

DIVISION CHIEF

MUTUAL FUNDS DEPARTMENT

MFD/CIR/1/189/2000

April 10, 2000

All Mutual Funds registered with SEBI/

Unit Trust of India

Dear Sir,

Re. : SEBI (Mutual Funds) Regulations - Gazette Notification dated March 14, 2000 and Money Market Mutual Fund Schemes

Please find enclosed a copy of the Amendments to SEBI (Mutual Funds) Regulations, 1996 published in The Gazette of India dated March 14, 2000 for your information and implementation.

Further, it is to inform you that the Reserve Bank of India has withdrawn its guidelines on money market mutual funds (MMMFs) w.e.f. March 7, 2000. Accordingly, such money market mutual fund schemes, like any other mutual fund schemes, would exclusively be governed by the SEBI (Mutual Funds) Regulations, 1996.

Yours faithfully,

P.K.NAGPAL

Encl : as above

THE GAZETTE OF INDIA

EXTRA ORDINARY

PART II SECTION 3 SUB-SECTION (ii)

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

MUMBAI, THE 14th DAY OF MARCH 2000

SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS)
(AMENDMENT) REGULATIONS, 2000

S.O. 235(E). In exercise of the powers conferred by sub-section (1) of section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) the Board hereby makes the following Regulations further to amend the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, namely:

I. (1) These Regulations may be called the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2000.

(2) They shall come into force on the date of their publication in the Official Gazette.

II. In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996,

(1) In Regulation 53, after sub-clause (b), new sub-clauses (c) and (d) shall be added as under:

"(c) In the event of failure to despatch the redemption or repurchase proceeds within the period specified in sub-clause (b), the asset management company shall be liable to pay interest to the unitholders at such rate as may be specified by Board for the period of such delay.

(d) Notwithstanding payment of such interest to the unitholders under sub-clause (c), the asset management company may be liable for penalty for failure to despatch the redemption or repurchase proceeds within the stipulated time."

(2) After Regulation 59, a new Regulation 59A shall be inserted as under:

"59A. A mutual fund shall before the expiry of one month from the close of each half year (i.e. 31st March and 30th September), send to all unitholders a complete statement of its scheme portfolio.

Provided that statement of scheme portfolio may not be sent to the unitholders, if the statement is published, by way of an advertisement, in one English daily circulating in the whole of India and in a newspaper published in the language of the region where the head office of the mutual fund is situated."

(3) In the Seventh Schedule,

a. in proviso to clause (10), for the word 'in', the words 'in case of' shall be substituted.

b. in clause (11), -

i. the word 'unlisted' shall be inserted after the words 'for the' and before the words 'equity shares'.

ii. for the word 'investments' appearing after the words 'equity related', the word 'instruments' shall be substituted.

(4) In the Eleventh Schedule, in clause 3, in item (vii), the sub-item (c) shall be omitted.

D.R. MEHTA

CHAIRMAN

Foot Note:

- The principal regulation, SEBI (Mutual Funds) Regulations, 1996, was issued under S.O. No. 856(E), dated December 6, 1996 published in the Gazette of India, Part II, Section 3 (ii), dated December 9, 1996.
- SEBI (Mutual Funds) Regulations, 1996 was subsequently amended by the SEBI (Mutual Funds) (Amendment) Regulations, 1997, issued under S.O. NO. 327 (E), published in Gazette of India dated April 15, 1997.
- SEBI (Mutual Funds) Regulations, 1996 was subsequently amended by the SEBI (Mutual Funds) (Amendment) Regulations, 1998, issued under S.O. No. 32(E), published in the Gazette of India dated January 12, 1998.
- Corrigendum to SEBI (Mutual Funds) Regulations, 1996 was issued under S.O. No.105 (E) published in the Gazette of India dated February 6, 1998.
- SEBI (Mutual Funds) Regulations, 1996 was subsequently amended by the SEBI (Mutual Funds) (Amendment) Regulations, 1999 issued under S.O. No. 1223(E), published in the Gazette of India dated December 8, 1999.