

Policy related Letters/Emails issued by SEBI

As an ongoing correspondence with Mutual Fund Industry, through the representation by Association of Mutual Funds in India (AMFI), several interpretations of circular/guidelines, clarifications have been issued by SEBI. In order to have all important policies at one place, content of relevant letters/emails issued by SEBI are re-produced below with minor modifications for the sake of clarity.

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1. Filing Fee of the Draft Offer Document

Reference – Letter No. IMD/SG/8668/06 dated October 13, 2006

- 1.1. It has come to the notice of SEBI that the AMCs are charging/proposing to charge the filing fee of a draft offer document to the scheme, as a part of the initial issue expenses.
- 1.2. Please note that ‘filing fee’ to the regulator is a kind of administrative cost that should be borne by the AMC and not recovered from the investor by charging it to the scheme.
- 1.3. You are therefore, advised to immediately ensure that mutual funds are not charging such fees to the scheme.

2. Mandatory requirement of PAN for all transactions in the securities market.

Reference – Letter No. MRD/Policy/PAN/AT/97151/2007 dated June 25, 2007

- 2.1. In order to address the difficulty of a large number of persons in getting PAN before July 02, 2007, you are advised to bring to the notice of existing and potential investors that they should apply for PAN immediately and applications for investment should be accompanied with the evidence of having applied for PAN until December 31, 2007.
- 2.2. It is however clarified that if an investor is participating only in micro-pension, he may not be required to obtain PAN.

3. Disclosures in SID pursuant to SEBI Circular dated December 11, 2008

Reference – Email dated January 07, 2009

For Close Ended Schemes, the SID need to be modified to incorporate the new requirements and following shall be incorporated.

3.1. Exit opportunity

No redemption/repurchase of units shall be allowed prior to the maturity of the scheme. Investors wishing to exit may do so through stock exchange mode.

3.2. Issue of units in demat mode to enable trading

- a. The unit holders would have an option to hold the units in demat form in addition to the account statement as per the current practice.
- b. It may be highlighted that unit holders who wish to trade in units would be required to have a demat account.
- c. Application form shall be modified to provide for demat account details and other details to enable exercise of the option as detailed above.

- 3.3. Necessary changes in the SID and KIM shall be carried out to reflect the said options.

3.4. In addition to the aforesaid changes, other necessary disclosures as required shall also be made in the SID.

4. Reporting and Settlement of trades in Corporate Bonds

Reference – Email dated December 30, 2009

4.1. With reference to SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-3/2009 dated July 31, 2009 read with SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-4/2009 dated October 16, 2009 regarding reporting and settlement of trades in corporate bonds, Mutual Funds are required to:

- a. Report their trades in corporate bonds including inter scheme transfers on the reporting platform set up by BSE, NSE and FIMMDA.
- b. Clear and settle all trades in corporate bonds between specified entities, including inter scheme transfers, through the National Securities Clearing Corporation Limited (NSCCL) or the Indian Clearing Corporation Limited (ICCL).

5. KIM and Sales / Promotional Literature

Reference – Email dated March 29, 2010

5.1. AMCs shall ensure that the KIM of the schemes are prepared as per the prescribed format and inter alia includes-

- a. Comparison with the existing schemes, number of folios and Assets under Management (AUM).
- b. Risk mitigation factors.
- c. Investment strategy.

5.2. Any sales, promotional or any other literature made for investors/distributors /any other agent (including fact sheets) should be filed with SEBI within 10 days of its launch/first circulation.

5.3. AMCs shall ensure that any sales, promotional or any other literature, prepared by distributors/agents/third parties about the fund house products, adhere and comply with SEBI guidelines. AMCs are advised to take suitable steps to put in place a mechanism for proactive oversight in this regard.

6. AMFI recommendations on KYC compliance pertaining to circular dated December 11, 2009

Reference – Letter No. IMD/AT/2868/10 dated April 27, 2010

6.1. As per SEBI Circular No. SEBI/IMD/CIR No.12/186868/2009 dated December 11, 2009 (Clause 16.1.1 of the Master Circular) all the documentation pertaining to the unitholders/investors including

KYC/PoA is the responsibility of the AMC and the same shall be available with the AMC/RTA of the AMC. In this regard,

- a. Power of Attorney (PoA) must be available in original or in notarized copy
- b. Irrevocable PoA shall not be taken
- c. Both the PoA Investor and the PoA holder must be KYC compliant.
- d. Liability of distributors shall not be limited and it should depend upon his failure to discharge his obligations.
- e. SMS/email alerts must be mandatorily sent to the investor for all transactions.

6.2. Upon satisfactory receipt of confirmation on the aforesaid points and trustee review of the progress made by the distributors in implementation of the above mentioned circular, we will relook into the issue of release of commissions withheld.

7. Provisions in your agreements with distributors that restrict /constrain unit holders' rights

Reference – Letter No IMD/SM/ /2010 dated June 2, 2010

7.1. It has been observed that many of the AMCs have entered into distribution agreements with selected distributors and the agreement contains clauses which restrict the rights of the unit holders to approach the AMCs directly and also provides for mandatory power of attorney to be given in favour of the distributor by unit holders.

7.2. These types of provisions in the distribution agreement are against the interest of the unit holders and also are *void ab intio*. Therefore, you are directed, to amend the distribution agreements, put in place systems and processes that ensure unitholders unfettered and unrestricted access to Mutual Fund/AMC and ensure that the unit holder's rights are not restricted in any manner.

8. Declaration and disclosure of dividend

Reference –Email dated June 02, 2010

8.1. It has been observed that many of the advertisements and communications to the investors/unitholders issued by the Asset Management Companies regarding dividend are expressed in terms of percentages of NFO offer issue price of units.

8.2. In order to bring greater precision and clarity in dividend distribution, you are directed to declare and disclose dividend only in the form of rupee(s) per unit in advertisements and all other communications such as half yearly portfolio disclosures, annual reports etc. to the investors in this regard.

8.3. Mutual Funds/AMCs are advised to comply in letter and spirit in this regard.

9. Subscription of Mutual Fund units through Distributors

Reference – Email dated June 4, 2010

9.1. It has been observed that when subscription for mutual fund units are remitted through joint bank accounts of investors through on-line distributors, the units are allotted by default only in the single name of one of the joint holders of the bank account. As a result, investors who may have remitted subscription through joint accounts with an intention to get units allotted in joint names have received units in single name.

9.2. In view of the above, all Mutual Funds are advised to ensure the following:

- a. When subscription for mutual fund units are remitted through joint bank accounts of investors, the default option for applying for mutual funds unit should be in the joint names of all the account holders of the bank account with immediate effect.
- b. Additionally, investors shall also be given an option to apply for units in single name of any one or more names of the joint account holders of the bank account with nomination facility.
- c. The existing unit holders who have applied through joint bank accounts through on-line distributors shall also be given the options to hold the units in joint or single names along with nomination facility. This process shall be completed by September 30, 2010.

10. Differential Exit Load

Reference – Email dated July 07, 2010

10.1. Observing that some fund houses are charging differential exit load to different set of investors, e.g. different exit loads for SIP investors and non-SIP investors, SEBI vide circular dated August 07, 2009 (Clause 10.8.1 of the Master Circular) has mandated that no distinction among the unit holders shall be based on amount of subscription while charging exit loads.

10.2. In this regard, it is reiterated that there shall be no distinction among the unit holders based on the amount of subscription and the above mentioned circular was effective from the date of issuance of the circular.

10.3. Mutual Funds/AMCs are advised to ensure compliance in letter and spirit in this regard.

11. Reiteration of provisions of Risk Management

Reference – Email dated July 16, 2010

- 11.1. Mutual Fund should not allow dealing through personal cell phones of dealers and the Mutual Fund should have recording facilities in the dealing room and preserve the records of the same for a period of eight years.
- 11.2. AMCs shall ensure that they have put in place the systems/procedures to review these recordings by designated personnel of AMC on a periodical basis. Report of this review shall be submitted to Trustees/ Trustee Board.
- 11.3. Further, AMCs shall also ensure that the terms of reference of internal auditors include review of these reports filed and the same shall be made available for SEBI inspection process.

12. Subscription of mutual fund units through on-line distributors

Reference – Email dated July 28, 2010

- 12.1. With respect to the earlier communication of SEBI about subscription of mutual fund units through on-line distributors, it has been represented that adding of a joint name to an existing single folio may be tantamount to transfer of units.
- 12.2. It is clarified that where investors have remitted subscription through joint bank accounts of investors through on-line distributors, with an intention to get units allotted in joint names but have received units in single names; the adding of a joint name may be treated as a rectification/ corrigendum rather than a transfer, and may be effected retrospectively.
- 12.3. The said investors may also be given the option to hold the units in single name if they so desire.

13. Change of online channel distributor to either an offline distributor or another online channel distributor or direct by an investor

Reference – Email dated August 12, 2010

- 13.1. It is learnt that when an investor wants to change an online channel distributor to either an offline distributor or another online channel distributor or direct then the investor is required to submit documents including covering letter from the 'Source Channel' enclosing the Investor request letter and Investor documents viz. MF Application with Investor signature duly attested by Channel, PAN Copy and KYC acknowledgement wherever applicable.
- 13.2. The practices prevailing in the industry is causing hardship to investors and should stop forthwith. The investors intending to change the distributor should only be required to make a request for the same to AMC/RTA and the necessary documentation to facilitate the process to change the distributor should be ensured by AMC/RTA to which the request is submitted.

13.3. Therefore, it is advised to ensure compliance with the instruction of the investor informing his desire to change his distributor and / or go direct, without compelling that investor to obtain a covering letter from the Source Channel distributor.

13.4. All AMC/RTA shall comply with the above requirements in letter and spirit.

14. Updation of investor related documents
Reference – Letter dated August 20, 2010

14.1. Please refer to SEBI Circular dated December 11, 2009 (Clause 16.1 of the Master Circular) advising the mutual funds that the requirements of customer due diligence as mentioned in the Master Circular on Anti Money Laundering (AML) dated December 19, 2008 issued by SEBI is applicable to mutual funds/ AMCs and hence maintenance of all investor related documentation is the responsibility of the AMC. It was also instructed that where investor related documentation is incomplete/ inadequate/ not available, then the trustees of the funds were to ensure that no further payment of any commissions, fees and / or payments in any other mode should be made to such distributors.

14.2. The AMCs were also advised vide letter dated June 02, 2010, to amend their distribution agreements and put in place systems and processes that ensure unitholders unfettered and unrestricted access to Mutual Fund/ AMC and ensure that unit holders' rights are not restricted in any manner.

14.3. Further, vide Circular dated August 12, 2010 (Clause 16.1.5 of the Master Circular), the AMCs were to ensure that

a. all new accounts/ folios would be opened only after ensuring that all investor related documents, Pan, KYC, PoA (if applicable), specimen signature are available with the AMCs/ RTAs and not just with the distributor.

b. For existing folios, AMCs would be responsible for updation of all investor related documents by November 15, 2010.

14.4. From the data on the progress of updation of client account opening documents, it has been observed in many instances that the distributor has submitted the investor related documents to the concerned RTA; but the RTA has not succeeded in verifying and updating the same.

14.5. This lacuna militates against our purpose of allowing investors unfettered access to the AMC at any time, by creating impediments in the implementation process.

- 14.6. Thus, the trustees of mutual funds are advised, after due analysis of the situation with respect to their mutual fund; to decide to pay/ withhold the payment to RTA in context of their performance therein.
- 14.7. In view of the progress made by the distributors in submitting investor related documents to the AMCs/ RTAs, the restriction on commissions, fees and / or payments in any other mode to the distributors mandated vide Circular No. SEBI/IMD/CIR. No. 12/ 186868/ 2009 dated December 11, 2009 (Clause 16.1 of the Master Circular), is hereby withdrawn.
- 14.8. It is advised that the trustees may decide to pay / withhold payment to the concerned distributor, in the context of their performance in the submission of investor related documents to the AMC/RTA.
- 14.9. These instructions may be implemented immediately.
- 14.10. Further, it is advised that the deadline of November 22, 2010 for the trustees to submit confirmation on completion of the progress of updation of investor related documents may be strictly adhered to.

15. Disclosures on securitized debt

Reference – Email dated August 25, 2010

With respect to investments in securitized debt by the scheme, the following disclosures may be made in Scheme Information Document:

15.1. How the risk profile of securitized debt fits into the risk appetite of the scheme

The policy followed by MF to be indicated.

(This will be exclusive to the profile of each scheme.)

15.2. Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc

The entity must give categorization and evaluation parameters of the originators.

The evaluation parameters can be as under:

- a. Track record
- b. Willingness to pay, through credit enhancement facilities etc.
- c. Ability to pay
- d. Business risk assessment, wherein following factors are considered:
 - Outlook for the economy (domestic and global)
 - Outlook for the industry
 - Company specific factors

In addition, a detailed review and assessment of rating rationale should be done including interactions with the company as well as agency.

Critical Evaluation Parameters (for pool loan and single loan securitization transactions) regarding the originator / underlying issuer:

- a. Default track record/ frequent alteration of redemption conditions / covenants
- b. High leverage ratios of the ultimate borrower (for single-sell downs) – both on a standalone basis as well on a consolidated level/ group level
- c. Higher proportion of reschedulement of underlying assets of the pool or loan, as the case may be
- d. Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
- e. Poor reputation in market
- f. Insufficient track record of servicing of the pool or the loan, as the case may be.

15.3. Risk mitigation strategies for investments with each kind of originator

- a. Size and reach of the originator
- b. Collection process, infrastructure and follow-up mechanism
- c. Quality of MIS
- d. Credit enhancement for different type of originator

15.4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

Framework that will be applied while evaluating investment decision relating to a pool securitization transaction:

Characteristics / Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Micro Finance Pools	Personal Loans	Single Sell Downs	Others
Approximate Average maturity (in Months)								
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)								

Characteristics / Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Micro Finance Pools	Personal Loans	Single Sell Downs	Others
Average Loan to Value Ratio								
Average seasoning of the Pool								
Maximum single exposure range								
Average single exposure range %								

Risk mitigating measures:

- a. Size of the loan
- b. Average original maturity of the pool
- c. Loan to Value Ratio
- d. Average seasoning of the pool
- e. Default rate distribution
- f. Geographical Distribution
- g. Credit enhancement facility
- h. Liquid facility
- i. Structure of the pool

15.5. Minimum retention period of the debt by originator prior to securitization

The policy followed by MF to be indicated.

15.6. Minimum retention percentage by originator of debts to be securitized

The policy followed by MF to be indicated.

15.7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund

The policy followed by MF to be indicated.

(There can be no standardization here- the submissions of the funds may be accepted.)

15.8. The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

Among the general method of credit risk assessment, the following may also be disclosed:

- a. Team dedicated to credit analysis.
- b. Ratings are monitored for any movement

15.9. **The following disclosure may also be given:**

Wherever the schemes portfolio is disclosed, the AMC may give a comprehensive disclosure of securitized debt instruments held. This would include the originator and underlying asset exposure by percentage, e.g. percentage of two wheeler loans in the pool, percentage of commercial vehicle loans in the pool etc.

16. Subscription of units under ELSS

Reference – Email dated February 02, 2011

16.1. This is in reference to email of NSDL dated January 14, 2011 and letter of CDSL dated January 28, 2011 to SEBI on the captioned subject. In this regard following is advised:

- a. SEBI does not approve process flow of credit of units from AMC's account to Investors account.
- b. The transition of ELSS units from AMC to broker's pool account (via clearing corporations) to investor's account is only a part of the process of allotment.
- c. AMCs/Depositories shall ensure that the lock-in of ELSS units is ensured as per the ELSS Guidelines 2005 in the beneficial holder's account.
- d. Kindly ensure the compliance of the above in letter and spirit.

17. Mutual Fund Oversight on Institutional Distributors

Reference – Email dated February 17, 2011

17.1. Set of additional measures in the due diligence process that asset management companies (while empaneling distributors) and AMFI (while registering and monitoring distributors) implement towards institutional distributors viz, banks, banks sponsored entities, national and regional distributors are proposed. These additional measures would augment the current role that AMFI plays in registration and oversight

17.2. While there is a general code of conduct that governs all AMFI registered MF distributors, these additional measures would help augment investor protection in a segment where the institutional investors have the balance of power tilted in their favour. You will appreciate that this segment, though a few in number, have a significant share of both clients and volumes. By implementing this additional due diligence initially in this segment, it would

also help the mutual funds and their asset management companies, as manufacturers, deliver better on their obligation for investor protection.

17.3. The suggested additional guidelines for Mutual Funds on eligibility criteria and qualifying norms for empanelment of institutional distributors are as given below. Guidelines proposed would only set out the minimum threshold. AMFI and mutual funds are encouraged to implement additional measures as you deem appropriate to help achieve greater investor protection.

- a. At the time of empaneling distributors and during the period review process, mutual funds are advised to undertake a due diligence process to satisfy 'fit and proper' criteria that incorporate, amongst others, the following factors:
 - a) Business model, experience and proficiency in the business.
 - b) Record of regulatory / statutory levies, fines and penalties, legal suits, customer compensations made; causes for these and resultant corrective actions taken.
 - c) Review of associates and subsidiaries on above factors.
 - d) Organizational controls to ensure that the following processes are delinked from sales and relationship management processes and personnel:
 - i. Customer risk / investment objective evaluation.
 - ii. MF scheme evaluation and defining its appropriateness by customer risk categories.
 - e) Customer relationship and transactions are categorized as:
 - i. Advisory – where the institutional distributor commits to distributing only on the principle of 'appropriateness' of products to that customer category. Appropriateness is defined as selling only that product categorization that is identified as best suited for investors within a defined upper ceiling of risk appetite. No exception can be made.
 - ii. Execution Only – all transactions that are not booked as 'advisory' and, would therefore, mandatorily require:
 - 1) In case of "execution only" transaction where the institutional distributor has information to believe that the transaction is not appropriate for the customer, then a written communication shall be made regarding 'inappropriateness' to investor, duly acknowledged and accepted by investor.
 - 2) A customer confirmation to the effect that the transaction is 'execution only' notwithstanding the 'advice of appropriateness' from that distributor, is obtained prior to the execution of the transaction.

- 3) That on all such 'execution only' transactions, the customer is not required to pay the distributor anything other than a standard flat transaction fee, that is not ad valorem or percentage of value and is consistent across all investors irrespective of the transaction value.
- iii. There may be no third categorization of customer relationship / transaction.
- f) Compliance and risk management functions of the institutional distributor include review of defined management processes for:
 - i. the criteria to be used in review of products and the periodicity of such review.
 - ii. the factors to be included in determining the risk appetite of the customer and the investment categorization and periodicity of such review.
 - iii. review of transactions, exceptions identification, escalation and resolution process by internal audit.
 - g) Recruitment, training, certification and performance review of all personnel engaged in this business.
 - h) Customer on boarding and relationship management process, servicing standards, enquiry / grievance handling mechanism.
 - i) Internal / external audit processes, their comments / observations as it relates to MF distribution business.
 - j) Findings of ongoing review from sample survey of investors (as outlined below)

Confirmation / Declaration

For all transactions executed by institutional distributors, mutual funds shall seek the following confirmation. The confirmation may be sought to be filed weekly / fortnightly / monthly as determined by the AMC based on volumes of that institutional distributor.

The confirmation should include:

- i. that all transactions executed on 'advisory' basis were only on the principle of 'appropriateness' and no product was sold to any investor whose risk appetite and categorization was inappropriate for that product.
- ii. that all transactions on 'execution only' basis include
 - a. a confirmation from the customer that it was done on 'execution only'
 - b. a confirmation from the distributor that only a standard flat transaction fee (not ad valorem or percent of value) was applied.
- iii. that on all transactions, full disclosures of all fees and commissions earned by the distributor has been made.

- iv. The certificate shall be annexed with a list of all transactions under each category during that week/fortnight/month that is covered by the certificate of declaration/confirmation.
- v. The transactions list shall include a column to reflect the name and ARN of the employee who dealt with the customer for that transaction.

Mutual funds shall do independent verification directly with a sample of investors every month to revalidate the declarations made by the distributor.

18. Role of Mutual Funds in Corporate Governance of Public Listed Companies
Reference – Email dated June 23, 2011

18.1. Further to SEBI Circular No. SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010 (Clause 6.16 of the Master Circular), all AMCs are advised to provide an exclusive link on their Website's Home Page titled "Voting Policy" which when activated provides disclosures as required under the said Circular. The compliance of this may be confirmed by 31st May, 2011.

19. Corporate Governance of Listed Companies
Reference – Email dated June 23, 2011

19.1. With a view to have uniformity in format for disclosure on corporate governance in listed companies, AMCs are advised to adhere to the following:

- a. Policy for discharge of corporate governance shall be comprehensive including the following –
 - a. Dedicated policy with respect to governance measures for investments in group companies of the AMC and investment in companies that have subscribed to the units of their schemes.
 - b. Decision making process on voting policy –
 - i) whether attended/not attended.
 - ii) whether decided to vote or abstained
 - iii) If voted, whether for or against.
 - c. Internal mechanism for review and control process on the above issues.
- b. Disclosure on voting shall cover all equity holdings across all MF schemes of the AMC.

19.2. The disclosures shall not be selective or on sample basis.

20. Empanelment of Distributors

Reference - Letter No. – IMO/RB/ 35057/2011 dated November 16, 2011

20.1. Regarding empanelment of distributors, each AMC has to satisfy itself about the fit and proper criteria and other measures that AMC might seek to impose/ implement to help achieve greater investor protection. Distributor due diligence process is not a onetime exercise at the time of empanelment but needs to be carried out continuously and reviewed from time to time. Distributors are agents of AMC and due diligence of distributors shall be responsibility of AMC.

20.2. The due diligence cannot be delegated to AMFI or any other agency and AMC has to take full responsibility for the empanelment and subsequent due diligence on an ongoing basis.

21. AMFI Registration/ NISM Certification/ KYD Compliance for Overseas Distributors

Reference – Letter No.– OW / 14970 / 2012 dated July 5, 2012

21.1. Regarding NISM certification and AMFI Registration of distributors who engages in sale and / or distribution of Indian Mutual Fund Products, it is advised that NISM certification and AMFI registration may not be insisted upon for overseas distributors. However, the overseas distributors may be required to comply with the extant laws, rule and regulations of jurisdictions where they carry out their operations in the capacity of distributors.

22. Exemption from the need for PAN for micro financial products

Reference – Letter No. OW/ 16541 /2012 dated July 24, 2012

22.1. The Ministry of Finance, vide letter no. 5/55/CM/2006 dated June 03, 2009, had conveyed the decision to SEBI that micro schemes such as Systematic Investment Plans of mutual funds, micro products by micro finance institutions, upto Rs. 50,000/- per year per investor shall be exempted from the requirement of PAN. Such, schemes may be operationalized with other standard specified identification instruments like Voter ID card, Government/Defense ID Card, Card of reputed employer, Driving License, Passport.

22.2. As per the aforesaid MOF Circular, investments in mutual fund schemes (including investments in SIPs) of upto Rs. 50,000/- per investor per year per mutual fund shall be exempted from the requirement of PAN.

23. Inclusion of Bank Correspondents as part of the new cadre of distributors to sell simple and performing mutual fund schemes

Reference – Letter No. – IMD/OW/24/2013 dated January 02, 2013

23.1. SEBI has introduced a new cadre of distributors, such as postal agents, retired government and semi -government officials (class III and above or equivalent) with a service of at least 10 years, retired teachers with a service of at least 10 years, retired bank officers with a service of at least 10 years. Further, other similar persons (such as Bank correspondents) as may be notified by AMFI/AMC from time to time, shall also be allowed to sell units of simple and performing mutual fund schemes.

23.2. In this regard, you are advised to include Business Correspondents appointed by Banks as distributors for selling units of simple and performing mutual fund schemes by issuing necessary communication, under intimation to SEBI.

24. SEBI (Payment of Fees) (Amendment) Regulations, 2014

Reference – Email dated April 13, 2015

24.1. As you are aware that *vide* notification dated May 23, 2014, the SEBI (Payment of Fees) (Amendment) Regulations, 2014 were notified in the Gazette of India and which came into force on the said date. In view of gazette notification of SEBI (Payment of Fees) (Amendment) Regulations, 2014, Para 13 of SEBI (Mutual Fund) Regulations, 1996 has been amended which inter alia mandate payment of Annual Fee as a percentage of Average Assets Under Management (AAUM) as on 31st March.

24.2. In this regard, in order to have a uniform methodology for computation of Annual Fee, it is advised that AAUM be calculated for the period 01.04.20xx to 31.03.20xx taking into account each day's closing net assets as detailed below.

