CHIEF GENERAL MANAGER
MUTUAL FUNDS DEPARTMENT

MFD/CIR/10/ 15895 /2002
August 20, 2002

All Mutual Funds Registered with SEBI
Unit Trust of India
Association of Mutual Funds in India

Dear Sirs,

We are enclosing a copy of the gazette notification no. 686 dated July 30, 2002 pertaining to SEBI (Mutual Funds) (Third Amendment) Regulations, 2002 for your information and implementation.

Yours faithfully,

P. K. NAGPAL

THE GAZETTE OF INDIA

EXTRAORDINARY

PART –II – SECTION 3 – SUB SECTION (ii)

PUBLISHED BY AUTHORITY

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 30th July, 2002

SECURITIES AND EXCHANGE BOARD OF INDIA

(MUTUAL FUNDS) (THIRD AMENDMENT) REGULATIONS, 2002

S.O. No. 809(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 Securities and Exchange Board of India hereby makes the following regulations, namely :-

1. (i) These regulations may be called the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2002.

(ii) They shall come into force on the date of their publication in the official gazette.

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

(i). In THIRD SCHEDULE, for clause 20, the following clause shall be substituted, namely: -

" 20. The Trust Deed shall state that a meeting of the trustees shall be held atleast once in every two calendar months and atleast six such meetings shall be held in every year."

(ii). In EIGHTH SCHEDULE,

a. in clause 5, for the figure "2%" the figure " 1%" shall be substituted.

b. after clause 5, the following clause shall be inserted , namely: -

"6" In case the Net Asset Value of a scheme differs by more than 1%, due to non - recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

(i) If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the scheme.

(ii) If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, asset management company shall pay the difference in amount to the scheme. The asset management company may recover the difference from the investors."

[F. No. SEBI/LGL/14082/2002]

G.N. BAJPAI

CHAIRMAN

Foot notes :

The principal regulations, SEBI (Mutual Funds) Regulations, 1996 were issued under S.O No. 856(E) dated December 9, 1996 published in the Gazette of India, Part II, Section 3(ii) dated December 09, 1996.

SEBI (Mutual Funds) Regulations, 1996 were subsequently amended –

(a) On April 15, 1997 by SEBI (Mutual Funds) (Amendment) Regulations, 1997 vide S.O No. 327 (E).

(b) On January 12, 1998 by SEBI (Mutual Funds) (Amendment) Regulations, 1998 vide S.O No. 32 (E).

(c)On December 08, 1999 by SEBI (Mutual Funds) (Amendment) Regulations, 1999 vide S.O no. 1223 (E).

(d)On March 14, 2000 by SEBI (Mutual Funds) (Amendment) Regulations, 2000 vide S.O no. 235 (E).

(e)On May 22, 2000 by SEBI (Mutual Funds) (Second Amendment) Regulations, 2000 vide S.O no. 484 (E).

(f)On January 23, 2001 by SEBI (Mutual Funds) (Amendment) Regulations, 2001 vide S.O no. 69 (E)

(j)On July 23, 2001 by SEBI (Mutual Funds) (Second Amendment) Regulations, 2001 vide S.O. no. 698 (E).

(k)On February 19, 2002 by SEBI (Mutual Funds) (Amendment) Regulations, 2002 vide S.O no. 219 (E).

l. On June11, 2002 by SEBI (Mutual Funds) (Second Amendment) Regulations, 2002 vide S.O no.

625 (E).