



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

DEPUTY GENERAL MANAGER
INVESTMENT MANAGEMENT DEPARTMENT

SEBI/HO/IMD/DF2/OW/P/2020/20589/1

November 27, 2020

Ritesh Patel
Head-Compliance, Legal, Risk & Company Secretary
Unit No. 606, 6th Floor
Windsor Bldg, Off CST Road, Kalina,
Santacruz (E)
Mumbai – 400 098

Dear Sir,

Re: Request for Interpretive Letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 relating to the Securities and Exchange Board of India (Mutual Funds), Regulations, 1996

1. This has reference to your letter dated September 28, 2020 seeking guidance by way of an interpretative letter under the SEBI (Informal Guidance) Scheme, 2003. In the aforesaid letter you have *inter alia*, made reference to various circulars enumerating the guidelines in respect of uniform cut off timings for applicability of Net Asset Value of Mutual Fund scheme(s) and/ or plan(s) and sought informal guidance on the following:

- i. The correct applicable NAV for the Transferor and the Transferee scheme, in case of switch transaction request from Liquid/Overnight scheme to Non-Liquid/Equity scheme on Friday or on a day preceding a non-business day, received before the applicable cut-off time for value less than Rs.2 lakhs, in line with the said circulars and guidelines as mentioned in this letter.
- ii. The correct applicable NAV for the Transferor and the Transferee scheme, in case of switch transaction request from Liquid/Overnight scheme to Non-Liquid/Equity scheme on Friday or on a day preceding a non-business day, received before the applicable cut-off time for value more than Rs.2 lakhs, also

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.

दूरभाष : 2644 9950 / 4045 9950 (आई.वी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in



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more particularly read in line with Clause 1.1 & 1.2 of the recent SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2020/175 dated September 17, 2020, issued in this regard.

2. Accordingly, the answers to your queries are as under:

- i. In respect of your first query: As the NAV for the switch out (redemption/repurchase) transaction in a liquid scheme for the request received before the cut-off timing on Friday or on a day preceding a non-business day would be the closing NAV of the day immediately preceding the next business day, therefore, the NAV applicable for the coinciding switch in (subscription) transaction should not be prior to the day of NAV applicable for the switch out transaction. Therefore, in such case, the applicable NAV for the switch in transaction would be as per the applicable provisions, treating the switch in request as received on the day when NAV of switch out transaction is applicable.
- ii. In respect of your second query: As the NAV for the switch out (redemption/repurchase) transaction in a liquid scheme for the request received before the cut-off timing on Friday or on a day preceding a non-business day would be the closing NAV of the day immediately preceding the next business day, therefore, the NAV applicable for the coinciding switch in (subscription) transaction into a scheme should not be prior to the day of NAV applicable for the switch out transaction. Therefore, in such case, the applicable NAV for the switch in transaction would be as per the applicable provisions, treating the switch in request as received on the day when NAV of switch out transaction is applicable.

Vide circular dated September 17, 2020, it is *inter alia*, provided that in respect of purchase of units of mutual fund schemes (except liquid and overnight schemes), closing NAV of the day shall be applicable on which the funds are available for utilization irrespective of the size and time of receipt of such application, therefore for any transferee scheme the applicable NAV shall be subject to availability of funds and submission of application on or before the applicable cut-off time.

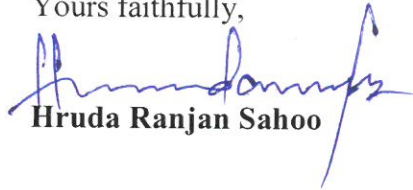


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3. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the question referred.
4. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI of the laws administered by any other authority.

Yours faithfully,


Hruda Ranjan Sahoo