Date	Net Assets
01.04.2014	
02.04.2014	
03.04.2014	
....	
....	
....	
30.03.2015	
31.03.2015	
Total (A)	

$$\text{AAUM} = \frac{\text{Total (A)}}{\text{No. of Days (365/366)}}$$

Annual Fee payable = as %age of AAUM (as per the amendment)
 While making the payment of Annual Fee to SEBI in terms of the said amendment, a statement of calculation of Annual Fee as per the table above duly certified by the Compliance Officer may be furnished.

25. Uniform disclosure on treatment of applications under Direct / Regular Plans - SIDs

Reference – Email dated April 28, 2015

25.1. In order to have a uniform disclosure on treatment of applications under "Direct" / "Regular" Plans, the following disclosures may be made by all AMCs in their SID/KIM

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

26. Providing transaction data feed to Investment Advisers (IAs) /Distributors
Reference – Letter No. – IMD/DF/PB/VB/32460/2015 dated November 20, 2015

26.1. Regarding providing transaction data feed to Investment Advisers(IAs)/Distributors, it is clarified that the data feed (portfolio holdings, transactions, NAV, etc.) of investors who subscribe to Direct Plan on the advice of Investment Advisers/distributors may be shared with such IAs/Distributors, after taking the explicit written consent of the investors.

26.2. AMFI should obtain declaration from AMCs on a half-yearly basis, that they are not compensating the IAs/Distributors directly or indirectly or through any associate / group companies for the advice given by the IAs/Distributors to the investors to subscribe to Direct Plan.

27. SEBI Directive to aggregate 50% of 2 bps on net assets set aside for Investor Education and awareness initiatives with AMFI

Reference: Letter No. IMD/DF2/RS/813/2016 dated January 08, 2016

27.1. Mutual Funds (MFs) are mandated to annually set apart at least 2 bps on daily net assets for investor education and awareness initiatives. In this respect, it has been further decided that:

- a. 50% of the unutilized portion of investor awareness and education fund under each AMC, as on March 31, 2016, shall be aggregated at the industry level with AMFI.
- b. From 1st April 2016 onwards, 50% of the 2bps on daily net assets set aside by each Mutual Funds / AMCs for investor education and awareness initiatives, shall be aggregated at the industry level with AMFI on a monthly basis.
- c. To this end, AMCs are required to transfer the funds mentioned at point (a) and (b) above to AMFI, within 10 days from the end of the concerned month.
- d. AMFI shall ensure that the funds so aggregated shall be utilized for conducting meaningful investor education and awareness programs & initiatives (such as telecasting thought provoking messages via short soaps in mass-media, etc.) towards enhancing financial literacy in the country.
- e. AMFI and AMCs have been-entrusted with the responsibility of utilization of the 2 bps set aside for investor education & awareness purposes. It is again reiterated that such funds must be appropriately utilized strictly for the mandated purpose.

28. Applicability of PAN on Investment of upto INR 50,000 in Mutual Funds

Reference – Letter No. SEBI/HO/IMD/DF2/OW/P/2016/6768/1 dated March 08, 2016

28.1. Please refer to the SEBI circular number CIR/MIRSD/29/2016 dated January 22, 2016, clarifying on voluntary adaptation of Aadhaar based e-KYC process.

28.2. It is being clarified that the investments in mutual fund schemes of upto INR 50,000 per investor per financial year per mutual fund as mentioned in the aforesaid circular shall continue to be exempted from the requirement of PAN as communicated to AMFI vide letter dated July 24, 2012.

29. Representation from Brokers on brokerage and transaction costs
Reference - Letter No. IMD/DF2/HB/18172/2016 dated June 27, 2016

- 29.1. A representation is received which states that Mutual Fund (MF) houses are interpreting that there is a ceiling of 12 basis points on the brokerage and transaction costs and the applicable service tax that may be charged to a Mutual Fund scheme and request SEBI to issue a clarification that this ceiling is exclusive of service tax.
- 29.2. It is surprising to note that the aforementioned view is prevalent in the industry, since this matter has been sufficiently clarified vide SEBI circulars dated September 13, 2012 and November 19, 2012 (Clause 10.1.14 of the Master Circular), as per which:
- a. Brokerage and transaction costs can be capitalized in the concerned Mutual Fund scheme's books to extent of 12bps and 5bps for cash market transactions and derivatives transactions respectively. Any payment towards brokerage and transaction cost, over and above 12 bps and 5 bps for cash market transactions and derivatives transactions respectively, is to be borne by the scheme within the Total Expense Ratio (TER) limit prescribed under Regulation 52 of the SEBI (MFs) Regulations, 1996. Any expenditure in excess of the prescribed TER limits, has to borne by Asset Management Company (AMC), Trustee or sponsors.
 - b. Further, service tax on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit of TER prescribed under Regulation 52 of the SEBI (MFs) Regulations, 1996.
- 29.3. Thus, the above requirements set guidelines on appropriation of expenditure (including brokerage and transaction costs) to a scheme by an Asset Management Company (AMC) and do not set any limits on the amount of brokerage that can be paid to brokers. The brokerage that can be paid by an AMC to a broker is a commercial transaction and is to be negotiated between the AMC and the brokers.

30. Exemption of certain KYC requirements under Rule 9 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005
Reference - Letter No. IMD/DF2/MSD/OW/P/2016/ 20426/1 dated July 20 2016

- 30.1. SEBI has been taking various initiatives to increase penetration of Mutual Funds in India. One such initiative is to ease on-boarding of investors in Mutual Funds.

30.2. In this regard, it is clarified that as per Rule 9 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005, investments in mutual fund schemes of up to Rs. 50,000 per investor per mutual fund per financial year shall be exempted from the requirement of additional KYC information (i.e., (i) gross annual income (ii) net worth (iii) occupation details and (iv) political exposure).

31. Advertising through social media

Reference - Email dated May 03, 2017

31.1. Any repost by a MF/AMC on social media (even though the concerned article, data, etc. is already available in public domain) should adhere to the advertisement guidelines prescribed under SEBI (Mutual Funds) Regulations, 1996 and circulars issued there under.

31.2. For example, no retweet or Facebook post should provide link to a website, article or data that provides scheme ratings. Similarly, performance data in a repost should adhere to the guidelines prescribed under the SEBI (Mutual Funds) Regulations, 1996 and circulars issued there under.

32. Clarification w.r.t. MF Branding Advertisements

Reference – Letter No. IMD/DF2/RS/2017/10751 dated May 12, 2017

32.1. As per the Sixth Schedule of SEBI (Mutual Funds) Regulations, 1996; all advertisements are required to be accompanied by a risk disclaimer which states that 'Mutual Fund investments are subject to market risks, read all/scheme related documents carefully.' In this respect, queries have been repeatedly raised whether the aforementioned risk disclaimer is to be mandatorily included in corporate advertisements that are a form of brand promotion. Accordingly, Mutual Funds may note that:

- a. SEBI (Mutual Funds) Regulations, 1996 defines an advertisement as all forms of communication issued by or on behalf of the asset management company/mutual fund that may influence investment decisions of any investor/prospective investors.
- b. The Advertisement code as mentioned in the Sixth Schedule of SEBI (MFs) regulations is a principle based regulatory norm. The requirement of 'risk disclaimer' as mentioned in clause (i) of the Advertisement Code applies to all communication falling within the definition of advertisement.
- c. Hence, the mandate to provide risk disclaimer is as such applicable to only those communications that may influence investment decisions of any investor/prospective investors.

- d. Corporate advertisements that do not solicit investments in MF / its schemes or influence investment decisions in a MF scheme, but are merely a branding exercise of a Mutual Fund (e.g. "XYZ Mutual Fund") shall not fall within the definition of advertisement and hence may not necessarily require drawing investor's attention to the risk of investing in MFs by providing risk disclaimer as mentioned in clause (i) of the advertisement code.
- e. Also, program sponsorships i.e. announcement of "This part of program is brought to you by ABC Mutual Funds" during sponsored program on TV or radio, constitute a branding exercise and not an advertisement, thus such program sponsorships may not be necessarily accompanied with the risk disclaimer as mentioned in clause (i) of the advertisement code.

32.2. Further, with reference to SEBI circular dated March 15, 2017 (Clause 10.1.16 of the Master Circular) permitting celebrity endorsements of Mutual Funds at industry level, it may be noted that the Advertising Standards Council of India (ASCI) has issued guidelines for celebrities in advertisements. AMFI is thus requested to be mindful of these guidelines while issuing any endorsement of Mutual Funds as a financial product, which features a celebrity.

33. Utilization of 2 bps for investor education and awareness

Reference – Letter No. – IMD/DF2/RS/201712507/1 dated May 31, 2017

- 33.1. AMFI is advised to form a core group, drawing members from AMFI and representatives from few MFs, with the objective of creating a concrete plan and ensuring effective utilization of the 1 bps pooled for investor education and awareness purpose with AMFI. AMFI may consult SEBI prior to finalizing the members of this core group. The decisions taken by the core group in its meetings may also be communicated to SEBI.
- 33.2. It has also been noted that sufficient attention is not being given to certain areas while educating potential / existing investors, especially w.r.t.:
 - a. Direct plan of Mutual Fund schemes,
 - b. Availability of Systematic Transfer Plan (STP) & Systematic Withdrawal Plan (SWP) facilities.
- 33.3. While, as part of investor education and awareness initiatives, AMFI is advised to take concerted efforts in educating appropriate investors about the direct plan, AMFI and all Mutual Funds may also create awareness about the facility of STP and SWP along-with educating investors about the Systematic Investment Plan (SIP) facility.

34. De-duplication of folios

Reference – Letter No. IMD/DF2/DS/24539/2017 dated October 10, 2017

34.1. The de-duplication process across the Mutual Fund Industry for folios with PAN and PEKRN will be undertaken at the end of every quarter alternatively by CAMS and Karvy, starting from Quarter ended September 2017. For instance, for the quarter ended September 2017, the exercise will be undertaken by Karvy, for the next quarter ended December 2017, the exercise will be undertaken by CAMS and so on.

34.2. All Mutual Fund RTAs shall share the requisite data for the exercise with respective RTA who is conducting the exercise (CAMS/Karvy) within 5 Working days from end of each quarter. Further, the exercise shall be carried out and the information and results shall be forwarded to AMFI within 10 working days from end of each quarter. AMFI shall be the repository of such data. Subsequent to the transfer of data to AMFI, the data held with RTA may be purged. AMFI may submit a report on the same to SEBI on a quarterly basis.

35. Total Expense Ratio- Disclosure

Reference - SEBI Letter No. SEBI/HO/IMD/DF2/OW/P/2018/13813/1 dated May 09, 2018

35.1. With reference to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/18 dated February 05, 2018 (Clause 10.1.8 of the Master Circular), AMCs shall ensure the following:

- a. “*Total Expense Ratio of Mutual Fund Schemes*” tab is disclosed prominently on the home page of AMC website.
- b. The scheme-wise, Date-wise TER should be disclosed in a single spreadsheet and as per the format specified by SEBI.
- c. The disclosures in spreadsheet should be investor-friendly enabling filtering/ sorting feature so as to enable investors analyse the said disclosures.

36. Total Expense Ratio (TER) - Change and Disclosure

Reference – Letter No. SEBI/HO/IMD/DF2/OW/P/2018/22825/1 dated August 13, 2018

36.1. The choice exercised by the AMC to keep charging maximum TER even if it results in change in base TER without any regulatory requirement is an active change in base TER. Therefore, such changes require compliance with the three days prior notice before effecting such changes.

37. Regarding investment by Mutual Fund in commercial papers (CPs)

Reference - Letter No. - SEBI/HO/IMD/DF2/OW/P/2019/138/1 dated January 01, 2019

- 37.1. Both the stock exchanges (NSE and BSE) have issued notices dated December 24, 2019 and December 26, 2019 with regard to 'Listing of outstanding CPs on the exchange' and 'Guidelines on Framework for listing of CPs'.
- 37.2. Further, considering the intended objectives of mandating investment in listed CPs, viz. enhanced transparency and disclosures of mandating investment in listed CPs, mutual funds are advised to obtain all relevant documents and disclosures that are required for listing of CPs before finalizing the deal (i.e. deal confirmation date) for investment in CPs. The aforementioned documents and disclosures can also be accessed on the Exchange Platforms provided for listing of CPs.

38. Implementation of SEBI circular dated October 22, 2018 on Total Expense Ratio (TER) and Performance Disclosure for Mutual Funds

Reference - Letter No. SEBI/HO/IMD/DF2/OW/P/2019/4263/1 dated February 21, 2019

- 38.1. To have uniformity in charging of expenses attributable to the scheme, which are not specifically covered in terms of regulation 52(4) of SEBI (Mutual Funds) Regulations, 1996 but are very small in value and high in volume, AMFI is advised to issue the list of expenses as mentioned in AMFI e-mail dated December 07, 2018 to SEBI. Such expenses can be paid out of AMC books at actual or not exceeding 2 bps of respective scheme AUM whichever is lower.
- 38.2. Treatment of Borrowing Costs: The cost of borrowings by a mutual fund scheme in terms of regulation 44(2) of SEBI (Mutual Funds) Regulations, 1996 would be adjusted against the portfolio yield and the cost of borrowings in excess of the portfolio yield, if any, shall be borne by the AMC.
- 38.3. Grandfathering of upfront commissions on future instalments of SIPs registered prior to October 22, 2018: AMFI has requested that AMCs may be permitted to continue paying upfront commissions on SIP/STP registered prior to the date of the Circular. The request for exemption for upfront commission for all SIPs registered prior to SEBI circular dated October 22, 2018 is not acceded to.
- 38.4. B-30 TER accrual and trail commission payments: As the additional TER in terms of regulation 52(6)(A)(b) of SEBI (Mutual Funds) Regulations, 1996 is based on the new inflows from individuals from beyond top 30 cities, the formula for calculation of the additional TER on daily net assets of the scheme, till retail investor is defined, shall be as under:

{ (Daily net assets)X (30 basis points) X (new inflows from individuals from beyond top 30 cities)}

365* higher of (a) and (b) above

Where,

(a) - 30% of gross new inflows in the scheme.

(b) - 15% of the average assets under management (year to date) of the scheme.

The formula is modified to the extent of 'new inflows from individuals from beyond top 30 cities' in place of 'new inflows from beyond top 30 cities' in the numerator. In denominator the condition (a) i.e. 30% of gross new inflows in the scheme would remain unchanged.

Further, it is stated that the list of T30 cities disclosed by AMFI shall continue to be based on total AUM rather than AUM of individual investors.

38.5. Treatment of investor education cost (2 bps set apart): Any expenses towards investor education and awareness initiatives in excess of the amount set apart through 2 bps shall be borne by the AMC.

38.6. AMFI has submitted that it will be more appropriate to allocate some expenses, due to their nature, among Regular and Direct Plans based on transaction count, folio count and requested amendment of circular. In this regard, the request of AMFI is not acceded and it is advised to ensure that the expenses charged in a Direct Plan (in percentage terms) under various heads shall not exceed the expenses charged under such heads in a Regular Plan.

38.7. Disclosure of Scheme Performance:

a. The AUM of all schemes except liquid schemes has to be disclosed on daily basis on AMFI website. In case of liquid schemes the closing AUM and the AAUM of the previous month has to be disclosed on AMFI website on daily basis. However, it is stated that the day the AUM movement (both upward and downward) of liquid scheme is more than 10% cumulatively from the previous disclosed AUM, the AUM of that day has to be disclosed and such disclosed AUM becomes the reference AUM for future disclosure of AUM during that month, for movement of AUM if any.

Further, it is advised that an appropriate disclosure regarding the AUM of liquid schemes disclosed on AMFI website on monthly basis including the trigger limit of 10% is to be made as an explanation through footnote.

- b. The interpretation of AMFI that scheme performance needs to be disclosed only for growth option of both regular and direct plans is accepted.
- c. The interpretation of AMFI with respect to disclosure of performance of schemes that are in existence for less than one year, except in case of overnight fund, liquid fund, ultra-short duration fund, low duration fund, and Money Market Funds (where the performance shall also be disclosed for a period of 7 days, 15 days, 1 month, 3 months and 6 months) is accepted.
- d. The provisions of SEBI circular dated October 22, 2018 (Clause 5.9 of the Master Circular) regarding performance disclosure shall be followed simultaneously along with provisions of all other circulars issued by SEBI on performance disclosure.

38.8. Other Interpretations/ Representations:

- a. The interpretation of AMFI that the downward change in base TER in direct plan due to change in expenses of regular plan may not necessitate an advance notification to investors as the same is necessitated due to regulatory requirements, is accepted.
- b. Regarding payment of withheld commissions, including upfront commission for sales pertaining to the period prior to October 22, 2018 (e.g. with-held for claw back of commission, ARN renewal pending, etc.), the request of AMFI of making payment subsequently is acceded to. AMCs may be advised by AMFI to make all the withheld payments within a period of 3 months from the date of this letter, subject to fulfilment of all the requirements specified.
- c. Regarding consideration of SIPs registered prior to SEBI Circular dated October 22, 2018 (Clause 5.9 of the Master Circular) for the purpose of determining the total SIP inflows across all schemes of a mutual fund upto Rs. 5000, it is clarified that upfronting of trail commission for total SIP inflows of upto Rs.5,000 per month, per investor, across all schemes of a mutual fund, includes the SIPs registered prior to the date of the circular i.e. October 22, 2018.
- d. The request of AMFI to honour the commercial commitments made to distributors prior to the date of the circular is not acceded to.

39. Investor Education and Awareness Initiatives

Reference - Letter No. SEBI/HO/IMD/DoF4/OW/P/2019/9576/1 dating April 12, 2019

39.1. Considering that Asset Management Companies ("AMCs") conducting Investor Education Campaigns on distributor's platforms viz. web banner, distributor sending e-mailers to investors, publishing education advertisement in monthly magazine of distributors etc. may benefit only to those investors investing through that particular distributor(s) or investment advisor(s) and thus would not be available to all other investors including investors using direct plans and prospective investors. Thus, the cost incurred on Investor Education and Awareness Initiatives through distributors or investment advisors shall not be charged to IAP corpus i.e. 1 bps earmarked by the AMC.

39.2. As a part of Investor Education and Awareness initiatives, the members of AMFI may be advised to use other mode of reaching general public at large.

40. Withholding of distributors' commission for incomplete KYCs

Reference - Letter No. SEBI/HO/IMD2/DoF4/OW/P/19402/2019 dated July 30, 2019

40.1. AMCs shall transfer all such withheld commission to a separate bank account. The commission may be released to the respective distributors only after ensuring such clients are KYC complied.

40.2. The AMCs shall report to the Trustees in their quarterly report, regarding the steps taken by them in completing the KYCs. Further the Trustees may be informed about the progress in reducing the number of incomplete KYCs.

41. Prudential Framework for Resolution of Stressed Assets

Reference - Letter No. SEBI/HO/IMD/DF2/OW/P/2019/22447/1 dated August 29, 2019

41.1. Regarding RBI Circular dated June 07, 2019 on 'Prudential Framework for Resolution of Stressed Assets', it is optional for Asset Management Companies (AMCs) of mutual funds to participate in Inter Creditor Agreement (ICA) or give consent to Debenture Trustee to sign on their behalf. However, the participation of AMCs of mutual funds shall be subject to the following:

- a. Segregation of portfolio pursuant to a credit event should be the pre-condition for signing of ICA for the assets in the segregated portfolio.
- b. In case any intimation is received by the debenture trustee(s) / AMCs to join an ICA, the information should be shared with the CRAs. Based on the information, the CRAs may update the credit ratings of

securities of that issuer as appropriate.

- c. If the revised credit rating of those securities is downgraded to below investment grade, the AMCs may segregate the portfolio in terms of SEBI Circular dated December 28, 2018 (Clause 4.4 of the Master Circular), if not segregated already, pursuant to which the AMC(s), can at their option sign the ICA.
- d. Signing of ICA and agreeing to the Resolution Plan (RP) should be in the best interest of the investors and in compliance with all relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and relevant circulars issued thereunder.
- e. AMCs can participate in the ICA subject to approval of their Board and the trustees.
- f. AMCs shall ensure that the following conditions are part of the ICA before signing the ICA:
 - i. If RP imposes condition(s) on the AMCs which are not in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder, then AMCs shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA. In such a circumstance, RP would not be binding on the AMCs.
 - ii. RP shall be implemented within 180 days from the end of review period. If not, the AMCs shall be free to exit the ICA altogether with the same rights as if it had never signed the ICA. In such a circumstance, RP would not be binding on the AMCs.

However, if AMCs feel that extension of implementation period of RP beyond 180 days from the end of review period is in the interest of investors, the proposal for extension shall be placed before the board of AMC and Trustees for approval subject to the total time for implementation of RP not exceeding 365 days from the commencement of review period.

- iii. If any of the terms of the approved RP are contravened by any party to the ICA, AMCs shall be free to exit the RP and take legal recourse or take any other action as deemed fit in the interest of the unitholders.

41.2. Overall, AMCs have to evaluate whether it is in the best interest of the unit holders to participate in ICA or not, taking into account the nature of the securities held and other recourse it has in comparison with other lenders / investors, possibility of selling its investment etc.

42. Valuation of money market and debt securities rated below investment grade
Reference – Letter No. SEBI/HO/IMD/DF4/OW/P/2019/24760 dated September 20, 2019

42.1. It has come to notice that in certain cases wherein information on rating change to sub-investment grade was received after declaration of NAV at 9 pm, the indicative haircuts were applied on the next business day instead of the same date.

42.2. In order to protect the interest of all Investors in a MF scheme and to maintain uniformity, in case information on rating change is received after the valuation price is released by the agencies or after NAV has already been declared, the NAV should be suitably revised such that indicative haircuts are incorporated on the date of the credit event.

43. Clarification sought by AMFI with respect to charging of TER for inflows from B-30 cities

Reference - Letter No. SEBI/HO/IMD/DF2/OW/P/2019/26551/1 dated October 09, 2019

43.1. The threshold limit of Rs. 2,00,000 for considering inflows from “retail investors” from beyond top 30 cities shall be considered by clubbing all transactions received on the same day from an individual investor in a particular scheme.

44. Exit load in Liquid Funds

Reference– Letter No. SEBI/HO/IMD/DF2/OW/P/2019/271771/1 dated October 15, 2019

44.1. To ensure uniformity across the industry, AMFI has been advised to prescribe the minimum exit load in a liquid fund on a graded basis in consultation with SEBI.

44.2. In this regard, SEBI is in agreement with the following graded basis load structure proposed by AMFI for liquid funds:

Investor exit upon subscription	Exit load as a% of redemption proceeds
Day 1	0.0070%
Day2	0.0065%
Day3	0.0060%
Day4	0.0055%
Day5	0.0050%
Day6	0.0045%
Day 7 onwards	0.0000%

44.3. All AMCs must suitably inform about the exit load structure to investors in liquid funds.

44.4. No change in the aforesaid exit load structure shall be made without prior consultation with SEBI. However, since interest rate scenarios can change overtime, the load structure should be reviewed annually by AMFI in consultation with SEBI.

45. Creation of segregated portfolio in mutual fund schemes

Reference – Letter No. SEBI/HO/IMD/DF2/OW/P/2019/28242/1 dated October 24, 2019

45.1. With regard to the following para on segregated portfolio it is clarified that full portfolio (both principal and interest) of the affected security / instrument has to be segregated

“The term ‘segregated portfolio’ shall mean a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.”

45.2. Process for creating segregated portfolio requires issuance of notice to press and disclosure of the same prominently on AMC website. In this regard, it is clarified that newspaper publication is not mandatory. Further, other requirements of the circular regarding disclosure and intimation to investors shall continue to be applicable.

45.3. The payment of scheme expenses on segregated portfolio by AMC and subsequently charging to the scheme upon recovery in terms of the circular would not be viewed to be in conflict with other guidelines issues in respect to charging on expenses from the scheme only within the regulatory limits and not from the books of the Asset Management Companies.

45.4. Further, regarding the below given clause of the circular it is clarified that the maximum permissible limit is as referred in Regulation 52(6) of SEBI (Mutual Funds) Regulations, 1996.

“The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.”

