.
54. Compliance with requirements for participation of mutual funds in Credit Default Swaps (CDS) Market.
55. Review and confirmation of Voting summary and scrutinizer's comments, if any.
56. Compliance with requirements of minimum Average AUM of Rs. 20 crore on half yearly rolling basis in open ended debt oriented Schemes.
57. Stress testing of prescribed open-ended debt oriented schemes.
58. Exposure of a mutual fund, across all its schemes, towards individual issuers, group companies and sectors.
59. Compliance with requirements with respect to Categorization and Rationalization of Mutual Fund Schemes.
60. Compliance with requirements with respect to charging of Total Expense Ratio (TER) in both direct and regular plans.
61. Compliance with requirements with respect to performance disclosure for Mutual Funds.
62. Compliance with guidelines on Segregated Portfolio.
63. Compliance with requirements with respect to Cyber Security and Cyber Resilience framework for Mutual Funds / Asset Management Companies (AMCs).
64. Compliance with requirements of System Audit framework for Mutual Funds / Asset Management Companies (AMCs). Further, Trustees should furnish the open item pertaining to system audits.
65. Comments on securities classified as below investment grade or default
66. Compliance with requirements relating to Trade Execution and Allocation
67. Compliance with guidelines on Inter Scheme Transfers of Securities.

68. Compliance with requirements with respect to Policy on Internal Credit Risk Assessment at the AMC and measures taken for the early warning signals (including yield-based alerts) on deterioration of credit profile of the issuer.
69. Compliance with respect to monitoring the activities of their distributors, agents, brokers to ensure that they do not indulge in any malpractice or unethical practice while selling or marketing Mutual Fund units and reporting of any non-compliance with the Mutual Funds Regulations and Guidelines pertaining to Mutual Funds especially guidelines on advertisements and/ or sales literature and/or Code of Conduct in the periodic meetings of the Board of the AMC and the Board of Trustees.
70. Trustees have abided by the Code of Conduct as specified in Part A of the Fifth Schedule.
71. Trustees have ensured that the Chief Executive Officer of AMC has complied with the provisions of Clause b of Sub-regulation 6A of Regulation 25.
72. Any other matter the trustees would like to report to SEBI.