**46. Guidelines for optimum use of the funds set aside for Investor Education & Awareness Initiatives (IEAI) by Asset Management Companies (AMCs)
Reference – Letter No. SEBI/HO/IMD2/OW/P/27647/2019 dated October 29, 2019**

46.1. In order to ensure that the funds allocated for the IEAI are utilized appropriately and to have uniformity for the use of the funds, the following guidelines shall be followed:

- a. Basic principles to be followed by AMCs while conducting IEAI out of the funds earmarked as mentioned above:
 - i. The funds shall not be used for brand building exercises of MFs/AMCs.
 - ii. The funds shall not be used for selling/advertising Mutual Fund schemes.
 - iii. The funds shall not be misused for paying any remuneration to the distributors, directly or indirectly.
- b. Broad guidelines to be followed by AMCs while utilizing the funds are mentioned below:

The funds set aside for IEAI are utilized in various ways by AMCs such as conducting investor awareness programs/seminars (IAPs), contents on investor awareness in print media (newspapers, magazines etc.) and programs on mutual funds in electronic media (TVs, Radios etc.). An indicative (not exhaustive) list of initiatives for optimum utilization of the funds earmarked for conducting IEAI by AMCs and broad guidelines for the same are as follows:

A. Investor Awareness Programs/Seminars(IAPs)

- i. The IAPs should be conducted by trained professionals across India viz metros, state capitals, urban, semi-urban and rural areas.
 - a) A standard presentation shall be provided by AMFI for the 'basic' investor awareness events so as to ensure uniformity in the content for IAPs conducted across the country. AMCs may add additional content based on the profile of the attendees of the IAPs, if required.
 - b) The presentation may also be made in the regional/local language for better understanding of the investors in the location where IAP is conducted.

- c) Details of all the IAPs shall be advertised in local media for wider publicity and to ensure maximum participation by locals. The details of IAP like address, contact person, phone numbers, date and status (scheduled/ postponed/cancelled etc.) should be uploaded well in advance on the AMFI website and the respective AMC's website.
 - d) Once IAP is scheduled and advertised in local newspapers, AMCs should avoid rescheduling, postponing and cancelling the same. Frequent rescheduling, postponing and cancellations of the IAPs shall be viewed adversely.
- ii. In the instances where the IAPs are conducted for specific set of closed group of investors viz employees of specific corporate entities, Govt. departments or PSU's, employees of an organization who are due to retire, police personnel, defense personnel, etc. the details of the same should be uploaded on the AMFI website and the respective AMC's website. Further in such cases local publicity may not be required. The AMFI website and the respective AMC's website should indicate whether in such cases the IAP is open for all or not.
 - iii. Advanced educative programs to cover mutual funds in greater detail or covering specific topics like financial planning, tax planning and wealth creation with the help of Mutual Fund products may be included in the presentation depending on the group of investors.
 - iv. The details with regard to the categorization and rationalization of the scheme, relevance of various schemes for different investors for different purpose may also be suitably explained.
 - v. No separate session w.r.t the promotion of specific products or schemes shall be conducted in the same venue in continuation of the IAP.
 - vi. List of attendees along with their signatures and photographs of the events shall be maintained.

B. Print Media

Write up on mutual funds/ financial planning/personal finance topics to enlighten the investor in addition to advertisements on investor awareness may be published in

national dailies, business publications, magazines etc. having large circulation.

C. Handbook/ Reading Materials

Brochures, books, pocket money books, leaflets etc. may be developed along with AMFI on various areas of mutual funds/ financial planning/personal finance topics including basic to advanced topics. The same may also be translated into multiple regional languages to enhance maximum reach.

D. Social Media

Social media is one of the effective means of creating awareness. Short videos (or other multi-media contents) on Mutual Funds/ financial planning/ personal financial topics may be developed and disseminate on different social media platform like YouTube, Facebook, Twitter, Instagram etc. for creating investor awareness.

E. Television

Television programs on mutual funds/ financial planning/personal finance topics may be created wherein live interaction with the audience and resolving their queries pertaining to Mutual Funds may also be part of the program.

F. Radio

Chat shows may be conducted on radio programs wherein live interaction with the audience and resolving their queries pertaining to mutual funds/ financial planning/personal finance topics may also be made part of the show.

G. Websites

Separate blog/ web page may be created on different areas of mutual funds. These blog/ web page may consist of articles or themes for different age groups and category of people for better understanding of Mutual Funds.

III. Mandatory contents

The following shall compulsorily form part of each investor education initiative:

- I. The investors shall be informed about documentary

requirements and procedures of completing one time KYC (Know Your Customer). Details of the procedure w.r.t change of address, phone number, bank details etc. may also be mentioned.

- II. Investors shall be cautioned that they should deal only with registered Mutual Funds details of which can be verified on the SEBI website under "Intermediaries/Market Infrastructure Institutions".
- III. The investors shall be informed about procedures with regard to redressal of their complaints including details about SEBI SCORES portal.

IV. Disclosures

For every mode of IEAI conducted, there shall be following disclosures at the end:

- i. It should be clearly mentioned that the program or the material is part of investor education and awareness initiative of the Mutual Fund.
- ii. Risk Disclosure: *"Mutual Funds investments are subject to market risks. Read all scheme related documents carefully"*.

47. Guidelines to be issued by AMFI as per SEBI circular dated September 24, 2019

Reference – Letter No. SEBI/HO/IMD/DF4/OW/P/2019/29520 dated November 07, 2019

- 47.1. Mutual Funds / AMCs shall ensure that guidelines on the following, issued by AMFI in consultation with SEBI, are strictly followed by the valuation agencies.
 - a. Waterfall approach for valuation of money market and debt securities
 - b. Polling process for money market and debt securities
 - c. Valuation of upfront fee (or any other consideration) received in a Mutual Fund scheme
 - d. Investment by Mutual Funds in partly paid debentures
- 47.2. Further, daily data on security level pricing, as provided by valuation agencies to Mutual Funds, shall be disclosed on the respective website of these agencies. This disclosure shall include ISIN, name of security, maturity date, credit rating used for valuation along-with the security level price given by the valuation agency to Mutual Funds. Further, these details shall be made available with a lag of 30 days. AMFI is advised to ensure that the above disclosure is made by the valuation agencies, within 10 days from receipt of this letter.

48. To permit Multi Asset Allocation Funds to continue to invest in /hold gold in physical form

Reference – Letter No. SEBI/HO/IMD/DF3/OW/P/2019/31579/1 dated November 28, 2019

48.1. Mutual fund schemes other than Gold ETFs are not allowed to invest in physical gold.

48.2. Accordingly, it is clarified that;

a. The AMCs are allowed a period of 3 months, from the date of receipt of this letter, to rebalance the Multi Asset Allocation Funds portfolio.

b. The AMCs are not allowed to make fresh investments in physical gold.

49. Guidelines for use of the funds set aside for Investor Education & Awareness Initiatives (IEAI) by AMCs

Reference – Letter No. SEBI/HO/OW/IMD-II/DOF3/P/2019/34582/1 dated December 24, 2019

49.1. AMFI is advised to set aside the 1 bps received from AMCs in respect of ETFs (Equity and Debt ETFs) and Index Funds and use the said amount specifically for investor awareness/ education programs pertaining to investment in ETFs (equity and debt ETFs) and Index Funds.

49.2. AMFI is also advised to submit a status report on the amount received and spent in respect of the above on half yearly basis.

50. AMFI Letter No. AMFI/17/SEBI/57/2019-20 dated January 08, 2020 regarding releasing of commission withheld due to incomplete KYC on Redemption

Reference – Email dated January 10, 2020

50.1. The AMCs are required to complete the KYC in all cases and obtain PAN in all non-PAN exempt cases before any transaction including redemptions. In view of the same, AMCs shall not release the trail commission withheld due to incomplete KYC pursuant to SEBI letter dated July 9, 2018 in all such cases where the investors had redeemed the units in their non-PAN exempt folios.

51. Implementation of Amendments in Indian Stamp Act, 1899 brought out through Finance Act, 2019 and rules made thereunder

Reference – Letter No. SEBI/IMD/DF2/OW/P/2020/11099/1 dated June 29, 2020

51.1. MOF vide letter dated June 26, 2020 has informed that the Amendments in Indian Stamp Act and the rules made thereunder will be w.e.f. July 1, 2020.

51.2. Based on the guidance of MOF, clarification on the issues raised by AMFI is as given below.

- a. Sub-section 23A of Section 2 of the Indian Stamp Act, 1899 in Finance Act, 2019 (the Stamp Act) defines securities as including securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (SCRA, 1956). Further, clause(h)(id)of Section 2 of SCRA, 1956 which defines "securities" includes "units or any other such instrument issued to the investors under any mutual fund scheme" under its ambit. Therefore, units of Mutual Fund (MF) Schemes are to be considered as securities.
- b. Issue of fresh units in the switched scheme would also attract stamp duty even though there is no physical consideration paid or transfer of ownership. This is because the new units are deemed to have been purchased with the NAV realized from the sale of earlier units.
- c. Redemption is not liable to duty as it is neither a transfer nor an issue nor a sale.
- d. As clear from the Stamp Act that in case of Mutual Fund transactions (sale, transfer and issue in demat mode) through recognized Stock Exchange or Depository as defined under SCRA, 1956, and Depositories Act, 1996 respectively, the respective stock exchange/ authorized Clearing Corporation or a depository is already empowered to collect Stamp Duty as per Amended Stamp Act and rules made thereunder. However, to provide for collection of Stamp Duty on transactions in mutual fund units in the statement of account/ physical (non-demat) form, RTIs and / or STA have been notified (vide Gazette Notification dated 8th January, 2020) as a "depository" for the limited purposes of acting as a "collecting agent" under the said Act and the rules made thereunder.
- e. Since RTI and/or STA of Mutual Funds have been declared as depositories under the Stamp Act vide gazette notification dated 8th January, 2020, and hence the entire mutual fund business gets covered under Section 9A of the Stamp Act. Section 9B is not applicable to Mutual Funds. RTAs have to function like a depository in respect of issue and sale or transfer of mutual funds and the extant Stamp Rules applies to them as well i.e. the operational clause for them is Section 9A and not 9B of the Stamp Act.
- f. Accordingly, for non-demat MF transactions, collection of Stamp duty by RTAs (as notified depositories) also shall be governed by the provisions of Section 9A(1)(b) and 9A(1)(c) and the transfer of stamp duty to the

respective states shall be governed by the provisions of Section 9A(4) of the Stamp Act.

- g. Duty is imposed on the value of units excluding other charges like service charge, AMC fee, GST, etc. if the units are issued for Rs. 1 Cr. then Rs.500 would be the stamp duty to be remitted to states.
- h. It should be ensured that double incidence of stamp duty doesn't occur on any transaction.
- i. As per rule 7(2) of the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules 2019, the collecting agents shall transfer the collected stamp-duty in the account of concerned State Government with the Reserve Bank of India or any scheduled commercial bank, as informed to the collecting agent by the Reserve Bank of India or the concerned State Government. The State Government/ UTs have already been requested to appoint a nodal officer as per rule 7(5) of the aforementioned Rules. The issue of transfer of stamp duty to the respective states is expected to be handled with coordination between the principal officers of collecting agents and nodal officers of States as well as SEBI.

AMFI/Mutual Funds/RTAs are advised to take note of the clarifications and have the required infrastructure and the institutional mechanism ready in order to ensure smooth implementation of the provisions of the said Act as well as the rules made thereunder.

52. Instructions from SEBI regarding transactions in units of Mutual Funds on Digital Platforms and other issues

Reference – Letter No. SEBI/HO/IMD/DF5/OW/P/2020/11567/1 dated July 10, 2020

- 52.1. Based on the recommendations of the Working Group, following instructions are being issued on Digital Platforms - Mutual Funds:
 - a. Daily NAV, scheme portfolio and other scheme related details shall be provided in a standard format that can be hosted on the websites of the digital platforms involved in transactions in units of mutual funds. AMFI shall prescribe the standard format in this regard.
 - b. Standard messaging formats for all types of communication - forward and reverse feeds, financial and non-financial, shall be provided by RTAs in consultation with industry participants.
 - c. AMCs/RTAs shall ensure parity in acceptance of transactions through various channels, in compliance with various circulars issued by SEBI from time to time, regarding NAV applicability and cut-off timings.

- d. Data privacy: Digital platforms in business of distribution of / advice on Mutual Funds units, AMCs, RTAs and industry participants having investors' data should respect and adhere to user's data privacy. Accordingly, following shall be noted:
- i. user data shall not be shared between group entities managing multiple business or products.
 - ii. mobile applications or websites owned by RTAs/ digital platforms etc., shall not be promoted to such investors who are not acquired/ managed by them directly. RTAs may communicate directly through their own channels/ modes, only as needed in terms of SEBI Regulations and Circulars.
 - iii. products & services of group companies shall not be cross-marketed.

AMCs shall ensure that digital platforms selling their products adhere to the above.

- e. AMCs/ RTAs shall ensure that all investor service requests, whether financial or non-financial shall be dealt with in a uniform manner irrespective of the channel such request is received from.
- f. For investments routed through exchange platforms, both in demat and non-demat modes, AMCs shall ensure compliance with provisions related to payment of transaction charges to mutual fund distributors, in terms of SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder.
- g. RTAs shall develop procedures to ensure digitization of non-financial transactions with due consideration of provisions of Prevention of Money Laundering Act, 2012, rules and regulations made thereunder and SEBI circulars issued in this regard.
- h. RTAs shall notify planned downtime to all platforms in advance by 7 calendar days. In case of unplanned downtime, alert notifications shall be sent instantly to all platforms including expected time for recovery.

52.2. The instructions of this letter shall be:

- a. implemented w.e.f. November 2,2020, except for point 2(b) above.
- b. implemented on or before December 31, 2020 for instructions at point 2(b) above. Status of the implementation shall be updated to AMFI on a monthly basis.

52.3. AMFI / AMCs shall bring the contents of this letter to the attention of all digital platforms/ Investment Advisors/ Mutual Fund Distributors/ other Intermediaries / Stock Exchanges etc., involved in transactions in units of mutual fund.

53. Disclosure of valuation by Valuation agencies to Mutual Funds

Reference – SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/2020/12151/1 dated July 31, 2020 read with Email dated August 12, 2020

53.1. SEBI letter dated November 07, 2019 on 'Guidelines to be issued by AMFI as per SEBI circular dated Sept 24, 2019' addressed to The Chairman, AMFI stated as under:

“It has also been decided that daily data on security level pricing, as provided by valuation agencies to Mutual Funds, shall be disclosed on respective website of these agencies. This disclosure shall include /SIN, name of security, maturity date, credit rating used for valuation along with the security level price given by the valuation agency to Mutual Funds. Further, these details shall be made available with a lag of 30 days. AMFI is advised to ensure that the above disclosure is made by the valuation agencies, within 10 days from receipt of this letter.”

53.2. Valuation agencies shall provide consolidated list of valuations/SLP (including yield analysis) of all money market and debt securities to all AMCs (regardless of its holding) on a daily basis and disclosure of the said valuations/SLP data on the website of the valuation agencies shall continue to be with a gap of thirty days as per SEBI letter dated November 07, 2019.

53.3. AMFI is advised to ensure that the above disclosure is made by the valuation agencies, within 10 days from the applicability of the circular.

54. AMFI's email dated September 04,2020 on amendments to SEBI (Investment Advisers) Regulations, 2013

Reference – Email dated September 22, 2020

54.1. Regarding the request for exemption/extension from compliance of Regulation 3(3) of SEBI (Investment Adviser) Regulations, 2013, AMCs are advised to ensure the following for MFDs:

- a. MFDs shall not use the nomenclature “Independent Financial Adviser or IFA or Wealth Adviser or any other similar name” while dealing in distribution of securities.
- b. The name of an MFD should reflect the registration held by the entity and should not in any way create an impression of performing a role for which the entity is not registered. Thus, every MFD, while dealing in

distribution of securities, should clearly specify that he /she is acting as MFD.

- c. MFD's Name and tagline, should be placed together in a clear and legible font size. The same disclosure should be followed in all forms of communication i.e. website, mobile app, printed or electronic materials, business card, sign board etc.

54.2. AMCs must ensure that mutual fund distributors whose registered name has the terms such as Adviser / Advisor / Financial Adviser/ Investment Adviser/ Wealth Adviser/Wealth Manager/Wealth Managers etc. should submit name change applications with ROC by October 15, 2020 and also ensure the collection of documentary evidence in this regard. In case approval is under process by the concerned ROC, as on October 15, 2020, AMCs should ensure the completion of this name change exercise latest by December 31, 2020.

55. Portfolio disclosure for debt schemes on a fortnightly basis

Reference – Email dated September 30, 2020

55.1. Regarding fortnightly disclosure of portfolio for debt schemes, following shall be intimated to Mutual Funds:

- a. Mutual funds shall disclose the scheme portfolio within 5 days from the end of each fortnight (i.e. for the periods from 1st day of the month to the 15th day of the same month and from 16th day of the month till the last day of the month).
- b. All conditions stipulated in SEBI Circular SEBI/HO/IMD/DF2/CIR/P/2018/92 dated June 5, 2018 (Clause 5.1 of the Master Circular) shall also be applicable w.r.t. portfolio disclosure.

56. AMFI's email on SEBI (Investment Advisers) Regulations, 2013

Reference - Email dated October 14, 2020

56.1. Regarding compliance of Regulation 3(3) of SEBI (Investment Adviser) Regulations, 2013 by entities engaging in advice or distribution on Mutual Funds, following is informed:

56.2. SEBI registered stock brokers or portfolio managers who are acting as advisors (seeking exemption from registration as Investment Adviser), it may be noted that these entities can only advise and/or execute Direct Plan Schemes on behalf of their clients since Chapter III of the SEBI (Investment Adviser) Regulations, 2013 is applicable to them. Such stock brokers or portfolio managers can have the words like “Adviser” in their name. Further,

advice on buying or selling mutual funds is not incidental to registration as a merchant banker.

- 56.3. SEBI registered stock brokers or portfolio managers or merchant bankers who are acting as distributors of Mutual Funds cannot have words like “Adviser” in their name.
- 56.4. SEBI registered stock brokers or portfolio managers who use both the above models with client level segregation, should reflect broking or PMS activity in their name. Further they cannot have words like “Adviser” in the entity’s name or in the name of the distribution division.
- 56.5. AMFI can issue NOC to its members for the specific purpose of name change in compliance with Regulation 3(3) of SEBI (Investment Adviser) Regulations, 2013.
- 56.6. The time line for making application to RoC for change in name is extended from October 15, 2020 to October 31, 2020. For MFDs functioning as proprietary/partnership entity, same timelines will apply.

57. Trades by mutual funds through RFQ System

Reference– Letter No. SEBI/HO/OW/IMD-II/DOF3/P/2021/1467/1 dated January 18, 2021

- 57.1. The regulatory intent of the circular mandating trading through RFQ platform is full transparency and price discovery on exchange platform which can be achieved only through One to Many (OTM) mode. Accordingly, AMCs are required to ensure the above in a calibrated manner by increasing the percentage of trades in OTM mode to such a stage that all possible transactions are carried out in OTM mode.
- 57.2. Further, the RFQ system at stock exchanges does not capture trading member related details and AMCs currently maintain it outside the RFQ system. Hence, as requested by AMFI, AMCs are permitted to accept the Contract Note from the brokers for those OTO transactions till such time that all possible transactions are carried out in OTM mode.
- 57.3. With respect to the issue of Inter Scheme Transfers (IST), it is informed that RFQ system is not a reporting platform and reporting of IST trades which are kept out of the purview of the RFQ platform may be reported as per the earlier practice.

58. Product Labelling in Mutual Fund schemes - Risk-o-meter

Letter No. – SEBI/HO/IMD-II/DOF3/OW/P/2021/1566/1 dated January 19, 2021

- 58.1. It is understood that AMFI has appointed a vendor for collection of data and AMFI is in discussion with Stock exchanges for discussing the commercials. Till such time 'Very High risk' to be considered for the schemes wherein equity component is more than or equal to 50% of net assets held by the scheme. Further, for cash segment, prices across NSE and BSE and for F&O segment, prices on NSE to be considered by mutual funds.
- 58.2. To begin with, if more than or equal to 90% of the subscription to the issuance is by a single Mutual Fund, directly or indirectly, then mutual funds shall label the structure as bespoke. The data on which securities have 90% or more subscription to the issuance by single issuer, directly or indirectly, may be sourced by the vendor from the depositories.
- 58.3. Any call or put option or periodic coupon resets shall be considered as "embedded options". After the expiry of the embedded option, if there are no further options in the said instrument, then it shall be treated as "without embedded option".
- 58.4. Credit risk value and liquidity risk value of the following:
- a. Triparty Repo in government securities and Triparty Repo on corporate bonds for which settlement is guaranteed by clearing corporation:
With regard to Triparty Repo in government securities, dealt in CROMS, the risk shall be that of G-Secs. Triparty Repo for which settlement is guaranteed by clearing corporation may also be treated as AAA in terms of SEBI circular on risk-o-meter.
 - b. TREPs on corporate bonds which are OTC traded and whose settlement is not guaranteed by clearing corporation:
To begin with, the risk of the underlying instrument may be considered in respect of TREPs in corporate bonds traded in OTC market and TREPS in corporate bonds traded on stock exchanges whose settlement is not guaranteed by clearing corporations.
 - c. BRDS:
AMFI's proposal pertaining to BRDS that they shall be treated similar to Certificate of Deposits (CD) and credit risk value and the liquidity risk value shall be derived based on the lowest conservative long term ratings for senior instrument, as prescribed under clause 3.i.e is accepted only if BRDS has recourse available with the banks for the said instruments. Otherwise the instrument shall be assigned highest risk value for all the three parameters of debt instrument as specified in the said SEBI circular.

- 58.5. "To be listed" securities can be considered as listed securities for a period of 1 month for bonds and for a period of 1 week for Commercial Papers and Certificate of Deposits, beyond which, these securities will be treated as unlisted from risk-o-meter perspective.
- 58.6. If the short term instrument is not subordinate, the lowest long-term issuer rating for senior instruments (excluding Perpetual and Hybrid securities) or instruments with similar structure I standing shall be considered. Further, if the short term instrument is subordinate, the lowest long-term issuer rating for subordinate instruments shall be considered (excluding Perpetual and Hybrid).
- 58.7. Credit risk value and liquidity risk value shall be based on the lowest long term credit rating as per the "long term credit rating - short term credit rating" mapping published by credit rating agencies.
- 58.8. Scheduled commercial bank deposits (Commercial bank deposit) shall be treated similar to Certificate of Deposits (CD). Further, Credit risk value and liquidity risk value of scheduled commercial bank deposits shall be based on the lowest long term credit rating for senior instrument of the issuer.
- 58.9. For cash segment, the prices of BSE and NSE to be considered for calculating volatility (most conservative volatility value across stock exchanges for a given month) and impact cost (average value of impact costs across stock exchanges for a given month).
- 58.10. Risk values for IPOs and recently listed equity securities:
- a. For yet to be listed IPO, the market capitalisation shall be calculated based on the final price discovered during the book building process and if that is not available then the lower of the price band determined by the issuer.
 - b. During the period between three months (or the listing date if listed after 3 months) and two years from the listing date, the volatility value shall be calculated based on the available security prices from the listing date till the month end for which risk-o-meter is computed.
 - c. In case the security is not listed within 3 months, the volatility risk value and impact cost risk value shall be 6 and 9 respectively (highest values).
- 58.11. Regarding Risk values for Equity related securities such as Warrants, Rights, Preference shares, Partly-paid shares, if the preference shares are convertible, they shall be treated like equity instrument with highest impact cost value and volatility value. If such shares are not convertible, then they

shall be treated like debt instrument of the said issuer with credit rating being lowest long term credit rating of the instrument of the said issuer and interest rate risk value being highest as the instrument has no maturity. In case of Warrants, Rights, and Partly-paid shares, they will be treated as equity instruments.

- 58.12. As regards Risk values for equity securities of demerged companies, the Market capitalisation value shall be determined based on the valuation of the demerged entity as per the terms of de merger. With respect to Volatility value and impact cost value, the treatment shall be as mentioned in SEBI response to Risk values for IPOs and recently listed equity securities.
- 58.13. Regarding Liquidity risk value and impact cost risk value for Preference shares, if the preference shares are convertible, they shall be treated as an equity instrument with highest market capitalization value, impact cost value and volatility value. If such shares are not convertible, then they shall be treated as a debt instrument of the said issuer with credit rating as lowest long term credit rating of a senior instrument of the said issuer and interest rate risk value being highest as the instrument has no definite maturity.
- 58.14. Regarding mutual fund schemes holding legacy unlisted shares, highest values for the three parameters shall be assigned for unlisted shares (i.e. a value of 9, 6 and 9 for market capitalization value, volatility value and impact cost value respectively).
- 58.15. Annualised Volatility as calculated by NSE for F&O instruments shall be used by mutual funds for Index/Stock Futures.
- 58.16. The implied volatility of Index/stock option and value of India VIX for the last trading day of the month shall be considered for the calculation purpose.
- 58.17. With respect to Exchange Traded Commodity, for gold and silver derivatives, the risk value shall be based on the volatility value of the derivative instrument as mentioned in table 9 of the aforesaid SEBI circular. For other derivative instruments, a risk value of 6 shall be assigned.
- 58.18. ADR/GDR shall be treated as foreign securities and accordingly assigned a risk value.
- 58.19. Mutual funds shall use current month's risk-o-meter values of the underlying MF schemes and disclose the risk-o-meter of such schemes investing in other schemes by 12th day of the month as the risk-o-meter of underlying MF schemes shall be published latest by 10th day of subsequent month.

58.20. Regarding current assets following is clarified:

- a. Contractual Receivable (Net) which are non-default, shall be treated similar to the treatment of underlying bonds for which it is receivable.
- b. For securities which have defaulted, appropriate risk value based on the underlying issuer and the security shall be assigned. Accordingly, highest credit risk value and liquidity risk value will be assigned based on Table 1 and 3 of the SEBI circular. Further, Interest rate risk value shall be considered as 6 (highest as the instrument has defaulted and there is no clarity on when will the proceeds of the same be realized). Calculations shall be in line with the para 3(i)(d) of the annexure to the circular. The securities which have defaulted beyond maturity are not current assets and shall not be grouped under Net current assets.
- c. As the gross assets are considered for calculating the risk value of risk-o-meter, the borrowing by the schemes can be excluded.

58.21. Mutual funds shall state in the SID and KIM that the product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

58.22. Regarding annual disclosure relating to the start level of Risk-o-meter and number of changes, for the financial year 2019-20, the annual disclosure shall be based on Risk-o-meters (Riskometer) published post the date of the circular

58.23. Mutual funds shall communicate the change in risk-o-meter, if any, along with month-end portfolios which is disclosed by the 10th of the following month.

59. Regarding Code of Conduct for Fund Managers and Dealers

Reference – Letter No. SEBI/HO/IMD II/DoF4/OW/P/3503/2021 dated February 09, 2021

59.1. Regarding Code of Conduct for Fund Managers and Dealers, the following may be noted:

- a. Not only the communications relating to order placement and trade execution but all communication during market hours shall be recorded to comply with Regulations as notified.

59.2. Regarding the clause *'Fund Managers shall record in writing, the decision of buying or selling securities together with the detailed justifications for such*

decisions', AMC should ensure that recording of such decisions including data, facts and opinion leading to that decision is prepared as per instruction of and approved by Fund Managers. Accordingly, AMC is advised to comply with the regulations as notified.

59.3. Regarding clause '*Dealers and Fund Managers shall ensure that investments are made in the interest of the unit holders*', the dealers are supposed to execute deal in the interest of the unit holders while, responsibility w.r.t. investments decisions shall remain on the fund managers. However, if the transactions on the face of it, is not in the interest of unitholders, dealer must seek documented clarification from Fund Manager and where necessary the next higher level before executing the deal.

60. Dedicated Email Id for sharing Quarterly reports containing information on cyber-attacks and threats experienced by Mutual Funds/ AMCs
Reference - Email dated February 17, 2021

60.1. A dedicated email id, **cybersecurity_amc@sebi.gov.in**, has been created for the purpose of sharing quarterly reports containing information on cyber-attacks and threats experienced by Mutual Funds/ AMCs, as required in Paragraph 51 of the SEBI Circular dated January 10, 2019 (Clause 4.7 of the Master Circular) on Cyber Security and Cyber Resilience framework for Mutual Funds / Asset Management Companies (AMCs).

60.2. Further, in case of no cyber-attacks and threats experienced during the quarter, AMCs are advised to send a "Nil" reply.

61. Valuation of AT1 bonds and Tier-2 bonds
Reference - Letter No. IMD/DoF4/OW/P/6697/1 dated March 22, 2021

61.1. AMFI is advised to ensure that Mutual Funds/Valuation Agencies calculate Macaulay Duration based on the deemed residual maturity of the bond, as given in the SEBI circular providing glide path for implementation of the policy on Valuation of bonds issued under Basel III framework, and the maturity date based on the valuation is not considered for the purpose of calculation of Macaulay Duration.

61.2. Further, as confirmed by AMFI, the deemed residual maturity taken for the purpose of valuation and calculation of Macaulay Duration shall never be below the deemed residual maturity stated in the circular providing glide path for implementation of the policy on Valuation of bonds issued under Basel III framework.

61.3. Besides, AT-1 bonds and Tier 2 bonds being different categories of bonds, AMFI should ensure that the valuation of these bonds is done separately (i.e.) ISIN of AT-1 bond traded will not mean that ISIN of Tier-2 bonds of the same issuer have also traded. However, if any issuer does not exercise call

option for any ISIN, then the valuation and calculation of Macaulay Duration should be done considering maturity of 100 years from the date of issuance for AT-1 Bonds and Contractual Maturity for Tier 2 bonds, for all ISINs of the issuer.

61.4. AMFI is advised to ensure that Mutual Funds/Valuation Agencies does not adjust Yield to Maturity by duration to call while valuing a non-traded ISIN based on the traded ISIN. The example shared by AMFI is modified appropriately to remove ambiguity and is as given below:

ABC and XYZ are similar issuers

Maturity of ISIN 1 of ABC is near to maturity of ISIN 1 of XYZ

Maturity of ISIN 2 of ABC is near to maturity of ISIN 2 of XYZ

Issuers	ABC		XYZ		Valuation of ABC ISIN 1
	ISIN 1	ISIN 2	ISIN 1	ISIN 2	
Trade	ISIN 1	ISIN 2	ISIN 1	ISIN 2	
Traded Today	Y	-	-	-	Take price and arrive at YTM
Traded Today	N	Y	-	-	Take price of ISIN 2 of ABC and compute YTM of ISIN 2. Then adjust the YTM spread of ISIN 1 and ISIN 2 and compute value of ISIN 1 of ABC
Traded Today	N	N	Y	N	From the price of ISIN 1 of XYZ compute YTM. The spread between YTM of ABC ISIN 1 and XYZ ISIN 1 is to be adjusted to derive YTM of ABC ISIN 1. The spread should further be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued and final YTM and price of the security should be computed
Traded Today	N	N	N	Y	From the price of ISIN 2 of XYZ compute YTM of ISIN 2 of XYZ. Then derive YTM of ISIN 1 of XYZ by adjusting spread of YTM. Then by adjusting difference in spread between ISIN 1 of XYZ and ISIN 1 of ABC trade (which happens to be nearest maturity) arrive at YTM of ISIN 1 of ABC. The spread should be adjusted to reflect adverse news, change in credit rating, interest rate

Issuers	ABC		XYZ		Valuation of ABC ISIN 1
					etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	Y	-	-	-	Take YTM of traded day and adjust spread to the movement of benchmark ISIN over the period. Also adjust to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	Y	-	-	Arrive at YTM of ISIN 2 by adjusting spread to the movement of benchmark ISIN over the period. Derive YTM of ISIN 1 of ABC from ISIN 2 of ABC by adjusting spread over YTM. Also adjustment should be done to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	N	Y	N	Arrive at YTM of ISIN 1 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Then the spread of YTM of XYZ ISIN 1 and ABC ISIN 1 is to be adjusted to arrive at YTM of ISIN 1 of ABC. Also adjustment will be done to reflect adverse news, change in credit rating, interest rate etc ., which has bearing on the yield of ISIN being valued.
No trade today. Check for actual trade during look back	N	N	N	Y	Take YTM of ISIN 2 of XYZ by adjusting spread to the movement of benchmark ISIN over the period. Adjust the spread of YTM of ISIN 1 of XYZ and ISIN 2 of XYZ to arrive at YTM of ISIN 1 of XYZ. YTM of ISIN 1 of ABC will be derived by adjusting spread of YTM of ISIN 1 of XYZ to ISIN 1 of ABC (which appears to be a nearest maturity to ABC ISIN 1). Further, YTM will be adjusted to reflect adverse news, change in credit rating, interest rate etc., which has bearing on the yield of ISIN being valued.

Issuers	ABC		XYZ		Valuation of ABC ISIN 1
Not Actual Traded During look back	N	N	N	N	Valuation will be done considering spread over matrix and/or polling in line with the waterfall mechanism prescribed by AMFI.

The duration to call shall not be considered/adjusted to spread over YTM.

Yield to Call and Yield to Maturity shall be disclosed to investors.

61.5. Mutual Funds shall continue to remain responsible for true and fair valuation of securities and NAV as per the Principles of Fair Valuation specified in Eighth Schedule of SEBI (Mutual Funds) Regulations, 1996.

62. Representations received in respect of SEBI circular dated November 5, 2020 on enhancement of Overseas Investment limits to Mutual Funds

Reference– Letter No. SEBI/HO/IMD/IMDII/DOF3/P/OW/2021/11530/1 dated June 4, 2021

62.1. Regarding overseas investment limits, the understanding of the industry that the limit on Ongoing schemes become applicable only after the mutual fund exceeds the USD 50 million limit is in line with the intent of the SEBI circular.

62.2. Further, with reference to the format for reporting of utilisation of overseas investment limits, AMCs shall consider the cost of investment for reporting of limit utilised.

63. Submission of CTRs and HYTRs through SEBI Intermediary portal (S.I)

Reference – Email dated July 09, 2021

63.1. It has now been decided that the AMCs shall submit Compliance Test Reports (CTRs) and Half Yearly Trustee Reports(HYTRs) to SEBI through SEBI Intermediary portal (S.I).

63.2. Signed PDF copy of the CTR/HYTR shall be submitted on the online portal.

63.3. The first online submission of CTR will be applicable for the quarter ending June, 2021 and first online submission of HYTR will be applicable from the half-year ended September, 2021.

64. Clarification w.r.t. Data feeds in respect of Direct Plan transactions by the Mutual Fund Distributors, Registered Investment Advisers, Portfolio Managers and Stock Brokers

Reference – SEBI letter No. SEBI/IMD1/DoF-1/SK/2021/25517/1 dated September 06, 2021

- 64.1. If any entity is acting as a Mutual Fund Distributor (MFD) for a particular client, then he cannot deal in direct plans for such a client and thus, the question of data feed of such plans does not arise.
- 64.2. With respect to SEBI registered intermediaries (Stock Broker/Investment Adviser (IA)/Portfolio Manager (PMS)), it may be noted that in terms of Regulation 4(g) of the SEBI (Investment Advisers) Regulations, 2013 {the IA Regulations}, PMS/brokers are required to comply with the general obligation(s) and responsibilities specified in Chapter III of the IA Regulations as applicable to IAs, which *inter alia* provides that client level segregation of advisory and distribution activities needs to be ensured at the entity and group level. Further, as per Regulation 22(1) of the IA Regulations, an individual IA cannot provide distribution services. Accordingly,
- a. In case a stock broker/non-individual IA/PMS is offering distributor service to the client, they can offer only Regular Plans for that client using their distributor code/Application Reference Number (ARN). Accordingly, they may have visibility of their client's transaction data feeds only for such plans.
 - b. In case a stock broker/non-individual IA/PMS is offering advisory service to the client, they can execute/invest only in direct plans of Mutual Funds for that client using their Broker/IA/PMS code. Accordingly, they may have visibility of their client's transaction data feeds only for such plans. They will not be entitled for any commission/compensation in any form, from the Asset Management Companies (AMCs).
- 64.3. In terms of SEBI Circular dated November 28, 2002 (Clause 15.1 of the Master Circular), all entities engaged in selling and marketing i.e. distribution of mutual funds units (distributors, agents, *brokers*, sub-brokers or called by any other name, whether individuals or of any other organisation structure) should be registered with AMFI. Accordingly, they have to quote a valid ARN and Employee Unique Identification Number (EUIN), in order to place transactions in Regular Plan and receive commissions, as per extant requirements.
- 64.4. You may bring the above clarification to the notice of all AMCs and MFDs including IAs/PMS/Brokers who have a distributor code/ARN, for compliance and make this available on the website of AMFI.

65. Clarification on Circular dated April 28, 2021 on alignment of interest of key employees of AMC with Unitholders of MF Schemes

Reference – Letter No. SEBI/HO/IMD/DF5/OW/P/2021/24745/1 dated September 20, 2021

65.1. Regarding SEBI policy/circular on Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes (Clause 6.10 of the Master Circular), following is further clarified:

- a. With regards to investment in units by research analyst, following shall be followed:
 - a. Debt research analyst shall invest across debt schemes and hybrid schemes.
 - b. Equity research analyst shall invest across equity schemes and hybrid schemes.

65.2. In case of analysts performing the role of fund manager, they shall be treated as fund managers for the purpose of this circular.

65.3. Dealers placing TREPS deals for equity funds shall invest only in debt schemes.

65.4. In case of ELSS schemes, the nearest multiple amount of INR 500 shall be invested.

65.5. Any one time payments such as bonus, perquisites, etc. which are not factored into the monthly pay-slip shall be factored into the investment in the month of payment.

65.6. AMFI may bring the above clarification to the notice of all AMCs for compliance and make this available on the website of AMFI.

66. Alignment of interest of Key Employees ('Designated Employees') of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes

Reference – Letter No. SEBI/HO/IMD/DF5/OW/P/2021/30715/1 dated October 29, 2021

66.1. Regarding SEBI circular on Clarifications w.r.t. policy on 'Alignment of interest of Key Employees ('Designated Employees') of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes', (Clause 6.10 of the Master Circular), following is further clarified:

- a. Gratuity paid at the time of resignation in terms of Payment of Gratuity Act, 1972, shall also not be included in the CTC on similar lines as of Gratuity paid at the time of death/retirement is not to be included in the CTC.
- b. If the fund manager is also performing the role of an analyst, he shall be treated as a fund manager i.e., even if the fund manager acts as research analyst, his/her investment for the purpose of alignment of interest of Key Employees ('Designated Employees') of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes, shall only be across those schemes in which he/she has a role of a fund manager.

67. Request for clarification with regard to Cash and cash equivalent

Reference – Letter No. SEBI/HO/ IMD-II/DOF3/OW/P/2021/31487/1 dated November 3, 2021

- 67.1. Cash equivalent with residual maturity of less than 91 days for exposure limits shall consist of following securities:
- a. Government Securities,
 - b. T-Bills and
 - c. repo on Government Securities

68. Change in name of Mutual Fund Scheme

Reference – Letter No. IMD/DF3/OW/P/2021/32220/1 dated November 11, 2021

- 68.1. Name of a scheme is considered as a key aspect in maintaining true to label feature of mutual fund schemes. The same has also been articulated in the SEBI Circular stating that for easy identification by investors and in order to bring uniformity in names of schemes for a particular category across Mutual Funds, the scheme name shall be the same as the scheme category.
- 68.2. Therefore, AMFI is advised to inform all the AMCs that any change in name of mutual fund scheme after receipt of final observation letter from SEBI / Launch of the scheme would require no objection from SEBI.

69. Advisory to introduce a Scheme Summary Document for all Mutual Fund Schemes

Reference – Letter No. SEBI/HO/OW/IMD-II/DOF3/P/397002021 dated December 28, 2021

- 69.1. AMFI is advised to communicate the following to all the Asset Management Companies as a part of ongoing efforts to enhance investor awareness and information dissemination about Mutual funds:
- a. AMCs shall prepare a Scheme Summary Document for all schemes of the respective Mutual Fund.

- b. The Scheme Summary document will be a standalone scheme document that will contain all the applicable details of the scheme as per the format given below:

Fields	SCHEME SUMMARY DOCUMENT	
1	Fund Name	
2	Option Names {Regular & Direct}	
3	Fund Type	
4	Riskometer (At the time of Launch)	
5	Riskometer (as on Date)	
6	Category as Per SEBI Categorization Circular	
7	Potential Risk Class (as on date)	
8	Description, Objective of the scheme	
9	Stated Asset Allocation	
10	Face Value	
11	NFO Open Date	
12	NFO Close date	
13	Allotment Date	
14	Reopen Date	
15	Maturity Date (For closed-end funds)	
16	Benchmark (Tier 1)	
17	Benchmark (Tier 2)	
18	Fund Manager 1 - Name	Dedicated fund manager wherever applicable
19	Fund Manager 1 - Type (Primary/Comanage/Description)	To be repeated for all the fund managers
20	Fund Manager 1 - From Date	
21	Annual Expense (Stated maximum)	
22	Exit Load (if applicable)	
23	Custodian	
24	Auditor	
25	Registrar	
26	RTA Code (To be phased out)	
27	Listing Details	
28	ISINs	
29	AM FI Codes (To be phased out)	
30	SEBI Codes	
Investment Amount Details:		
31	Minimum Application Amount	
32	Minimum Application Amount in multiples of Rs.	
33	Minimum Additional Amount	
34	Minimum Additional Amount in multiples of Rs.	
35	Minimum Redemption Amount in Rs.	
36	Minimum Redemption Amount in Units	
37	Minimum Balance Amount (if applicable)	

Fields	SCHEME SUMMARY DOCUMENT	
38	Minimum Balance Amount in Units (if applicable)	
39	Max Investment Amount	
40	Minimum Switch Amount (if applicable)	
41	Minimum Switch Units	
42	Switch Multiple Amount (if applicable)	
43	Switch Multiple Units (if applicable)	
44	Max Switch Amount	
45	Max Switch Units (if applicable)	
46	Swing Pricing (if applicable)	
47	Side-pocketing (if applicable)	
SIP SWP&STP Details:		
46	Frequency	
47	Minimum amount	
48	In multiple of	
49	Minimum Instalments	
50	Dates	
51	Maximum Amount (if any)	

- c. The document is to be updated by the AMCs on a monthly basis or on changes in any of the specified fields, whichever is earlier.
- d. The document is to be uploaded on the websites of AMC, AMFI and Stock Exchanges in 3 data formats, namely: PDF, Spreadsheet and a machine readable format (either JSON or XML).
- e. The requirement of Scheme Summary Document shall be effective from April 1, 2022.

70. Regarding overseas limits

Reference – Email dated January 28, 2022

- 70.1. In order to avoid breach of industry-wide overseas limits as allowed by RBI, AMFI is advised to inform all AMCs to stop subscriptions intending to invest in overseas securities with immediate effect.
- 70.2. However, the investments in overseas ETFs may continue till further communication.

71. Market Cap Classification of newly listed stocks

Reference – Letter No. SEBI/HO/OW/IMD-II/DOF3/P/2022/4419 dated February 02, 2022

- 71.1. SEBI has defined large cap, mid cap and small cap companies in order to ensure uniformity in respect of the investment universe for equity mutual fund schemes. Further, SEBI has also stipulated that AMFI shall prepare the list of large cap, mid cap and small cap stocks, in accordance with the points specified.

71.2. In furtherance of the above, in order to enable mutual funds to invest in newly listed stocks, it has been decided, based on the representation of AMFI and as recommended by Mutual Fund Advisory Committee, that there should be market classification of newly listed stocks by AMFI at monthly intervals.

71.3. The parameters to be followed by AMFI for market classification of the newly listed stocks and listings arising on account of Scheme of Arrangements such as demergers between July - December & January - June of a calendar year are as provided below:

- a. At the end of every month, the Exchanges will provide the average market cap of the IPO companies listed during that month.
- b. AMFI would compare the average market cap of such IPO companies relative to stock no. 100 (being the last stock of Large Cap segment) and 250 (being the last stock of Mid Cap segment) in the AMFI's last published list (average market cap as of end of preceding six months) and establish the market cap classification of the company and share the same at month end.
- c. The comparison of newly listed stocks is against the static prices of existing classifications - i.e., the boundaries are set at the values of the last available half-year review.
- d. The classification of the IPO companies made at the month-end would not change till the next detailed half-yearly review
- e. The number of large-cap and mid-cap companies could exceed the number of 100 and 150 during the 6-month period
- f. In June/December, the list would be reset to 100 large cap stocks and 150 midcap stocks respectively, as per the normal process.

71.4. Kindly note that the market classification of the newly listed stocks as per the parameters mentioned above is to be made available to all the AMCs from March 1, 2022.

72. Fast track processing of domestic ETF/Index Funds and for Fund of Funds having one underlying domestic ETF

Reference - Letter No. SEBI/HO/OW/IMD-II/DOF3/P/2022/4580/1 dated February 03, 2022

72.1. It has been decided in consultation with Mutual Fund Advisory Committee (MFAC), to introduce a Fast track processing of schemes for domestic ETF/Index Funds and for Fund of Funds having one underlying domestic ETF.

72.2. All Mutual Funds filing in any of the aforesaid category of schemes can either opt for fast track processing or regular track of processing by SEBI.

72.3. The AMC opting for fast track processing of schemes will have to adhere to a list of Do's and Don'ts and further provide an Undertaking.

72.4. In view of above, AMFI is advised to issue guidelines for fast track processing of schemes along with Dos and Don'ts and Undertaking as given below w.e.f March 01, 2022.

Do's and Don'ts for Domestic Index Funds and ETFs and for Fund of Funds having one underlying domestic ETF

Do's

1. The benchmark being tracked by the scheme should be independently developed and managed by the index provider.
2. For ETF and Index Funds, name of the proposed scheme should reflect the underlying index name including index provider name.
3. The name of the underlying scheme should reflect in the proposed scheme name in case of Fund of Funds having one underlying domestic ETF.
4. Portfolio Concentration Norms as per circulars dated January 10, 2019 and November 29, 2019 (circular rescinded with effect from the date of implementation of SEBI circular dated May 23, 2022) (Clause 3.4 of the Master Circular) wherever applicable and all conditions of said circular be mentioned under asset allocation section / investment restrictions.
5. SID should also indicate the types of securities / instruments in which the scheme would invest and a brief narration on the same, which will be in compliance with MF Regulations and circulars issued from time to time.
6. A statement to the effect that notwithstanding anything contained in this Scheme Information Document (SID), the provisions of the SEBI (Mutual Funds) Regulations, 1996 (MF Regulations) and circulars issued from time to time will prevail should be part of SID.
7. Benchmark should be Total Return Index
8. In investment objective following shall be included:
 - a. Subject to tracking errors
 - b. There is no assurance or guarantee that the investment objective of the scheme would be achieved.
9. Details of Risk-o-meter to be provided as per SEBI Circular dated October 05, 2020 (Clause 17.4 of the Master Circular) under periodic disclosures. Disclosure for risk-o-meter stating it is based on internal assessment etc. and also mention related disclosure under periodical disclosures.
10. Potential Risk Matrix to be provided for Debt Schemes
11. In case of ETFs, Definition of intra-day NAV needs to be provided in the Definition Section
12. Portfolio rebalancing timelines as prescribed by SEBI from time to time to be provided

13. Disclosures with regards to provisions for pending deployment of funds along with timelines in compliance with MF Regulations and circulars issued from time to time.
14. Gross cumulative exposure paragraph setting out all the asset classes in which the scheme intends to invest as per SEBI Circular dated March 04, 2021 and as amended from time to time
15. Illustration under the annual recurring expense for schemes must include for regular plan and direct plan, for schemes having regular and direct plans.
16. Risk mitigation strategies needs to be defined properly.
17. Default plan, option and sub-option details have to be clearly disclosed, for schemes having more than one plan/ option/ sub-option
18. Statement to the effect that all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of AMC, its associate, sponsor, trustees or any other entity through any route in terms of SEBI circulars, subject to the clarifications provided by SEBI to AMFI vide letter dated February 21 , 2019 on implementation of SEBI Circular dated October 22, 2018 on Total Expense Ratio (TER) and performance disclosure for Mutual Fund.
19. The scheme shall adhere to the limits i.e., (a) not more than 20% of the net assets of the scheme can generally deployed in stock lending and (b) not more than 5% of the net assets of the scheme can generally be deployed in stock lending through a single intermediary, should it engage in stock lending
20. SID should clearly provide the proposed investments on the residual investment part of the scheme i.e. 5%. Further, SID shall specify the limits on investments or negative confirmation in respect of the below investments, as applicable:
 - a. Overseas securities/ADR/GDR
 - b. Investment in their own Mutual Fund Schemes or Other Mutual fund schemes
 - c. Securitised Debt
 - d. Repo in corporate debt and corporate reverse repo
 - e. Short selling
 - f. invest in unrated debt instruments
 - g. Credit default swaps (CDS).
 - h. Debt instruments having Structured Obligations / Credit Enhancements.
 - i. Securities covered under SEBI circular SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021 (Clause 9.4 of the Master Circular)
 - j. Under what circumstances the scheme is proposing to invest in derivatives

21. Mention the investment restrictions which are specific to the proposed scheme. For instance: Benchmark index methodology, constituents of the index and weightages of each constituents of the index shall be part of Scheme Documents of all ETFs and Index Funds.
22. Following investment restriction for equity ETF/Index funds
- a. *A mutual fund scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company:*
 - b. *Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and collateralized borrowing and lending obligations:*
 - c. *Provided further that investment within such limit can be made in mortgaged backed securitised debts which are rated not below investment grade by a credit rating agency registered with the Board:*
- Considering the nature of the Scheme, investments in such instruments will be permitted up to 5% of its NAV.*
23. The Scheme may take an exposure to equity derivatives of constituents of the underlying index for short duration when securities of the index are unavailable, insufficient or for rebalancing at the time of change in index or in case of corporate actions, as permitted subject to rebalancing within 7 days (or as specified by SEBI from time to time). The exposure of scheme in derivative instruments shall be up to 20% of the net assets of the scheme.
24. Segregated portfolio provisions to be included, if scheme proposes to invest in Debt instruments
25. Confirm the availability of the proposed benchmark before launch of scheme
26. Derivative strategies mentioned in the SID should also disclose risk factors w.r.t. all the strategies
27. Product differentiation of current scheme with the other existing schemes in the same category and having the same underlying asset class (i.e. debt or equity)
28. The details pertaining to the fund manager of the scheme shall inter-alia include the age of the person, educational qualification, total number of years' experience, type and nature of past experience including assignments held (during the last 10 years or as applicable)

29. Disclosure regarding the Index, Index eligibility criteria, Index rebalancing, Methodology, Index service provider, Index constituents, Impact cost of the constituents
30. Details of investment through Stock Exchange Platforms in view of SEBI Circular dated February 26, 2020 (Clause 16.2.12 of the Master Circular)
31. If an investor opted for pay out of Income Distribution cum Capital Withdrawal (IDCW) plan, auto re-investment of IDCW amount to be restricted to INR 100 in schemes providing the IDCW option.
32. All features specific to the scheme should form part of the SID.
33. Units of the scheme are freely transferable (both SOA and demat).
34. Enabling clauses may be avoided. If at all AMC wants to add clauses e.g.: *the Fund Manager reserves the right to invest in such instruments and securities as may be permitted from time to time and which are in line with the investment objective of the scheme it should include **subject to prior approval from SEBI if any.***
35. Fundamental attributes section of SID to be updated in line with para 16 of SEBI circular dated March 4, 2021
36. Maturity Year of the index fund should be included in draft Debt ETFs/Index Funds, month may be at the discretion of AMC.
37. In case of an ETF on a particular index, either an index fund or an ETF fund of fund should be launched on same index, not both.
- 41 Incorporate past observations issued by SEBI as applicable.

Don'ts

1. Under benefits of ETF or under investment strategy or wherever applicable, arbitrage strategies are not allowed.
2. Investment in REITs and InvITs is not allowed in the residual portion of 5% under asset allocation
3. The SID should not contain any clause which gives discretion to Fund Managers with respect to investment decisions in case of an Index Fund/ ETF apart from the stated asset allocation.
4. Avoid usage of words like "Closely", "Predominately", "as close as possible", "broadly" etc., as the proposed Index Fund/ETF needs to replicate the Benchmark Index.
5. Usage of following sentences shall be avoided
 - a. The Scheme retains the flexibility to invest across all the securities in equity and equity related instruments, debt and money market instruments.
 - b. Any application for subscription of units may be accepted or rejected in the sole and absolute discretion of AMC/Trustee company. (Instead of this open ended statement, it should be mentioned that any application for subscription of units may be rejected if found incomplete or due to unavailability of underlying securities, etc.)

- c. Change of benchmark shall be at the discretion of Fund / AMC / Trustee'
6. Minimum redemption — no clauses indicating force redemption such as following be part of SID:
 - a. *The minimum amount of Redemption may be changed in future by the AMC. If the balance in the account of the Unit holder does not cover the amount Redemption request, then the Mutual Fund is authorised to close the account of the Unit holder and send the entire such (lesser) balance to the Unit holder.*
 - b. The AMC / Trustee may decide to introduce minimum balance requirements later, if they so deem fit. In such case, in the event of non-maintenance of minimum balance for any particular situations, the Units may be compulsorily redeemed. The scheme will invest in 'when issued' securities
7. SID should not state that any expenditure in excess of the prescribed limit of TER (including brokerage and transaction cost, if any) shall be borne by the AMC or Sponsor.
8. SID of ETF/Index Fund/FOF shall not include hedging related provisions.

UNDERTAKING FOR PROCESSING OF DOMESTIC ETFs/INDEX FUNDS AND DOMESTIC FUND OF FUNDS WHERE A SINGLE ETF AS AN UNDERLYING FUND IN FAST TRACK PROCESS

The following undertaking shall be provided by CEO on behalf of the AMC in respect of Scheme Information Document (SID) to be filed with SEBI for processing in fast track manner.

It is confirmed that:

- i. the draft SID forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines, circulars and directives issued by SEBI from time to time
- ii. all legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with
- iii. the disclosures made in the SID are true, fair, correct and adequate to enable the investors to make a well informed decision regarding investment in the proposed Scheme
- iv. the intermediaries named in the SID and Statement of Additional Information are registered with SEBI and their registration is valid, as on date of launch of scheme
- v. the contents of the SID including figures, data, yields, etc. have been checked and are factually correct

vi. the correct and complete data pertaining to Offsite surveillance cum inspection of Mutual Funds has been submitted to SEBI within specified timelines as per the directions.

vii. if the contents of the SID filed by the AMC with SEBI are found to be not in compliance with SEBI (Mutual Funds) Regulations, 1996, guidelines, circulars and directives issued by SEBI time to time and are not in compliance with the Dos and Don'ts provided or if any of the above declarations are found to be untrue, we agree to be liable for the operational disincentive of *not launching Domestic ETFs/Index Funds/domestic Fund of Funds where single ETF is an underlying fund, if so decided and communicated by SEBI, for a period of 3 months from the date of such communication from SEBI.*

We also understand that, these financial/operational disincentives shall be without prejudice to any other action as may be initiated by SEBI.

Sd/-

XXXXXXXXXX

CEO

Place: XXXX

<<Name of the AMC>>

Date: XX/XX/XXXX

73. Clarification to be issued with respect to Exposure calculation and NAV to be disclosed in Account Statements

Reference – Letter No. SEBI/HO/IMD-II/DoF8/OW/P/05031/2022- dated February 07, 2022

73.1. Regarding calculation of exposure limit and disclosure of NAV as at the end of accounting year, based on recommendation of Mutual Fund advisory Committee, AMFI is advised to issue the following clarification to Mutual Fund industry for uniform practice across Mutual Fund industry:

- a. Calculation of various exposure limits specified in the SEBI (Mutual Funds) Regulations, 1996 and circulars issued there under, shall be after considering the accrued interest i.e. dirty price instead of current practice of clean price effective from July 01, 2022.
- b. Further, Clause 3(v) of Eleventh Schedule of SEBI (Mutual Funds) Regulations, 1996 requires to disclose NAV as at the end of accounting year. The same should be last day NAV irrespective of whether it is business day or not.

74. Disclosure norms for ESG Mutual Fund Schemes

Reference – Letter No. SEBI/HO/OW/IMD-II/DOF3/P/5249/2022 dated February 08, 2022

- 74.1. SEBI had issued a consultation paper to seek public comments on introducing disclosure norms for ESG Mutual Fund schemes.
- 74.2. Working group (WG) of mutual fund having ESG schemes was constituted for standardization of scoring processes to be followed across the industry with respect to ESG schemes and broad parameters for each of the pillars viz. Environmental, Social and Governance.
- 74.3. The disclosure norms for ESG Mutual Fund schemes along with report of working group on standardization of ESG scoring process for ESG schemes were deliberated with Mutual Fund Advisory Committee (MFAC).
- 74.4. The disclosure norms for ESG Mutual Fund schemes, based on deliberation in Mutual Fund Advisory Committee (MFAC), as forwarded to AMFI for issuance is given below. The said disclosure norms will be effective from April 01, 2022.

Disclosure norms for ESG Mutual Fund schemes

The following disclosure norms for ESG Mutual Fund schemes are proposed to be implemented

- a. **Disclosures in Scheme Information Documents (SIDs):** The following disclosures are mandated to be disclosed in the SIDs for Mutual Funds which launch ESG schemes in Equity category. Mutual Funds which already have ESG schemes in existence are required to update their SIDs with the abovementioned disclosures:
 - a. **Name of the scheme:** The name of the scheme should accurately reflect the nature and extent of the scheme's ESG focus taking into account investment objective and type of strategy followed. All AMCs will be required to have a Responsible Investment Policy incorporating aspects of ESG investing. The investment objective shall be as per the Responsible Investment Policy of the AMC.
 - b. **Investment objectives:** It shall provide transparency about the nature and extent of the scheme's ESG related investment objectives. Detailed objectives of the scheme need to be laid down stating how it aims to achieve this objective through its investment policy and strategy including the approach used for screening companies.

- c. **Investment Policy:** The investment policy of AMC's should encompass processes to review the investments during a certain period and the strategy pursued. The strategy should include the broad universe of the companies in which they intend to invest. The investments should be designed to generate a beneficial ESG/sustainability impact alongside a financial return and the AMC should clearly state the intended 'real world' outcome in qualitative terms, especially for strategies related to Integration, Impact Investing and Sustainable Objectives.

Responsible Investment Policy of AMC's should be revised to contain a clause that from October 1, 2022, AMC's shall only invest in securities which have Business Responsibility and Sustainability Report (BRSR) disclosures. The existing investments in the schemes for which there are no BRSR disclosures would be grandfathered by SEBI for a period of one year i.e., till September 30, 2023. Schemes which invest in overseas securities would choose any global equivalent of the BRSR which will be specified by Association of Mutual Funds in India (AMFI),

- d. **Investment Strategy:** The AMC shall disclose the type of strategy followed by scheme, with regards to sustainability / ESG characteristics which merit the nomenclature of an ESG fund. The following are some examples of ESG strategies:
- a. **Exclusions:** Exclude securities based on certain ESG related activities, business practices, or business segments, The strategy should specify
 - i. the characteristic / type of exclusion (Adverse impact, Controversy, Faith)
 - ii. threshold or condition for exclusion, and
 - iii. reference, where applicable, to any law/ regulation/ third-party standard/ guideline/ framework used in the establishment or evaluation of the criterion.
 - b. **Integration:** Explicitly consider ESG related factors that are material to the risk and return of the investment, alongside traditional financial factors, when making investment decisions.
 - c. **Best-in-class & Positive Screening:** Aim to invest in companies and issuers that perform better than peers on one or more performance metrics related to ESG matters. The details/specifics of the metrics should be disclosed.
 - d. **Impact investing:** Seeks to generate a positive, measurable social or environmental impact alongside a financial return and how the Fund Manager intends to achieve the impact objective. Provide methodology used to assess the effect that investments have, or may have, on environmental or social or governance

issues. Describe the process for identifying and avoiding, mitigating, or managing adverse effects that the scheme or underlying companies' activities have, or may have, on environmental or social issues. The fund should seek a non-financial (real world) impact and evaluate if that impact is being measured and monitored.

- e. **Sustainable objectives:** Aim to invest in sectors, industries, or companies that are expected to benefit from long-term macro or structural ESG-related trends. Describe the focussed objective including rationale for focussing on that objective.
 - f. Any other clearly defined ESG investment strategy
 - g. Any combination of above.
 - h. **Decision-making process for Investing:** Decision-making process for investing should include disclosure on use of proprietary or third party ESG Scoring Process / Methodology. The disclosure should broadly indicate the above including the due diligence on any data, research and analytical resources it relies upon when using proprietary methodology to be confident that it can validate the ESG/sustainability claims that it makes.
- e. **Disclosure of material risks:** Disclosure of unique risks that arise from a scheme's focus on sustainability. Disclosure of measures taken to mitigate risks related to green washing and risk of reliance on third party scores, if any, given the dispersion in scores across providers.
 - f. **Asset Allocation:** As per extant regulations these schemes fall under thematic sub-category and so a minimum of 80% of total assets of the scheme shall be invested in securities following ESG theme. Hence, these guidelines would apply only to the portion of investment towards ESG theme. However, it is proposed that the residual portion of the investment should not be starkly in contrast to the philosophy of the scheme from the theme. AMC shall endeavour to have a higher proportion of the assets under the ESG theme and make suitable disclosures.
 - g. **Benchmark:** The benchmark should be continuously aligned with each of the environmental, governance and social characteristics followed by the scheme. The website of the respective Mutual Fund should also provide a link to the index methodology.
 - h. **Disclaimer:** Apart from the above, AMCs can provide suitable disclaimers, if any, for aspects related to the above disclosures in the SIDs.
- b. **Additional Disclosures with respect to engagements undertaken by AMCs for ESG Schemes:**
In addition to the above disclosures in the SID, AMCs are also required to undertake the following:

- a. **Monitor and evaluate:** AMCs should monitor and evaluate the investments in terms of Key Performance Indicators, real world outcomes, active engagement and stewardship activities with investee companies. In case of Impact Investing and Sustainable Objective investment strategy, Mutual Funds should assess, measure and monitor: (a) the sustainability-related product's compliance with its investment objectives and/or characteristics; (b) the sustainability impact of its portfolio to the extent applicable to the portfolio's stated design; and (c) its sustainability-related performance. The sustainability impact of a product's portfolio refers to the effect of the product's portfolio holdings on environmental, social and governance issues. ESG Funds to disclose on ESG engagement and stewardship activities on material/relevant ESG issues at the completion of every financial year.
- b. **Stewardship and shareholder engagement disclosure:** Stewardship policy reflecting that the exercise of voting rights is in accordance with the objectives of the scheme. Disclosures about policy on stewardship and shareholder engagement and past stewardship and shareholder engagement records.
- c. **Periodic Portfolio Disclosures:** AMCs shall disclose the following in simple and comprehensible language:
 - a) The contribution to 'positive environmental change', an investor might reasonably expect
 - b) The various ESG engagement and stewardship activities carried out during the financial year.
 - c) Link to BRSR disclosure for each security in the portfolio or global equivalent in case of overseas securities, wherever available.
 - d) Periodic reporting relating to whether a sustainability-related product is meeting its sustainability-related investment objectives or characteristics, including the product's sustainability-related performance and holdings, during the applicable time period.
- d. **Maintenance of ESG policy related to investments:** AMCs should disclose on their website the following information covering various aspects of ESG investing such as:
 - i. Source of ESG information of underlying investments
 - ii. Investment process and philosophy
 - iii. Key ESG factors to be considered in decision making
 - iv. Due Diligence methodology and its limitations
 - v. Engagement policies including stewardship
 - vi. Monitoring of investments and evaluation.

- c. **General Obligations:**
- a. The Board of the AMC should submit a declaration to the Trustees of Mutual Fund that the scheme is following its disclosed strategy and is in compliance with its Responsible Investment Policies on quarterly basis.
 - b. AMCs need to augment its resources and processes to take into account the ESG philosophy as a theme for launch and management of schemes in this space.
 - c. AMCs should ensure that the Marketing materials and website disclosures are fair, balanced and consistent with their regulatory filings.
 - d. As there is significant divergence in the terms and definitions related to ESG, AMFI should encourage industry participants to develop common sustainable finance-related terms and definitions in line with global standards. AMFI should also promote financial and investor education initiatives relating to sustainability, or, where applicable, enhance existing sustainability related financial and investor education initiatives.

As there is considerable activity in terms of development of global standards by various standard setting bodies, it is expected that going forward, the above disclosure norms are subject to change, based on the experience gained and based on emergence of appropriate standards and norms.

74.5. The disclosures should be updated by AMFI on a dynamic basis as the concept of ESG is in a nascent stage and continuously evolving.

74.6. With regards to standardization of ESG scoring process, AMFI is advised to empanel ESG rating service provider(s) based on the parameters proposed by the working group which has been shared with AMFI.

75. AMFI's recommendation to declare market dislocation for Swing pricing framework

Reference – Letter No. SEBI/HO/ IMD-II/DOF3/ OW/P/2022/5274/1 dated February 08, 2021

75.1. This has reference to SEBI circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021 (Clause 4.10.3 of the Master Circular) stipulating applicability of swing pricing framework for open ended debt schemes. In terms of para II(a) of the said circular when AMFI recommends market dislocation, it is advised to ensure that the same is done only after cut-off timing of open ended debt schemes of mutual funds (which is 3:00 PM).

76. Request to allow Prepayment Validation service for subscription in Mutual Fund units
Reference – SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/8536/1 dated February 25, 2022.

76.1. SEBI has no objection to the use of the pre-payment validation service using PAN in UPI, for subscription in Mutual Fund units through UPI. However, the onus to ensure compliance with Prevention of Money Laundering Act, 2002 provisions and not permitting third party payments shall lie with the AMCs.

77. Discontinuation of pooling of funds and units pertaining to Mutual Funds transactions
Reference – Letter No. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/10847/1 dated March 15, 2022.

77.1. Regarding SEBI policy on Discontinuation of usage of pool accounts by entities including online platforms other than stock exchanges for transactions in the units of Mutual Funds, following are the further clarifications:

- a. Pooling done by banks as part of the banking process to debit customers account and provide a consolidated credit to the mutual fund scheme/collection account for cheque collections or direct transfers for subscription where funds flow through an internal account of the bank may not be considered as "intermediate pooling".
- b. Mutual Funds can continue to receive subscription money in the pool bank account of the Mutual Funds, including by way of cheques drawn in the name of the pool bank account of the Mutual Funds subject to compliance with SEBI Circular no. SEBI/ HO/ IMD/ DF2/ CIR/ P/2021/683 dated December 10, 2021 (Clause 16.8 of the Master Circular).
- c. Further, regarding the requirement of sharing detailed information with all the stakeholders involved in the transactions, it is clarified that information sharing shall be at the same time to all the stakeholders of the same category involved in the mutual fund transactions. An indicative list of the stakeholders in each category may be included in the Guidelines to be issued by AMFI in this regard.

78. Revision of Code of Conduct for Mutual Fund Distributors (MFDs)

Reference – SEBI letter No. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/2463/1 dated March 21, 2022

- 78.1. AMFI is advised to issue the revised code of conduct for MFDs expeditiously and the onus is on AMCs to ensure that MFDs strictly follow the Code of Conduct prescribed by AMFI.
- 78.2. In order to ensure uniformity in dealing with deficiencies by different MFDs, AMFI is advised to:
- a. prepare policies and procedures to deal with due diligence report/Audit report on MFDs; and
 - b. issue Guidelines on action to be taken by all the affiliated AMCs like suspension, claw back of commissions, de-empanelment, etc. in cases of major violations.
- 78.3. AMCs are advised to place the due diligence report/audit report on MFDs along with the action taken on the same before the Board of the concerned AMC. The same shall also be reported to SEBI by the AMC(s) in their CTR(s) and by the Trustees in their Half Yearly Reports.

79. Scheme Summary Document - Request for SEBI's Urgent Guidance / Clarification

Reference – Email dated March 25, 2022

- 79.1. This has reference to our letter dated December 28, 2021 regarding introduction of Scheme Summary Document w.e.f. April 1, 2022 and your email dated March 21, 2022 wherein you had raised certain queries about the information to be provided in the format prescribed.
- 79.2. In this regard, the comments of SEBI are provided in a separate column as given below:

SCHEME SUMMARY DOCUMENT:

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
1	Fund Name			
2	Option Names (Regular & Direct)	Whether to give suspended plan details?	In light of the limitations of various data formats, it is proposed not to give details of suspended	Details of only active plans to be provided

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
			plans to keep the information in this document relevant and focussed.	
3	Fund Type	Is this Scheme type?	Type of scheme (uniform description of scheme) as mentioned in SEBI Circular dated October 6, 2017 on Categorization and Rationalization of Mutual Fund Schemes can be provided here	Scheme Type description shall be as per SEBI Circulars dated October 7, 2017 and December 4, 2017 on Categorization and Rationalization of Mutual Fund Schemes
4	Riskometer (At the time of Launch)	First time 6 risk Riskometer? Should it be only the text of Risk Level or even pictorial representation is required?	To enable investors to do a like to like comparison of Riskometer as on date, in this field it is proposed to provide the Riskometer issued for the first time in accordance with SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020 i.e. 6 level riskometer. Given the constraints of xml and json formats it would be better to only provide risk level in text rather than pictorial representation.	Risk level as per Risk-o-meter in accordance with SEBI circular dated October 05, 2020 in text format shall be provided wherever applicable
5	Riskometer (as on Date)			
6	Category as Per SEBI Categorization Circular			

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
7	Potential Risk Class (as on date)	Full table is required or only the PRC rating as on date of document rather than uploading date.	Given the constraints of xml and json formats it would be better to only provide risk level in text rather than pictorial representation.	Risk level as per Potential Risk Class in accordance with SEBI circular dated June 7, 2021 in text format shall be provided
8	Description, Objective of the scheme	What does description mean? If it is same as fund type then can be deleted since it is a duplication	We believe Description means Type of Schemes. As it is already provided in point 3 above it is suggested to limit this field to only Objective of the Scheme.	The Scheme Objective as mentioned in the Scheme Information Document shall be provided
9	Stated Asset Allocation	Full section needs to be included or only percentages will do.		Asset allocation to include only the asset allocation percentage table mentioned in the SID
10	Face Value			
11	NFO Open Date			
12	NFO Close date			
13	Allotment Date			
14	Reopen Date			
15	Maturity Date (For closed-end funds)			
16	Benchmark (Tier 1)			
17	Benchmark (Tier 2)			
18	Fund Manager 1- Name			

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
19	Fund Manager 1-Type (Primary/Comanage/Description)			
20	Fund Manager 1-From Date			
21	Annual Expense (Stated maximum)	This will not be actual. This is maximum as per Regulations stated in SID. Only max % is required or full table and text as per SID needs to be included?	For example: Estimated recurring expenses for the first Rs.500 crores of Average Daily Net Assets shall be as follows: (i) Recurring expenses permissible under Regulation 52(6)(c)(i): not exceeding 2.25% of daily net assets + (ii) Goods and Service Tax on investment and advisory fees at actuals + (iii) Additional expenses permissible under Regulation 52(6A)(c) towards various permissible expenses not exceeding 0.05% of daily net assets + (iv) Expenses in case of inflows from retail investors from cities beyond Top 30 cities charged proportionately under Regulation 52(6A)(b) not exceeding 0.30% of daily net asset	To be read as "Actual Expenses (TER)" and to provide actual expense ratio (TER) of the scheme
22	Exit Load (if applicable)			

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
23	Custodian			
24	Auditor			
25	Registrar			
26	RTA Code (To be phased out)			
27	Listing Details		Only the names of exchanges where listed will suffice since ISINs are given separately.	Only the names of exchanges where the scheme is listed
28	ISINs			
29	AMFI Codes (To be phased out)	Whether to give suspended plan details?	In light of the limitations of various data formats, it is proposed not to give details of suspended plans to keep the information in this document succinct and relevant.	Details of only active plans to be provided
30	SEBI Codes		We seek guidance on disclosure for this clause	To be read as "SEBI Scheme Code" and the same will be generated by NSDL for all Mutual Fund Schemes which will be effective from April 1, 2022
Investment Amount Details				
31	Minimum Application Amount			
32	Minimum Application Amount in multiples of Rs.			

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
33	Minimum Additional Amount			
34	Minimum Additional Amount in multiples of Rs.			
35	Minimum Redemption Amount in Rs.			
36	Minimum Redemption Amount in Units			
37	Minimum Balance Amount (If applicable}			
38	Minimum Balance Amount in Units (if applicable)			
39	Max Investment Amount			
40	Minimum Switch Amount (if applicable)			
41	Minimum Switch Units			
42	Switch Multiple Amount (if applicable}			
43	Switch Multiple Units (if applicable)			
44	Max Switch Amount			

Sr. No.	Fields	AMC Queries	AMFI's Understanding (Please also refer other queries at the end of this table)	SEBI Comments
45	Max Switch Units (if applicable)			
46	Swing Pricing (if applicable)	a one liner about facility/ yes or no	We propose to mention a short description of facility if available in SID	Applicability of swing pricing for the said scheme needs to be mentioned
47	Side-pocketing (if applicable)	a one liner about facility/ yes or no	Heading on left side may be rephrased as 'Segregated Portfolio, (if applicable) We propose to mention "Enabled and ___ Segregated Portfolios OR no segregated portfolio created" OR "Not Applicable" (where not enabled). Please specify, if created, what details, if any, need to be mentioned.	To be read as "Segregated Portfolio" and enabling provisions as well as segregated portfolios if any needs to be mentioned.
SIP SWP & STP Details:		How to represent in case of sub options such as character specific/conditional frequencies	Additional rows to be included for SWP and STP. Accordingly, it will be 6 rows each for SIP, STP, SWP	To include only SIP, SWP and STP facilities available if any.
46	Frequency			
47	Minimum amount			
48	In multiple of			
49	Minimum Instalments			
50	Dates			
51	Maximum Amount (if any)			

Other queries:		SEBI Comments:
1	Should only listed scheme details to be provided to stock exchanges?	Scheme Summary Document of all the schemes to be provided to stock exchanges
2	The Riskometer for the end of the month should be available by 1st week/10 days of the succeeding month. The data for the month end should be accordingly uploaded between 10th to 15th of the next month. Eg - The data for the month of March 2022 may be uploaded by 10th to 15th April, 2022.	We are OK with the proposal
3	The SEBI letter dated December 28, 2021 provides that the document should be updated by the AMC on a monthly basis or on changes, in any of the specified fields, whichever is earlier. Thus in view of any change in data for a particular scheme, the data of the said scheme should be updated within 5 working days from the date of change.	We are OK with the proposal
4	Whether all the three formats are to be uploaded on the AMC website - AMFI OPCO suggestion: As of now AMFI has activated only pdf format for each scheme separately. AMFI needs to provide upload facility for remaining 2 format - request if these can these be consolidated for all schemes	Scheme Summary Document in all the 3 formats are to be uploaded on AMC website, AMFI website and Stock Exchange Website
5	What is the meaning of codes "to be phased out"?	There is no need of capturing AMFI Code once SEBI Code (Scheme Code) comes into existence

80. Revision of Code of Conduct for Mutual Fund Distributors (MFDs)

Reference – SEBI letter No. SEBI/HO/IMD/IMD-I DOF5/P/OW/2022/14567/1 dated April 04, 2022

- 80.1. AMFI is advised to peruse the revised code of conduct and issue the same expeditiously. Further, it is reiterated that as stated in SEBI Circular dated August 27, 2009 (clause 15.6 of the Master Circular), the onus is on AMCs to ensure that MFDs strictly follow the Code of Conduct prescribed by AMFI.
- 80.2. In order to ensure uniformity in dealing with deficiencies by different MFDs, AMFI is advised to:
- a. prepare policies and procedures to deal with due diligence report/Audit report on MFDs; and
 - b. issue Guidelines on action to be taken by all the affiliated AMCs like suspension, claw back of commissions, de-empanelment, etc. in cases of major violations.
- 80.3. AMCs are advised to place the due diligence report audit report on MFDs along with the action taken on the same before the Board of the concerned AMC. The same shall also be reported to SEBI by the AMC(s) in their CTR(s) and by the Trustees in their Half Yearly Reports.

81. Request for review of Categorization Sectoral funds and Thematic Funds

Reference – SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/24098/2022 dated June 10, 2022

- 81.1. As per SEBI categorization circular, Sectoral and Thematic Funds have been classified under a single category and the said circular does not distinguish between the Sectoral and Thematic Funds, it is informed that the investment norms for stock exposure limit applicable for Sectoral Mutual Fund schemes shall also be applicable for Thematic Funds.

82. Proposal to introduce bundled products

Reference – SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/25096/2022 dated June 17, 2022

- 82.1. No existing schemes or one which are proposed to be launched shall have bundled products e.g. insurance features w.r.t scheme investments (such as SIP Insure, etc.)

83. Disclosure norms for ESG Mutual Fund schemes

Reference – SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/25379/2022 dated June 21, 2022

- 83.1. The working group was constituted for standardization of scoring process to be followed across the industry with respect to ESG schemes investment methodology and broad parameters for each of the pillars viz. Environmental, Social and Governance. The working group has inter-alia recommended that *“To ensure compatibility across the schemes, the ESG Schemes will use this common scoring to come out with weighted average Fund Scores and publish them with regular updates as and when required.”*
- 83.2. Accordingly, the ESG schemes will use scores arrived by empanelled ESG rating providers based on the standard parameters recommended by the Working Group, to come out with securities wise score along with weighted average Fund Score and publish the said scores in the portfolio disclosures as and when required.
- 83.3. AMFI is advised to mandate all the AMCs to publish security-wise score along with weighted average Fund Score in the portfolio disclosure.

84. SEBI circular on "Timelines for Rebalancing of Portfolios of Mutual Fund Schemes"

Reference – SEBI Letter No. – SEBI/HO/IMD-I DOF-2/P/OW/2022/26571/1 dated June 29, 2022

- 84.1. SEBI circular dated March 30, 2022 (Clause 2.9 of the Master Circular) states that “In order to bring uniformity across Mutual Funds with respect to timelines for rebalancing of portfolio, the following has been decided:
- a. In the event of deviation from mandated asset allocation mentioned in the Scheme Information Document (SID) due to passive breaches (occurrence of instances not arising out of omission and commission of AMCs), rebalancing period across schemes shall be as follows:

Sl. No.	Category of Scheme	Mandated Rebalancing Period
i.	Overnight Fund	NA
ii.	All schemes other than Index Funds and Exchange Traded Funds	Thirty (30) business days

- 84.2. In this regard, it is clarified that the provisions of paragraph 9 of SEBI Circular No. SEBI/HO/IMD/ DF3/ CIR/P/2017/114 dated October 6, 2017 and paragraph 2.1 of SEBI Circular No. SEBI/HO/IMD/DF2/ CIR/P/2021/024 dated March 4, 2021 shall not be read in conjunction with the provisions of SEBI Circular No. SEBI/HO/IMD/IMD-II

DOF3/P/CIR/2022/39 dated March 30, 2022 and shall be complied with independently. Further, no specific exemption to close ended schemes is considered.

- 84.3. Further, regarding clause 1(b) of the above referred SEBI circular, deviations in mandated asset allocation table as on July 1, 2022 which have originated prior to Jul 1, 2022 shall be deemed to have occurred for the first time on July 1, 2022 and the provisions of the circular shall be accordingly complied with. AMCs shall ensure that the provisions of the circular are strictly followed w.e.f. July 01, 2022.
- 84.4. Further, if the portfolio of schemes is not rebalanced within the aforementioned mandated plus extended timelines, for close ended schemes since no exit option can be given, AMC shall not be permitted to launch new schemes, till the portfolio is rebalanced.
- 84.5. Regarding reporting and disclosure requirement, the reporting to Trustee shall be initiated immediately after the expiry of the mandated rebalancing period (i.e. 30 business days).
- 84.6. As regards the disclosure to investors in case the AUM of deviated portfolio is more than 10% of the AUM of main portfolio of scheme the reporting to investors shall be initiated immediately after the expiry of the mandated rebalancing period (i.e. 30 business days). However, scheme wise deviation of the portfolio (beyond the limit specified in circular) from the mandated asset allocation beyond 30 days shall also be disclosed on the website of the AMC.

85. Clarifications on SEBI Circular on Development of Passive Fund

Reference – SEBI letter No. SEBI/HO/IMD-I DOF2/P/OW/2022/26517/1 dated June 29, 2022

- 85.1. Clause 2 (I)(A)(xi) of the SEBI circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 states that AMFI shall issue a list of debt indices for launching of debt ETFs/ Index Funds. The list shall be issued by AMFI within 1 month from the date of issuance of this circular. In this regard, following are mentioned:
- a. AMFI must submit to SEBI the comprehensive list of existing debt indices on which passive funds have been launched or can be launched before the date of implementation of the circular.
 - b. New Indices considered appropriate for launch of passive debt schemes maybe submitted by AMFI to SEBI for comments on quarterly basis before any schemes are launched on those indices.
 - c. A carve out for target maturity indices from the above requirement is provided. However, the broad framework for formulation of such Indices such as mix of asset class, weightage of ratings wherever

applicable, duration mix of various securities, defined maturity of the indices, etc. with the broad index methodology shall be submitted to SEBI.

85.2. Further, regarding clause 2(I) (B) and (D) of the circular dated May 23, 2022 following is clarified:

- a. Corporate debt securities include both long term debt securities and money market instruments (i.e. CDs and CPs).
- b. Only A1+ rated CDs and CPS should form part of the index/portfolio of ETFs/ Index Funds. However, the long term rating of issuers shall be considered for single issuer and sector exposure limits.
- c. The exposure to an issuer by a scheme shall be sum of exposure to long term debt and money market instruments of the issuer.
- d. Exposure to government money market instruments such as TREPS on G-Sec/t-bills would be treated as exposure to government securities.
- e. However, instruments like BRDS, FDs etc. should not be part of the constituents of the index.

85.3. As regards clause 2(I)(E) of the circular dated May 23, 2022 it is clarified that movement to a lower risk cell in the PRC matrix is permitted only on account of investment into higher rated securities and exposure to cash within the permitted range of replication mechanism. The condition on maintenance of tracking difference shall continue to be applicable.

85.4. Further, with respect to clause 2(IV) of the circular dated May 23, 2022 it was agreed that for in spirit implementation of the provision, execution value shall be considered rather than transaction value for arriving at value of order placed for redemption or subscription directly with the AMC. It is also felt that in any case providing order execution service to clients is the job of brokers and not the AMCs.

85.5. Further, with respect to clause 2(V) of the circular dated May 23, 2022, the formula/computation of tracking error and tracking difference submitted by AMFI is accepted. However, following shall be ensured:

- a. The condition of maximum TD of 1.25% must be adhered to upon completion of one year of a Debt ETF/Index Fund scheme on a daily basis. For Debt Index Funds the TD shall be maintained for both regular and direct plans.
- b. The computation of both TE and TD shall consider return of the portfolio of ETFs/ Index Funds net off TER.
- c. In case of Index Funds, the TE and TD of both direct and regular plans shall be disclosed separately.

85.6. Regarding the requirement of clause 2(XI)(C) of the circular dated May 23, 2022, the scrip code of the ETF shall be mentioned along with the scheme name in the literature and factsheets of the scheme and not in the scheme name.

85.7. With respect to clause 2(I)(A)(vii), 2(I)(A)(viii) and 2(I)(A)(ix) of the circular dated May 23, 2022 the prudential limits for the Index are to be adhered to at the time of introduction of the Index and on each subsequent Index review/rebalancing.

86. Review of on boarding and other processes of mutual fund clients transacting through various platforms

Reference – SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/27993/2022 dated July 08, 2022

86.1. It is mentioned that the issue was discussed with the AMFI ETF Committee members and it was agreed that for in spirit implementation of the provision, execution value shall be considered rather than transaction value. It is also felt that in any case providing order execution service to clients is the job of brokers and not the AMCs.

86.2. AMCs shall ensure the following:

- a. Client on boarding done through their platform or the platforms of their Distributors/RTAs/channel partners/Agents follow the client on boarding process diligently,
- b. Key investor attributes are verified before on boarding of the clients/ modifications of the fields/ attributes and
- c. Verification of transaction data is done at their end before execution.

87. Review of on boarding and other processes of mutual fund clients transacting through various platforms

Reference – SEBI letter No. SEBI/HO/OW/IMD-II/DOF3/P/27989 dated July 08, 2022

87.1. A review of the on boarding and other processes of mutual fund clients transacting through stock exchange platforms, platforms provided by channel partners and through select applications/portals developed by RTAs was carried out.

87.2. In view of the observations, RTAs are advised to:

- a. review the systems and processes at their respective end,
- b. place the system level checks for verification of data of clients with supporting documents at regular intervals and
- c. take necessary steps and improve checks and controls at their end to avoid recurrences of discrepancies/non-compliances.

**88. Advisory on Software as a Service (SaaS)
Reference – Email dated August 04, 2022**

- 88.1. This has reference to a letter received from Indian Computer Emergency Response Team (CERT-In) regarding usage of Software as a Service(SaaS) based solution for managing Governance, Risk & Compliance(GRC) functions and risk associated with such solution due to the nature of shared cloud SaaS (cross border movement of data beyond legal and jurisdictional boundary of India).
- 88.2. In this regard, the advisory as received from CERT-In is forwarded to AMFI and AMFI is advised to bring the same to the notice of its members and advise them to comply with the same.
- 88.3. AMCs of mutual funds shall report compliance of the same to SEBI in the half yearly trustee report with an undertaking, “Compliant with CERT-Fin Advisory- 201155100308 for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions.”

89. Policy on action to be taken by AMFI in cases of splitting of application for earning transaction charges by Mutual Fund Distributors.

Reference – SEBI letter No. SEBI/HO/OW/IMD/SEC-DIV-3/P/2022/44787/1 dated August 24, 2022

- 89.1. SEBI has identified a number of instances of splitting of application only for the purpose of earning separate transaction charges by Mutual Fund Distributors (MFDs) for each application which in spirit is violation of SEBI circulars and subsequent AMFI circular in this regard.
- 89.2. AMFI is advised to enhance its systems processes and capabilities in order to ensure strict monitoring of such violations by MFDs.
- 89.3. Further, going forward, RTAs have been separately advised to share the details of such MFDs who indulge in splitting of application for earning separate transaction charges, on monthly basis with AMFI starting October 01, 2022. Further, RTAs have also been advised to report such instances of violations to AMFI on monthly basis within a period of five days from end of the month. AMFI shall take necessary action i.e. blocking of such MFDs for a period of six months, within a period of 15 days from the receipt of such communication from RTAs.
- 89.4. For instances of violations observed pertaining to the period October 01, 2022 onwards, AMFI shall devise a policy to ensure that MFDs which indulge in such practice of splitting of application for earning separate transaction charges shall be blocked for a period of six months without

affecting existing on-going transactions of investors (including SIPs) registered through such MFDs. AMFI shall also report the list of such blocked MFDs with SEBI on quarterly basis.

89.5. AMFI shall also write to Chairman of top 10 MFDs, in terms of amount involved in violation, informing them of the said violations and advising their audit committees to put in place mechanisms to detect and prevent such practice which is in violation of SEBI circular.

89.6. Further, from October 01, 2022 for such instances of violations, AMFI shall inform the AMCs that the concerned investors be allotted the units at NAV re-instated at the amount equivalent to transaction charges deducted wrongly.

**90. Folios without PAN / PEKRN (PAN exempted KYC Reference Number)
Reference – SEBI letter No. SEBI/HO/OW/IMD /PoD/P/2022/48112 /1 dated September 12, 2022**

90.1. SEBI vide circular dated April 27, 2007 (Clause 14.11 of the Master Circular) has mandated PAN as sole identification for all the transactions in the securities market with effect from July 02, 2007. Further, SEBI has provided an exemption from requirement of PAN for micro financial products and for investors residing in the state of Sikkim.

90.2. Subsequently, SEBI vide circular No. Cir/IMD/DF/9/2010 dated August 12, 2010 (Clause 16.1.5 of the Master Circular) has inter alia, directed all mutual funds/ AMCs to collect all investor related documents including PAN.

90.3. In this regard, AMCs be advised to ensure that -

- a. No investments (Systematic transaction, lumpsum, redemption) shall be permitted in such folios wherein PAN/ PEKRN details are not available.
- b. All necessary steps are taken to populate such folios by obtaining PAN / PEKRN on or before March 31, 2023.
- c. Thereafter, such non-compliant Non-PAN and Non-PEKRN folios will be liable to be frozen from April 01, 2023. Further, it should be noted that non-investor initiated transactions such as dividend pay-out, if any, declared by the Mutual Fund schemes shall also be disallowed. AMCs shall ensure that intimation is sent to the unitholders that such payment is due and shall be made electronically only upon complying with the requirements.

- d. Any folio which has been frozen due to the above requirement shall be able to lodge grievance or avail service request only after furnishing the above details.
- e. All efforts to be made by AMFI to reach out through electronic campaign to investors in this regard, where consequences at points (c) and (d) above may be communicated.
- f. AMCs to continue to report the progress and steps taken to clean-up the Non-PAN and Non-PEKRN folios to the Trustees in their quarterly report till the time such folios are cleaned up.

91. Date for implementation of Guidelines on Remote Access and Telecommuting for AMCs/ Mutual Funds

Reference – Email dated September 13, 2022

- 91.1. AMFI had meetings with High Powered Steering Committee on Cyber Security of SEBI to discuss the Guidelines on Remote Access and Telecommuting for AMCs/ Mutual Funds. After the discussions, guidelines on “Remote Access and Telecommuting for AMCs/ Mutual Funds” have been finalized and shared with AMFI for phase wise implementation.
- 91.2. The timeline provided by AMFI for implementation of all clauses except clause #6 is April 01, 2023 and the timeline for implementation of clause #6 of the guideline is December 31, 2023.
- 91.3. With regards to clause 6 of the guideline, the same may be optional for implementation by the AMCs.

92. Strengthening governance framework for polling

Reference – SEBI letter No. SEBI/HO/IMD/IMD-I PoD-1/P/ON/2022 dated September 27, 2022

- 92.1. This is regarding the correspondence on ‘Strengthening governance framework for polling’. SEBI is in agreement with the basic requirements laid down by AMFI for the automated polling systems of valuation agencies empanelled with AMFI.
- 92.2. Further, AMFI is advised to ensure that following matters are also appropriately addressed/incorporated in the above referred AMFI policy on ‘Basic requirements of systems for polling for the valuation agencies empanelled with AMFI’:

- a. AMFI requirement is that the automated polling process to be cloud based platform. In this regard, AMFI shall ensure that the data on valuation as well as polling for mutual funds is maintained in India.
- b. The automated system of polling should have end to end audit trail.
- c. The system enabling live feedback to participants shall be subject to the feedback not influencing the polling.
- d. The system should be able to generate reports to analyse pattern of polling. The system should be able to identify minimum, maximum, average and median of the polls submitted.
- e. The system should have option at users end to generate reports regarding poll submissions.
- f. Polling by AMCs should be through the polling systems developed by valuation agencies and polling through email should be done away with.
- g. In terms of AMFI Best Practice Guidelines dated November 18, 2019, the officials of the AMC who are responsible for polling are personally liable for any misuse of the polling process. In view of the same, the need for maker-checker at the polling participant's end may be reviewed in consultation with the AMCs.
- h. All the data is preserved by valuation agencies empanelled by AMFI for the period of eight years and the data should be produced to AMFI and/or SEBI as and when required.

92.3. AMFI shall ensure that valuation agencies empanelled by them comply with the policy on "Basic requirements of systems for polling for the valuation agencies empanelled with AMFI", prepared by AMFI in consultation with SEBI.

92.4. AMFI shall with at least an annual frequency get the polling process of valuation agencies revalidated by external audit and submit the compliance report to SEBI.

93. Standardization of the text of the letter to the unit holders for changes in fundamental attributes of schemes

Reference – SEBI letter No. SEBI/HO/OW/IMD/RAC2/P/2022/511371/1 dated October 04, 2022

93.1. AMCs shall use the standard text of the letter to unit holders in all future communications to investors while informing about changes in fundamental attributes of schemes in terms of Regulation 18(15)A of SEBI (Mutual Fund) Regulations, 1996. The standard text format shall be as under:

Letter to all the Unitholders of all the affected Mutual Fund Scheme/s

Date: _____

Dear Unitholder,

Sub: Change in fundamental attributes of <Name of the Scheme of <Name of the Mutual Fund>

Unit holders are requested to note that the following scheme will be undergoing certain changes in the key features as detailed in the table below. The changes, indicated as FAC in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 (“MF Regulations”). Accordingly, these proposed changes shall be carried out by implementing the process for change in the fundamental attributes of the Scheme.

- 1. Name of the Scheme/s:**
- 2. Rationale for the change/s:**
- 3. The comparison between the existing features and the proposed features are as follows (Only change portion to be mentioned):**

Particulars	Existing Scheme Features	Proposed Scheme Features (Changes to be highlighted in Bold)
1. Name of the Scheme		
2. Type of scheme*		
3. Investment Objective*		
4. Asset Allocation 5. Pattern*		
6. Investment Strategy, (if applicable) *		
7. Segregated Portfolio*		
8. Swing Pricing Framework *		
9. Potential Risk Class		

Particulars	Existing Scheme Features	Proposed Scheme Features (Changes to be highlighted in Bold)
Matrix, if applicable*		
10. Benchmark		
11. Change in Total Expense Ratios*		
12. Any other changes		

*** Considered as Fundamental Attribute Change**

Note: All other features of the Scheme except those mentioned above will remain unchanged.

4. The Board of Directors of <the AMC name > and the Board of Directors of <name of the Trustee Company>>, have approved the above proposed changes. Further, SEBI, vide letter ref. no. _____ / email dated _____, has communicated its no-objection for the proposed changes.
5. In line with regulatory requirements, for scheme where a change in fundamental attributes is being proposed, we are offering an exit window (“Exit Option”) to the Unit holders of ___ days (minimum 30 days) from _____ to _____(both days inclusive) (“Exit Option Period”) . These changes will be effective from _____ (“Effective Date”). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of mutual fund or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document of the relevant scheme. All transaction requests received on or after <Effective date> will be subject to applicable exit load (if any), as may be applicable to the respective Scheme mentioned above.
6. Redemption / Switch requests, if any, may be lodged at any of the Official Points of Acceptance of XYZ Mutual.
7. The above information is also available on the website of XYZ Mutual viz., www.XYZmutual.com.
8. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests. In case of ELSS and Solution Oriented Schemes, the exit option shall be subject to completion of applicable lock in period as specified in the SID.

9. Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.
10. The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar) within 10 (ten) working days from the date of receipt of redemption request.
11. **It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.**
12. Please note that unit holders who do not opt for redemption on or before _____ (upto __ p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the scheme of XYZ MF. In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the respective scheme(s) of XYZ MF by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service center of the AMC or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.
13. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
- (a) Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service center of the AMC or to the DP (in case of units held in Demat mode).
 - (b) The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.
 - (c) Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in XYZ MF's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.
14. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme of XYZ MF.
15. **Tax Consequences:**
Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their

investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of XYZ MF and Scheme Information Document of relevant scheme of XYZ MF would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

Unit holders who require any further information may contact:

XYZ Mutual Fund: Address with telephone number and email ID

Yours faithfully

For <Name of the AMC>

Authorised Signatory

Enclosures: as above

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

94. Standardization of the text of the letter to the unit holders for Change in Control of AMC or Change in Sponsor

Reference – SEBI letter No. SEBI/HO/OW/IMD/RAC2/P/2022/51980/1 dated October 12, 2022

- 94.1. AMCs shall use the standard text of the letter to unit holders in all future communications to investors while informing about change in control in terms of Regulation 22 (e) of SEBI (Mutual Fund) Regulations, 1996.
- 94.2. Further, AMCs may be advised to confirm while submitting the application for change in control that the letter to the unit holders is in accordance with the guidance issued by AMFI in this regard.
- 94.3. Standard text of the letter to unitholders is as given below:

Letter to all the Unitholders about the proposed change in control of

<<On the letter head of the Asset Management Company>>

Dear Unitholder,

Sub: Change in control of XXX Asset Management Company pursuant to merger/ takeover/ induction of new sponsor

I. Background:

II. Nature of change in control:

- In case of new Sponsor:

The activities of the new sponsor and its financial track record and performance *(as prescribed in the standard offer document)* is as follows *(requisite details to be provided, if applicable)*: ----

-

- In case of taking over of the schemes by an existing mutual fund registered with SEBI:

The condensed financial information of all the schemes in the format prescribed in the standard offer document is enclosed as **Annexure** -- *(requisite details to be provided, if applicable)*.

- In case of new sponsor(s) or in case of taking over of the schemes by an existing mutual fund:

The requisite undertakings as prescribed by SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, are enclosed as **Annexure** -- *(requisite details to be provided, if applicable)*.

III. Rationale for the change/s / Expected Benefits of the change/s:

IV. Effects of the proposed change:

V. Requisite approvals for the Proposed Transaction:

The Board of Directors of the AMC and Trustee Company have approved the above change in control in their respective meeting held on <date of the meeting (s)>.

SEBI vide its letter dated [Insert Date] has granted its prior/ final approval for the proposed change in control.

The proposed changes shall be made subject to other requisite approvals, as applicable.

VI. Option for exit to the unit holders without exit load for 30 days:

The above-mentioned change would result in change in control within the meaning of Regulation 22(e) of the MF Regulations.

As per regulation 22(e), SEBI (Mutual Funds) Regulations, 1996 (MF Regulations), no change in control of an asset management company can be made unless the unitholders are given an option to exit on the prevailing Net Asset Value (“NAV”) without any exit load.

In accordance with the MF Regulations, and pursuant to the approval from SEBI, an exit option is being provided to such unit holders as on close of business hours on the record date being [Insert Date] to exit from his/ her/ its investment in the Schemes of XXX Mutual Fund [“Scheme(s)”] at the prevailing NAV without any exit load, for a period of 30 days from [Insert Date] to [Insert Date] (both days inclusive) (up to 3.00 p.m. on [Insert last date]) if they do not wish to stay invested in the Schemes upon the change in control becoming effective.

A list of all the open ended, close ended schemes and Interval schemes of XXX Mutual Fund along with their maturity dates and AUM as on - ---- is enclosed as **Annexure - 1**.

Please note that the no load exit option is not available to following investments in the schemes of XXX Mutual Fund which have not completed the statutory lock-in period.

However, Unit-Holders who have completed the statutory lock-in period will be eligible to exercise the option to exit without being charged an exit load.

Further, such exit option will not be available to unit holders who have pledged or encumbered their units in the Scheme and Mutual Fund has been instructed to mark a pledge/lien on such units, unless the release of the pledge/ lien is obtained and appropriately communicated to AMC / Mutual Fund prior to applying for redemption/switch-out.

VII. Procedure for exercising exit option:

The Exit Option can be exercised by submitting a normal redemption request at any of the official points of acceptance of XXX Mutual Fund, details of which are available in the relevant scheme information document (“SID”) / website viz. _____. In case any existing unit holder has not received the letter relating to exit option, they are advised to contact any of the Investor Service Centers of XXX AMC or download and print the letter format from the website.

The redemption proceeds will be remitted/ dispatched to the respective Unitholders within stipulated period from the date of receipt of the valid redemption request.

Unit holders should procure a release of their pledges/ vacate the lien prior to applying for redemption/ switch-out during the Exit Option

Period. In case units have been frozen / locked pursuant to an order of a government authority or a court, such exit option can be executed only after the freeze / lock order is vacated / revoked within the exit option period specified above.

In case any existing Unit-Holder has not received the letter relating to Exit Option, they are advised to contact any of the Investor Service Centres of XXX Mutual Fund.

VIII. Expenses &Taxation:

The expenses related to the proposed change in and other consequential changes as outlined above will NOT be charged to the unit holders of the schemes of XXX Mutual Fund.

As regards the unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information (SAI) of XXX Mutual Fund and Scheme Information Documents (SID) of the respective scheme(s) would apply including deduction of tax at source (TDS) in accordance with applicable tax laws. In view of individual nature of tax consequences, you are advised to consult your financial / tax advisor for detailed tax advice.

IX. Others:

The details of the unclaimed redemption and dividend amounts as of along with the procedure for claiming the same by the unit holders is enclosed as **Annexure 2**.

As a unit holder, you are requested to go through this communication carefully and consult your Advisor in the event that you have any questions.

Unit holders having no objection to the proposed changes and wishing to remain invested need not take any further action.

This option to exit is merely an option and not compulsory.

X. Updation of Scheme related documents:

The SAI, the SID, the Key Information Memorandum and other relevant documents relating to the Schemes shall be appropriately amended and updated (wherever applicable) in accordance with the MF Regulations, so as to reflect the relevant change(s) pursuant to change in control.

Contact Details:

In case you need any further clarifications, please contact us on the details provided below:

<Contact details of Investor Relations Officer to be added>. We will be happy to assist you.

With regards,

Yours faithfully

For <Name of the AMC>

Authorised Signatory

Format of Draft Email to Unit holders:

Subject: Change in control of XXX Asset Management Company pursuant to merger/takeover/induction of new sponsor (Delete the portion not applicable)

Dear Unitholder,

Greetings from XXX Mutual Fund.

At the outset we wish to thank you for investment in the schemes of XXX Mutual Fund and look forward for your continued patronage.

This communication is being sent with respect to the proposed change in control of XXX Asset Management Company Private Limited pursuant to merger/takeover/induction of new sponsor (Delete the portion not applicable). The communication w.r.t said proposal can be accessed using the below link:

[Click here to open the Unitholder letter](#)

For any further assistance please call us on _____ **between** ___ **to** ___ (**___ day to ___ day**) and speak to any of our Client Relations Officers. Alternatively, you can also write to us at customer@xxxmf.com. We shall be glad to serve you.

Annexure – 1

List of all the Schemes of <Name of the Mutual Fund>

Sr. No.	Name of the Scheme	Open ended/Close ended	Type of Scheme	Maturity date (in case of close ended Schemes)	Assets under Management as on _____

Annexure 2

- i. Details of Unclaimed Dividend and Redemption amounts as on <-----> are provided below:

Scheme Name	Unclaimed Dividends		Unclaimed Redemptions	
	Amount (Rs.)	No. of Unclaimed Drafts/ Warrants	Amount (Rs.)	No. of Unclaimed Drafts/ Warrants
Grand Total				

- ii. Procedure for claiming the Unclaimed Dividend / Redemption Amounts by the Unit holders is as follows:

<Procedure for claiming the unclaimed amount to be added here>

Annexure for undertakings as prescribed by SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021

In case of new sponsor(s) or in case of taking over of the schemes by an existing mutual fund, the undertakings on the following lines are required to be given to the unitholders:

- i. Taking full responsibility of the management and the administration of the schemes including the matters relating to the reconciliation of accounts (as if the schemes had been floated by the new trustees on the date of taking over).
- ii. Assumption of the trusteeship of the assets and liabilities of the schemes including outstanding borrowings, unclaimed dividends and unclaimed redemptions, if any.

iii. Assuming all responsibilities and obligations relating to the investor grievances, if any, in respect of the schemes taken over, in accordance with and pursuant to MF Regulations and various circulars issued thereunder.

95. Disclosure of votes cast by Mutual Funds in respect of resolutions passed in general meetings of the investee companies

Reference – Letter No. SEBI/HO/IMD-II/IMD-II_DOF11/P/OW/2022/52316/1 dated October 14, 2022

95.1. Guidelines have been prescribed by SEBI for casting of votes by Mutual Funds. In this regard, following shall be communicate to AMCs:

- a. Mutual Funds shall compulsorily be required to cast their votes in all resolutions as mentioned in SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2021/29 dated March 05, 2021 (Clause 6.16.10 of the Master Circular) and to ensure this Mutual Funds shall track the company general meeting notices on Stock Exchange websites.
- b. In case Mutual Funds casts their vote using custodian systems, AMCs shall ensure that its custodian systems are free of any issue including the issue of voting of AMC getting frozen before the record date and therefore new addition/updation of resolutions were not available to AMC for voting.
- c. Mutual Funds ensure that appropriate email ids of the Mutual Fund are tagged to the demat account of Mutual Fund schemes.

96. Standardization of language of letter to unit holders in case of change in AMC or Change in Trust Deed

Reference – SEBI letter No. SEBI/HO/OW/IMD/RAC2/P/2022/ 58081/1 dated November 16, 2022

96.1. AMCs shall use the standard text of the letter to unit holders in all future communications to investors while informing about change in AMC and/or change in trust deed.

96.2. Further, AMCs shall confirm while submitting the application to SEBI for change in AMC or change in trust deed that the letter to the unit holders is in accordance with the guidance issued by AMFI.

96.3. Standard text of the letter to unitholders is as given below:

Letter to all the Unitholders of the applicant AMC/s

Dear Unitholder,

Sub: Change in Asset Management Company (AMC) of ABC Mutual Fund (‘the Fund’) and / or Trust Deed of ABC Mutual Fund pursuant to ___ reasons. (Delete the portion not applicable)

- I. Background reasons for changes in AMC and / or Trust Deed:**
- II. Proposed key changes envisaged:**
- III. Details of approvals obtained/ required:**

- IV. Approval of Unitholders for proposed change of the Asset Management Company and consequential changes in the Trust Deed as reflected in Supplemental Trust Deed.**

As per Regulation 20 (3) of the SEBI (Mutual Fund) Regulations, 1996, any change in the appointment of the Asset Management Company shall be subject to prior approval of unitholders. Accordingly, we seek your approval through postal ballot for the proposed change of Asset Management Company of the Fund from XXX (name of the existing asset management company) to YYY (name of the proposed asset management company) along with the consequential changes in the Trust Deed as reflected in the Supplemental Trust Deed.

A copy of the Supplemental Trust Deed (draft) and No-objection from SEBI (“SEBI NOC”) are also attached herewith or available at the registered office of ABC at should you wish to review the same.

V. Terms of Voting:

- a) All unitholders of the schemes of the Fund, as per the records of RTA, as on will be entitled to vote in respect of the proposal under reference.
- b) The voting window shall remain open from ...<ballot open date>..... till<ballot closing date> & <Time>..... (Both days inclusive). All duly signed and filled-up Ballot Papers received by the Registrar and votes received electronically, during these days and time will be accepted and considered, if found valid, for the purpose of determining the results of ballot.
- c) Each unitholder will be entitled to one vote for every unit held on the aforesaid date.

VI. Procedure for voting and determining results of the ballot:

You can provide your consent by

- a) You are requested to fill and sign the ballot paper (enclosed as Exhibit A herein) (“Ballot Paper”) clearly indicating your approval or disapproval. It is clarified that the Ballot Paper is to be signed as per mode of holding in line with normal practice for all other transactions. This means if the holding is “Joint”, all holders need to sign and for “Anyone or Survivor”, anyone can sign.
- b) Unitholders who have their email address/mobile number registered with the Fund can provide their votes electronically through<Web link>..... upto _____<Closing date to be added>. The votes received electronically from unitholder/s will be considered for and on behalf of all joint holders in that particular folio/s.
- c) Unitholders who do not wish to vote electronically or are not able to vote electronically, can submit a physical copy of the Postal Ballot Paper to Registrar <Address of the Registrar to be added> or at any Investor Service Centers (ISC) of the Fund.
- d) The Ballot Paper, duly filled and signed, can either be sent to the Registrar by post at the following address or submitted at any of the Investor Service Centres of the Fund (ISC), details of which are available on website address. You are requested to send the Ballot Paper to the below mentioned address of the Registrar. <Address of the Registrar to be added>.
- e) If you require a fresh Ballot Paper, you are requested to contact the ISC or download the same from the website of the fund.
- f) All valid Ballot Papers and valid votes received electronically will be counted by the Registrar under the supervision of an independent scrutinizer appointed by the Fund.
- g) In case the Unitholder provides his vote through the Postal Ballot paper as well as electronically, then the vote received through Postal Ballot duly signed and valid, will be considered.
- h) Unitholders are requested to note that:
 - i. if you do not send the duly filled signed Ballot Paper, or provide your vote electronically, or if no valid vote is received either through Ballot Paper or electronically by the Registrar on or before<ballot closing date> & <Time>....., then it will be deemed that you have approved the proposed change detailed in para IV of this letter and that you and joint holders, if any, do not have any objection to the proposed change.
 - ii. if more than 50% of the total valid votes received (or deemed to be received, as above) are in favour of the aforementioned proposed change, then such change would stand approved by all the unitholders of all schemes of the Fund and be binding on all the unitholders of all schemes of the Fund.

The result of the postal ballot shall be intimated to the unitholders by way of email or by way of a notice in newspaper. The results of the postal ballot shall also be announced on the website address.

In accordance with the MF Regulations, and pursuant to the SEBI NOC (as set out above), this letter serves as a communication to the unitholders of the schemes of the Fund about the change of the Asset Management Company and/or Trust Deed and all other consequential changes pursuant to the Proposed ____.

VII. Exemption from requirements of Regulation 18 (15A) and Regulation 22(e) of MF Regulations

Since the proposed change is on account of internal restructuring of business of ABC, with no change in the (a) ultimate ownership and control of the asset management company of the Fund; (b) sponsor of the Fund; and (c) name of the Fund, it shall not constitute as a change in the fundamental attributes of any of the schemes of the Fund in line with Regulations 18 (15) A of MF Regulations. Also, the proposed internal restructuring will not lead to any change in control of the asset management company as per Regulations 22(e) of MF Regulations and thus the unitholders need not be given an option to exit on the prevailing Net Asset Value without any exit load.

The expenses related to the proposed changes and other consequential changes as outlined above will not be charged directly/indirectly to the unitholders of the schemes of the Fund and will be borne by ABC/ZZZ.

As a unitholder, you are requested to go through this communication carefully and consult your financial / tax advisors if you have any questions. Unitholders may also write to us at <email id>. We look forward to your continued support.

Thanking You,

Yours Faithfully,

For ____Trustee Company

Sd/-

Authorised signatory

Date :

Place :

97. Guidelines to determine "Celebrity" for the purpose of mutual fund advertisements

Reference – SEBI letter No. SEBI/HO/IMD/IMD-PoD-2/P/OW/2022/59612/1 dated November 28, 2022

97.1. The expression 'Celebrity' shall mean and include any person:

- a. Who features in the Top 50 rankings in any celebrity index published by a national publication of repute and is publicly available. The celebrity index should be latest available or at the most one—year-old.
- b. Who has played lead role or one of the lead roles in any Main-Stream/ prominent/ popular movies/ TV serials/ TV shows/ web series on any of the OTT platforms.
- c. Who is an influencer with more than 10 lacs followers/ subscribers (per social media handle) on any social media platform that include but not limited to Youtube, Instagram, Facebook, Twitter, etc.
- d. Who, being a Sports person, has been part of National team of the country to which he belongs or represented his country/ participated in international tournaments / events such as Olympic Games, Asian Games, Commonwealth Games or popular sport events telecast on television like kabaddi, Cricket IPL, etc. and competitive games at international level for that given sport, etc.
- e. Who has been host or one of the hosts or anchor or one of the anchors for any TV programs such as quiz, cooking shows, news channels, comedy show, dance shows, song show, award functions and such other entertainment programs at least for one season or for a minimum of 10 episodes, as the case may be.
- f. Who was/ has been winner or runner-up in any prominent/ popular competitive program aired on TV/ OTT platform or any other prominent personality who has gone through a series of qualifying rounds (for elimination of competitors) which may be known as qualifying round, quarter-finals, semi-finals and finals or by any other names.
- g. Who is a virtual character (fictional computer generated 'people' or avatars who have the realistic characteristics, features and personalities of humans) that bears influence on their audience/ followers.

98. Disclosure of fortnightly/monthly/half yearly portfolio

Reference – Email dated November 17, 2022

98.1. Through various circulars SEBI has mandated that all AMCs shall send fortnightly/monthly/half yearly scheme portfolio to unit holders through email.

98.2. It is noted that emails sent by few AMCs do not contain the fortnightly/monthly/half yearly portfolio disclosures in the email itself, but contain links which redirects the investors to the websites of the respective AMCs, making it cumbersome for investors to access portfolio disclosure in a user friendly manner.

98.3. In order to standardize the process so that the information is available to the investors in a uniform and user friendly manner, AMFI is advised to communicate to all AMCs that emails sent to the investors pertaining to portfolio disclosures should either contain the fortnightly/monthly/half yearly portfolio in user-friendly and downloadable format (preferably in a spreadsheet) in the email itself or should contain a link which when clicked should download the respective monthly portfolio disclosures without redirecting the investor to the website of the AMC.

99. Telegram scams/groups – fake Mutual Funds

Reference – Letter No. SEBI/HO/IMD-II/IMD-II_DOF11/P/OW/2022/60035/1 dated November 30, 2022

99.1. It is observed that certain Telegram group names appears to be misleading and misrepresenting the names of Mutual Funds. These telegram groups may be adopting new methods to defraud the investors by camouflaging as registered Mutual Funds / associated with Mutual Funds.

99.2. In view of the proliferation of such activities on social media which are dubious in nature and not in the interest of investors who intend to invest in Mutual Funds, AMFI is advised to communicate the following to its members:

- a. Mutual Funds shall be vigilant and regularly monitor social media to identify the entities / groups which camouflage themselves as registered Mutual Funds or misuse the names of Mutual Funds to lure the investors for investments.
- b. Based on this continuous monitoring of such entities, Mutual Funds / AMFI should promptly take appropriate actions including issuing a press release / public notice, filing FIR etc. to ensure that such entities / groups are prevented from misusing names of Mutual Funds.
- c. The Mutual Funds / AMFI shall also ensure that all the stakeholders of Mutual Funds such as distributors, brokers, Investment Advisors etc. be sensitized to perform similar due diligence and promptly take appropriate actions.

100. Launch of passively managed ELSS schemes after closing actively managed schemes for subscription

Reference – SEBI letter No. SEBI/HO/IMD- POD-2/P/OW/2023/1114/1 dated January 10, 2023.

100.1. Mutual funds having existing actively managed open ended ELSS scheme may launch passively managed open ended ELSS schemes after stopping

fresh inflows/ subscriptions to existing actively managed open ended ELSS scheme.

100.2. The following procedure shall be followed for the same:

Step 1: All fresh inflows/ subscriptions to the actively managed ELSS scheme shall be stopped after a written communication about the proposed change along with reasons and benefits of such change is sent to each unitholder and an advertisement is given in at least one English daily newspaper having nationwide circulation as well as in at least one newspaper published in the language of region where the Head Office of the mutual fund is situated. The disclosure in the letter shall also clearly highlight that

- a. The fresh inflows/ subscriptions including Systematic Investment Plans (SIPs) and Systematic Transfer Plans (STPs) for the existing actively managed open ended ELSS scheme would be stopped from dd/mm/yyyy due to proposed launch of passively managed open ended ELSS scheme.
 - b. The unitholders of the actively managed open ended ELSS scheme, for which fresh inflows/subscriptions would cease, shall be able to redeem their units, subject to lock-in, if any.
- ii. **Step 2:** Mutual Fund to launch passively managed open ended ELSS Scheme subject to filing of the Scheme Information Document with SEBI under Regulation 28 of SEBI (Mutual Fund) Regulations 1996 and receiving of final observation letter.
- iii. **Step 3:** Further, after completion of 3 years from the date of stopping of all inflows in actively managed ELSS Scheme, AMC is required to make suitable disclosures in relation to clause 15A of regulation 18 of SEBI (Mutual Funds) Regulations, 1996 for merger of the two ELSS schemes subject to obtaining necessary approvals from SEBI. The exit option as required under sub-clause (ii) of clause 15A of regulation 18 shall specifically inform the investor that in case the investor doesn't exit the scheme, the investments would be managed through passively managed open ended ELSS scheme.

101. Disclosure of Total Expenses Ratio(TER) on AMCs' website

Reference – Email dated February 23, 2023

101.1. It is mandated that AMCs shall prominently disclose on a daily basis, the TER (scheme-wise, date-wise) of all schemes except infrastructure debt fund (IDF) schemes under a separate head –“Total Expense Ratio of Mutual Fund Schemes” on their website and on the website of AMFI in a downloadable spreadsheet format as per the specified format.

101.2. In order to standardize the process so that the information is available to the investors in a uniform and user friendly manner, AMFI is advised to instruct all the AMCs:

- a. To ensure that TER is displayed prominently on the AMC website either through a link directly on the home page of the website or intuitively placed at a section so that a user does not have to visit more than two sections on the AMC website to access the information.
- b. To ensure that TER of all schemes are disclosed strictly as per format specified in Annexure A of SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2018/91 dated June 05, 2018 along with relevant footnotes and the TER shall be updated on a daily basis.

102. B-30 incentive mechanism

Reference – SEBI letter No. SEBI/HO/IMD/IMD-SEC-3/P/OW/2023/5823/1 dated February 24, 2023

102.1. The purpose of financial inclusion is adversely impacted due to the misuse and lack of uniformity in practice of B-30 incentives. Further, the lack of system driven mechanisms to check the misuse of incentives structure is a serious bottleneck in achieving the desired objective. Thus, it is desirable to keep B-30 incentive structure in abeyance till AMCs put in place effective controls to address the concerns of SEBI as mentioned above to identify and take action against wrongdoing. AMCs are required to ensure that they have a system driven mechanism to detect and prevent splitting, churning of investments and other misuse modalities so as to take action against wrongdoing, whether internal to the AMC or external in terms of Mutual Fund Distributors (MFDs).

102.2. Meanwhile, SEBI is also exploring other measures for financial inclusion which may include bringing in a more effective mechanism for B-30 incentives by considering only inflows from 'first time' retail investors tracked at industry level on the basis of PAN/PEKRN.

102.3. Based on the aforesaid review and implementation of appropriate mechanism, the incentive structure will be appropriately re-instated by SEBI with necessary safeguards.

103. Audit of 1 bps of daily net assets aggregated by Mutual Funds/AMCs at AMFI Level for investor education and awareness (IEA) for the period of FY 2016-17 to FY 2020-21

Reference – Letter No. SEBI/HO/IMD/IMD-SEC-1/P/OW/2023/9455/1 dated March 03, 2023

103.1. Based on the analysis of audit observations along with AMFI's comments, in respect of investor education and awareness fund (IEAF) aggregated at AMFI Level, the following has been decided:

- a. AMFI shall improve its internal controls and devise a certificate format to be submitted by AMCs giving details of AUM at AMC level and due amount to be transferred to AMFI. The format shall be circulated among all AMCs for submission to AMFI on a defined periodic basis.
- b. AMFI shall communicate to all of its members to deposit / transfer the contributions of 1 bps of daily net assets aggregated by Mutual Funds/AMCs on timely basis to AMFI by 10th day of subsequent month. In case 10th day of subsequent month is a holiday, the amount should be deposited on immediately following working day.
- c. It is advised to ensure that all the decision in respect of uses of IEAF be recorded in the minutes of the Board of AMFI.
- d. AMFI shall devise certain criteria/methodology for assessing the end use of IEAF results into financial awareness amongst the investor group.
- e. AMFI is advised to reimburse the salary and related expenses of personnel charged to IEAF and henceforth not to charge such expenses to the IEAF.
- f. In respect of conducting programs at region or local level across India, it is desirable to have a mix of speakers/experts from different verticals within the mutual fund industry and hence AMFI is advised to engage / deploy people who may be familiar with Mutual Funds and suitable with local language / conditions.
- g. AMFI is advised to prepare separate Financials Statements for Investor Education and Awareness Fund instead of clubbing with in AMFI's Financial Statements.

104. Compliance with Advertisement Code prescribed in Sixth Schedule to SEBI (Mutual Funds) Regulations, 1996

Reference – SEBI letter No. IMD/SEC4/OW/P/2023/9448/1 dated March 03, 2023

104.1. AMCs shall refrain from inter-alia following practices, which are not in letter and spirit compliance with the Advertisement Code prescribed in SEBI (Mutual Funds) Regulations, 1996, in future and remove such advertisements/presentations/pamphlets and brochures from all the medium and to advise their distributors not to use such advertisements/presentations/ pamphlets and brochures:

- a. Illustrations are provided in the advertisements/ presentations/ brochures/ pamphlets which would lead investors to believe that they will be receiving fixed returns for their investments including that of SIPs by demonstrating SWP as a multiple of SIP.
- b. Illustrations are shown depicting future returns on the basis of assumptions and projections.
- c. Disclaimers and assumptions are made in fine print that are likely to be missed out by the investors.

105. Review of Cyber Security and Cyber Resilience framework for Mutual Funds/Asset Management Companies (AMCs)

Reference - SEBI letter No. SEBI/HO/IMD/IMD-TPD-1/P/OW/2023/16538 dated April 19, 2023

Addressed to: AMFI

105.1. Vide circular SEBI/HO/IMD/DF2/CIR/P/2019/12 dated January 10, 2019 r/w SEBI/HO/IMD/IMD-I/DOF2/P/CIR/2022/81 dated June 9, 2022, SEBI has prescribed the Cyber Security and Cyber Resilience framework for Mutual Funds (MFs)/Asset Management Companies (AMCs).

105.2. In order to keep pace with the technological advancements, it is felt that there is a need to further strengthen the said framework and increase the level of cyber security at MFs/AMCs. Accordingly, based on internal deliberations and the recommendations of HPSC-CS, it has been decided that AMCs/MFs should conduct the cyber security audit in a comprehensive manner.

105.3. In this regard, you are advised to conduct the cyber security audit as mandated vide SEBI circulars dated January 10, 2019 and June 9, 2022 as per the framework enclosed. The framework includes:

- i. Standard format for cyber audit report
- ii. Standard format for exception reporting
- iii. Scope of Audit for cyber security of MFs/AMCs
- iv. Action taken on open observations in report
- v. Auditor Selection Norms

105.4. In order to achieve uniformity in reporting across MFs/AMCs, the audit report format has been standardized and a standard exception reporting has also been introduced. The structure of the audit report and the exception reporting are enclosed herewith at **Annexure A** and **Annexure B** respectively. The auditor shall mention the methodology adopted to check compliances in the audit report. Further, reason for disagreement between auditor and management, if any, shall be recorded in audit report.

105.5. Scope of cyber security audit of AMCs/MFs

The Cyber Security Audit Report should provide the terms of reference of audit which shall indicate the scope/perimeter of the coverage of the systems audited in the cyber audit report as stipulated by the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/12 dated January 10, 2019 r/w SEBI/HO/IMD/IMD-I/DOF2/P/CIR/2022/81 dated June 9, 2022. The terms of reference should provide information regarding the compliances checked including the areas but not limited to computer hardware, business applications, software, cyber governance, linkage with vendor systems like RTAs, Fund Accountants, email system etc.

105.6. Action taken on open observations in the audit report

In case of open observations, the auditor should indicate if a follow-on audit is required to review the status of non-compliances. The follow-on audit should be completed within 1 month of the corrective actions taken by the AMCs. After the follow-on audit, the AMC shall submit a report to SEBI within 1 month from the date of completion of the follow-on audit. If follow-on audit is not required, ATR for all the open observations should be submitted by AMCs to the auditor. After verification of the ATR by the Auditor, the AMC shall submit a report to SEBI within 1 month from the date of completion of verification by the Auditor.

105.7. Auditor selection norms

The auditor selection norms have been strengthened to enhance the cyber security and cyber resilience framework of AMCs/MFs. The same have been enclosed at **Annexure C**.

105.8. The above guidelines shall be applicable to all MFs/AMCs beginning from the cyber audit period of September 2022 – March 2023.

Annexures to SEBI letter No. SEBI/HO/IMD/IMD-TPD-1/P/OW/2023/16538 dated April 19, 2023

Annexure A

Format for cyber audit report for AMCs

S.No	Audit Period	Text of clause as per SEBI circular dated January 10, 2019 r/w SEBI circular dated June 09, 2022	Processes/Documents/tools checked by auditor during audit	Description of finding	Compliance status	Risk category of non-compliance	Auditor recommendation corrective action, if noncompliant	Deadline of corrective action	Management response in case of acceptance of associated risk	Whether similar issue was reported in last three years
					Yes/No	High/Medium/Low				

- Audit report should provide terms of reference of audit which shall indicate the scope/parameter of the coverage of the systems audited in the cyber audit report regarding the compliances checked including areas but not limited to computer hardware, business applications, software, cyber governance, linkage with vendor systems like RTAs, Fund Accountants, email systems etc.
- Audit report should also indicate whether follow on audit is required.
- Audit report should include open observations from previous audits and comments auditors for compliances checked for the

same.

- The auditor shall mention in the audit report the methodology adopted to check compliance and the reason for disagreement between auditor and management, if any shall be recorded in audit report.

Annexure B

Format for exception reporting by AMCs

S . No	Mutual Fund	Reported Entity	Category	Period of Cyber Audit	Non-compliance clause of cyber security and resilience framework for AMCs	Text of non compliance	Auditor observation	Auditor recommendation	Management comments	Comments of Board of AMC	Comments of Board of Trustee	Status of non-compliance (open/closed)	Name of auditor	Auditor eligibility	Repeat observation in last 3 audits	Deadline for corrective action	Risk category of non-compliance
			AMC											CERT			
			Fund Account											CERT			
			RTA											CERT			

Auditor Selection Norms

1. Auditors must be compulsorily CERT-In empaneled.
2. The Auditor must not have any conflict of interest in conducting fair, objective and independent audit. An Auditor can perform a maximum of 3 successive audits. However, such auditor shall be eligible for re-appointment after a cooling-off period of two years.
3. Auditor must preferably have a minimum 3 years of experience in IT audit of Banking and Financial Services preferably in the Securities Market e.g. stock exchanges, clearing houses, depositories etc. Auditing experience of the Cyber Security Framework of NIST for an organization will be an added advantage.
4. It is recommended that resources employed shall have relevant industry recognized certifications e.g. CISA (Certified Information Systems Auditor) from ISACA, CISM (Certified Information Securities Manager) from ISACA, GSNA (GIAC Systems and Network Auditor), CISSP (Certified Information Systems Security Professional) from International Information Systems Security Certification Consortium, commonly known as (ISC)2 .
5. The Auditor should have ISMS / IT audit/governance frameworks and processes conforming to leading industry practices like CobiT.
6. The Auditor should not have been engaged over the last three years in any consulting engagement with any departments / units of the entity being audited.
7. The Auditor may not have any cases pending against its previous auditees, which fall under SEBI's jurisdiction, which point to its incompetence and/or unsuitability to perform the audit task.
8. The Auditor must have experience of performing VAPT.
9. The Auditor must compulsorily use only licensed tools.
10. The Auditor must compulsorily enter into a Non-Disclosure Agreement (NDA) with the auditee. Under no circumstances, the data sought during the review or the audit report subsequently should leave the jurisdiction of India.

106. Standardization of language of letter to unit holders in case of Merger/Consolidation of schemes.

Reference – SEBI letter No. SEBI/HO/OW/IMD-RAC2/P/2023/16103/1 dated April 20, 2023

Addressed to: AMFI

106.1. We refer to SEBI email dated March 24, 2023 and subsequent communications, resting with your response mail dated April 18, 2023 on the captioned subject.

106.2. In this regard, please find enclosed revised letter for your ready reference.

106.3. You are, accordingly, advised to communicate the finalised text as guidance note to all AMCs to be used as standard format in all future communications to unit holders while informing about Merger/Consolidation of schemes.

Annexures/enclosure to SEBI letter No. SEBI/HO/OW/IMD RAC2/P/2023/16103/1 dated April 20, 2023

Letter to all the Unitholders of all merging Mutual Fund Scheme/s and surviving Mutual Fund Scheme

Dear Unitholder,

Date: dd/mm/yyyy

Sub: Merger/Consolidation of ABC (merging Scheme/s) Fund, a Close ended/Open ended Equity/Debt Scheme, into ABC (surviving Scheme) Fund, a Close ended/Open ended Equity/Debt Scheme. (Delete the portion not applicable)

Unit holders are requested to note that the following schemes would be undergoing a merger / consolidation as detailed in the table below.

Unit holders are requested to note that the merger or consolidation of the scheme/s will tantamount to a change in the fundamental attributes in accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 (“MF Regulations”). The proposed merger or consolidation shall be carried out by implementing a change in the fundamental attributes of the Scheme(s).

The Board of ABC AMC “AMC” and ABC Trustee Company “Trustees” have approved the said proposal on _____ and _____, respectively. Further, SEBI has also issued its no objection to the said merger vide its letter number _____ dated _____.

In addition to the conditions specified under regulation 18(15A), the Trustees have also taken into consideration the comments of SEBI, prior to effecting a change in fundamental attributes of the Scheme(s). For further details with respect to the merger please refer to the points below

- 1. Name of the Scheme/s merging and surviving Scheme:**
- 2. Proposal:**
- 3. Rationale for the merger/consolidation:**
- 4. Public Notice:**

5. **Consequences of merger/consolidation:**
6. **Exit Period (Open Ended Scheme) / Positive Consent Period (Close Ended Scheme):**
7. **Effective Date of merger/consolidation:**
8. **Basis of allotment of new units by way of a numerical illustration:**
9. **The comparison between merging scheme/s features and surviving scheme features is as follows :**

Particulars	Merging Scheme/s Features	Surviving Scheme Features
Name of Scheme		
Category of Scheme/s		
Type of Scheme		
Product Labelling		
Potential Risk Class Matrix		
Investment Objective		
Asset Allocation Pattern		
Investment Strategy		
Benchmark (include Tier 1 / 2 benchmarks where applicable)		
Fund Manager		
Exit Load		
Plan & Option		
Expense Ratio as per SID with actual charged		
Number of folios along with AUM		
Unclaimed Redemptions and IDCW		
Segregated Portfolio		
Percentage of Total exposure to securities classified as below investment grade or default s and % of total illiquid assets to net assets of the individual schemes as well as in the consolidate scheme		

Particulars	Merging Scheme/s Features	Surviving Scheme Features
Swing Pricing Framework		
Latest Portfolio of the scheme/s	Please refer to Annexure 1	Please refer to Annexure 1
Performance of the schemes vis-à-vis the benchmark (since inception)	Please refer to Annexure 2	Please refer to Annexure 2
Any other disclosure specified by trustees		
Any other disclosure as directed by SEBI		

10. In line with regulatory requirements, in case, where unitholders of a Merging [**close-ended**] Scheme(s) are in agreement with the proposed merger, they are required to fill the consent letter / provide positive consent within 30 days (either by signing / emailing / any other mode as informed by ABC AMC) as per format enclosed as **Annexure 3** to the letter to unitholders and made available on website(address/URL) and submit the same between (date) to (date) latest by ___ p.m. at the nearest Investor Service Centre of the AMC or of concerned RTA, or any other mode's made available by the AMC.

In case the unitholders of such close-ended scheme(s) are not in agreement with the aforesaid merger, then no action is required from such unitholder(s) end. Consequently, the investments held by the unitholder under the Merging [close ended Scheme(s)] shall be redeemed at applicable NAV on the aforementioned effective date of merger/ consolidation and the redemption proceeds shall be remitted/ dispatched to such Unitholders of the Merging Scheme within 3 (three) working days from such redemption. If the units are held in dematerialized form, the unitholders are requested to contact their Depository participant. (Applicable in case of merger / consolidation of a close – ended scheme with an open- ended scheme)

11. In accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing unit holders under the Merging [**open ended**] Scheme(s) and unitholders of Surviving Scheme, if applicable, are given an option to exit the Scheme at the applicable Net Asset Value without any exit load on such redemption. This option is valid for a period of 30 days.

12. Please note that unit holders of the Merging [**open ended**] Scheme(s) and Surviving Scheme, if applicable, who do not opt for redemption on or before _____ (up to __ p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the Surviving Scheme.

13. In case the unitholders, who have been given an exit option without any exit load, disagree with the aforesaid changes, they may redeem all or part of the units of the scheme held by them by exercising the Exit Option, without exit load, within the Exit Option Period. Unitholders need to submit a redemption / switch request online or through a physical application form at any official point of acceptance/investor service centre of the AMC or the Registrar and Transfer Agents of the Fund or to the depository participant (DP) (in case of units held in Demat mode). The above information is also available on the website of ABC Mutual Fund viz., <https://www.abcmf.com>. The redemption warrant/cheque will be mailed or the

amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar) within 3 (three) working days from the date of receipt of redemption request.

14. Unit holders can also submit the normal redemption form for this purpose. The redemption/switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme. Unit holders should ensure that any changes in address or pay-out bank details if required by them, are updated in ABC Mutual Fund's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.
15. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a release of their pledges / encumbrances prior to submitting their redemption / switch requests.
16. In case investors, who had registered for Systematic investment facilities such as SIP/STP/SWP in the Merging Scheme, decide to continue their investments i.e. do not opt for the Exit Option, then such SIP/STP/SWP registrations will continue to be processed under the respective Plan/Option of the surviving scheme from the Effective Date and no fresh registration will be required. Further, investors who have registered for Systematic investment facilities in the Scheme and who do not wish to continue their future investment facilities must apply for cancellation of such registrations.
17. **It may however be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change other than closed ended scheme/s.** However, we, at ABC Mutual Fund would like the Unit holders to continue their investments with us to help them achieve their financial goals.
18. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the scheme of ABC MF.
19. **Tax Consequences:** As regards the unitholders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of ABC Mutual Fund and Scheme Information Document of relevant scheme of ABC Mutual Fund would apply. In view of the individual nature of tax consequences, you are advised to consult your professional tax advisor for detailed tax advice.

The following provisions would apply in case of consolidation of mutual fund schemes. *(To be reviewed by AMCs for any change from time to time.)*

As per section 47(xviii) of Income Tax Act, 1961 (the Act), any transfer of units held by the investor in the consolidating scheme of the mutual fund in consideration of allotment of units in the consolidated scheme, shall not to be regarded as a taxable transfer, provided that the consolidation is of two or more schemes of an equity oriented fund or two or more schemes of a fund other than equity oriented fund.

Further, as per section 49(2AD) of the Act, the cost of acquisition of units in the consolidated scheme shall be deemed to be the cost of acquisition of the units in the consolidating scheme. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated scheme shall include the period of holding of the units in the consolidating scheme.

'Consolidating scheme' has been defined under section 47(xviii) of the Act as the scheme of a Mutual Fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulations, 1996. 'Consolidated scheme' has been defined as the scheme with which the consolidating scheme merges or which is formed as a result of such merger.

Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of ABC Mutual Fund and Scheme Information Document of the scheme of ABC Mutual Fund would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice. The redemption / switch-out of units from the Scheme are liable for deduction of Securities Transaction Tax (STT), wherever applicable; however, such STT shall be borne by AMC and will not be borne by the investor.

Unit holders who require any further information may contact:

ABC Mutual Fund: Address with telephone number and email ID

Yours faithfully

For ABC AMC

Authorised Signatory

Enclosures: as above

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

107. Compliance with Advertisement Code prescribed in Sixth Schedule to SEBI (Mutual Funds) Regulations, 1996

Reference – SEBI letter No. SEBI/HO/IMD/IMD-SEC-1/P/OW/2023/16437/1 dated April 24, 2023

Addressed to: AMFI

107.1. It has been noticed that some of the Asset Management Companies (AMCs) are indulging in publishing advertisements out of Investor Education and Awareness Initiatives (IEAI) Fund that are not in compliance with Advertisement Code, in letter and spirit, prescribed in Sixth Schedule of SEBI (Mutual Funds) Regulations, 1996, read with Regulation 30 of SEBI (Mutual Funds) Regulations, 1996 and SEBI letter dated October 29, 2019, on

guidelines for utilization and uniformity for the use of the IEAI Fund that shall be followed by MFs/AMCs.

107.2. In this regard, following has been decided:

- a. AMFI is directed to form a committee to review the advertisement that will be issued by AMCs/MFs as part of Investor Education Initiative;
- b. All AMCs/MFs who are issuing advertisement as part of Investor Education initiative should take prior approval of the said committee before issuance of the said advertisement using funds earmarked for Investor Education.
- c. The said committee shall examine the advertisement to be issued and ensure that the content of the advertisement is in line with Advertisement code prescribed in Sixth Schedule of SEBI (Mutual Funds) Regulations, 1996 read with SEBI letter dated October 29, 2019 (on guidelines for utilization and uniformity for the use of the Fund for Investor Education and Awareness Initiatives (IEAI)).

107.3. AMFI is advised to communicate to all the AMCs to abide by the Advertisement Code prescribed in Sixth Schedule of SEBI (Mutual Funds) Regulations, 1996 in letter and in spirit.

108. Providing “ease of exit” to investors and standardization of transaction feed to be received from Electronic Platforms

Reference – SEBI letter No. SEBI/HO/IMD/IMD-SEC-1/P/OW/2023/16783/1 dated April 26, 2023

Addressed to: AMFI

108.1. This has reference to SEBI email dated December 23, 2022 regarding a complaint and study on "ease of exit" to MF investors and AMFI reply email dated January 19, 2023.

108.2. In respect of the captioned matter, it is observed from AMFI reply that when an SIP is registered by any Channel Partner or Stock Exchange platforms {Collectively referred as “Electronic Platforms”}, the Electronic Platforms partner provide the SIP Registration details to the RTAs via transaction feed, however Electronic Platforms are not regularly providing the SIP cancellation data to the RTAs.

108.3. In respect of the aforesaid issue, AMFI is advised to communicate the following to its members:

- a. AMCs shall advise all the Electronic Platforms to promptly upload / share all the relevant transaction feed / information including the SIP cancellation / pause details to RTAs/AMCs for updation of records maintained at RTA/AMC.
- b. AMCs shall also ensure that the agreements entered into by AMCs with Electronic Platforms shall have clauses regarding the above and suitable penal clauses in case of failures on the part of Electronic Platforms.
- c. Further, AMCs/RTAs shall enable online SIP cancellation / Pause feature for SIPs registered either at AMCs/RTAs websites or any other Electronic Platforms.

109. Regarding SEBI Circular on Development of Passive Funds

Reference – SEBI letter No. SEBI/HO/IMD/IMD-PoD-2/P/OW/2023/17644/1 dated April 28, 2023

Addressed to: AMFI

109.1. This has reference to SEBI Circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022 (hereafter referred as “circular”) and subsequent Circulars SEBI/HO/IMD/DF2/CIR/P/2022/102 dated July 28, 2022 and SEBI/HO/IMD/DOF2/P/CIR/2022/145 dated October 28, 2022 on development of passive funds.

109.2. In this context, it has been decided that the clause 2(IV)(A) of the circular shall not be applicable for the below investors till October 31, 2023

- a. Schemes managed by Employee Provident Fund Organisation, India
- b. Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax act, 1961.

109.3. You are advised to issue appropriate communication to all AMCs to this effect.

110. Standardization of letter to unitholders in case of change in control of AMC or change in sponsor of a mutual fund

Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC 1/P/OW/2023/19335/1 dated May 12, 2023

Addressed to: AMFI

110.1. This has reference to your email dated March 27, 2023 on certain proposals regarding standardization of letter to unitholders in case of change in control of AMC or change in sponsor of a mutual fund.

110.2. With regard to Proposal 1 on ‘Go Green’ initiative, following are advised:

- a. Date related to list of all schemes may be provided in the letter to unitholders by way of a web link to the data to be hosted on the website of the concerned mutual fund;
- b. Data related to unclaimed dividend and unclaimed redemption may also be provided by way of a web link to the data to be hosted on the website of the concerned mutual fund;
- c. The web link to be provided for the data mentioned above should be accompanied by a clause indicating that unitholders, if they wish to obtain the said details in hard copy may make a separate request for the same. A dedicated email id and postal address to which the said request may be made by investor should be clearly indicated in the letter.

110.3.AMFI is advised to communicate the same to all AMCs.

110.4.The other proposals made in the aforementioned email is under deliberation and will be reverted to separately.

111. Contribution towards Backstop Facility – Corporate Debt Market Development Fund (CDMDF)

Reference – SEBI letter No. SEBI/HO/IMD/IMD-POD-2/P/OW/2023/20790/1 dated May 23, 2023

Addressed to: AMFI

111.1.As you are aware that the proposed CDMDF Framework had already been shared with the Mutual fund industry through AMFI vide our email dated January 27, 2023.

111.2.As per the framework of CDMDF, which will be in the form of an Alternative Investment Fund (AIF), contributions from debt oriented MF schemes (except overnight funds, GILT funds but including Conservative hybrid schemes) amounting to 25 bps of AUM of the said schemes and from AMCs of Mutual Funds amounting to 2 bps of the AUM of the said schemes, is required to be made towards CDMDF. The AUM as on December 31, 2022 may be considered for the purpose of initial contribution.

111.3.A circular mandating the above, along with other operational modalities regarding backstop facility including registration of CDMDF as an AIF shall commence immediately after the appropriate notification.

111.4.In view of the above, you are advised to ensure that all AMCs take all necessary steps to ensure contribution to the CDMDF within 3 weeks from the date of this letter.

112. Review of Cyber Security and Cyber Resilience framework for Mutual Funds/Asset Management Companies (AMCs)

Reference – SEBI letter No. SEBI/HO/IMD/IMD-SEC-3/P/OW/2023/22970/1 dated June 06, 2023

Addressed to: AMFI

112.1.SEBI vide Letter No. SEBI/HO/IMD/IMD-TPD-1/P/OW/2023/16538 dated April 19,

2023 has reviewed the Cyber Security and Cyber Resilience framework for Mutual Funds/Asset Management Companies (AMCs) and issued guidelines regarding formats of cyber audit report and exception reporting, scope of audit for cyber security of MFs/AMCs, action taken on open observations in report and auditor selection norms.

112.2. In partial modification to the SEBI letter dated April 19, 2023:

- a) Point 8 of the letter dated April 19, 2023 may be read as (point 105.8 of this document)

"The above guidelines shall be applicable to all MFs/AMCs beginning from the cyber audit period of March 2023 — September 2023."

- b) The clause 2 of Annexure C of the letter may be read as -

"The Auditor must not have any conflict of interest in conducting fair, objective and independent audit. An Auditor can perform an audit for maximum of 3 consecutive years. However, such auditor shall be eligible for re-appointment after a cooling-off period of two years"

112.3. Further, AMCs/MFs have outsourced many of their critical activities to different agencies / vendors / service providers. The responsibility, accountability and ownership of those outsourced activities lies primarily with AMCs / MFs. Accordingly, AMCs/MFs are advised to be guided by the clauses 13 and 56 of the Annexure 1 to circular SEBI/HO/IMD/DF2/CIR/P/2019/12 dated January 10, 2019.

112.4. You are advised to bring the contents of this letter to the notice of

- a) All Mutual Funds
b) All Asset Management Companies (AMCs)/Trustee Companies/ Boards of Trustees of Mutual Funds

113. AMFI Best Practices Guidelines – Prudential norms for Liquidity Risk Management for Open-ended Debt Schemes

Reference – SEBI letter No. SEBI/HO/IMD/IMD-POD-2/P/OW/2023/23603/1 dated June 08, 2023

Addressed to: AMFI

113.1. This is in reference to the request of AMFI on the captioned subject vide email dated March 23, 2023 and AMFI comments on Liquidity Risk Management for exposure through repo on corporate debt securities vide email dated May 18, 2023.

113.2. In respect of AMFI comments vide email dated May 18, 2023, regarding repo on corporate debt securities where settlement is guaranteed by Clearing Corporation, such exposure

with residual maturity upto 30 days may be considered for the purpose of LR-CRaR (for both Liquid and other schemes).

113.3. Further, in respect of AMFI email dated March 23, 2023 requesting to consider certain instruments for calculation of LR-CRaR, the same is noted. It is however informed that the AAA rated securities with maturity less than or equal to 30 days shall be without bespoke structures/structured obligations, credit enhancements or embedded options or any other structure / feature which increase the liquidity risk of the instrument.

113.4. You are advised to issue necessary guidelines in this regard.

114. Guiding Principles for Tier-1 Benchmark for Multi Asset Allocation Fund under Hybrid category

Reference – SEBI email dated June 13, 2023

Addressed to: AMFI

114.1. AMFI's proposal defining the broad principles for determining the Tier 1 benchmark index for Multi Asset Fund category is noted.

114.2. Additionally, AMFI and AMCs are advised to ensure the following while considering benchmark for Multi asset funds:

- a. While constructing the benchmark for a scheme once a respective Index is selected by the AMC for a particular asset class, the same should not change. For example - if for equity asset class, NIFTY 500/Sensex 500 is chosen by a Mutual Fund it should not be changed on an ad hoc basis by the AMC and may be changed only after following a due process including prior intimation/ approval of SEBI.
- b. Similarly, once weights of each asset class for constructing the benchmark of a scheme is decided by AMCs, AMC may not change the weights without following due process including prior intimation/ approval of SEBI.
- c. The weights of each asset class in Benchmark may be allotted suitably based on Scheme Information Document/ Investment Pattern of Scheme. For e.g: It should not happen that while the actual investment generally in debt by the scheme is 10%, however, the benchmark weight for debt index is 50%.
- d. Further, the respective benchmark to be used for each asset class should be only from the limited set of Indices as submitted by AMFI in its proposal.

115. Board Resolutions passed by Directors of AMCs and Trustee Companies for fundamental attribute changes to schemes.

Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-1/P/OW/2023/25908/1 dated June 26, 2023

Addressed to: AMFI

115.1. This has reference to the applications filed by AMCs for fundamental attribute changes under Regulation 18(15A) of the SEBI Mutual Fund Regulations, 1996.

115.2. It has been observed that the Board Resolutions passed by the Directors of AMCs and Trustee Companies according approval to the proposed changes in fundamental attributes of the scheme, do not specify the exact details of changes which are proposed in the application. From the same it cannot be ascertained with certainty whether the board of directors have been appraised of the exact changes in the fundamental attributes that are being proposed to be made in the scheme.

115.3. In view of the above, it is advised that the Board Resolutions passed by the directors of AMCs and Trustee Companies for fundamental attribute changes to the schemes should include the exact details of the proposed changes to be made.

115.4. AMFI is advised to communicate the same to all AMCs.

**116. Advisory to AMFI with regard to processing of scheme information documents
Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/26266/1 dated June 28, 2023
Addressed to: AMFI**

AMFI is advised to communicate the following to all the Asset Management Companies as a part of ongoing efforts to streamline SID processing at SEBI:

116.1. In terms of Regulation 28 (1) of SEBI (Mutual Funds) Regulations, 1996, all Asset Management Companies ('AMCs') file offer documents with SEBI with regard to the schemes that they want to launch in the securities market to garner funds from the investors.

116.2. In this regard, Clause 12.7.1 of SEBI Master Circular dated May 19, 2023, inter-alia, provides that close ended debt schemes shall invest only in such securities, which mature on/before the date of the maturity of scheme. Further, Clause 12.7.2 of the aforementioned circular, provides that close ended debt schemes shall not invest in perpetual bonds.

116.3. In view of the above, it may be clarified that equity investments, by very nature of inherent risk associated with them, do not qualify to form part of close ended schemes (new schemes or rollover of existing schemes) including fixed maturity plans (FMPs).

116.4. Accordingly, the AMCs are advised to ensure compliance with the above guidelines while designing their products.

117. Advisory for Mutual Funds

Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-1/P/OW/2023/30098/1 dated July 27, 2023

Addressed to: AMFI

117.1. It has been noted that at times certain entities approach SEBI regarding implementation/ clarification of certain operational measures/ policy interpretations etc. and subsequently implement such measures without waiting for approval of SEBI. It appears that implicit regulatory approval is presumed, instead of awaiting specific approval from SEBI for the same.

117.2. It may be appreciated that communications of the above mentioned nature may require consideration by SEBI and may also result in non-concurrence with the said operational measure or the policy interpretation.

117.3. Accordingly, it is advised that any policy interpretation/ proposed operational measure communicated to SEBI shall be implemented/ acted upon only on receipt of approval from SEBI.

117.4. Further, any regulatory relaxation, emerging out of interpretation of Regulations, Circulars, letters, etc., based on meeting/ discussion with SEBI, shall be acted upon only after receiving express communication in this regard from SEBI. Such communications shall not be sent to SEBI merely for information.

117.5. Furthermore, the extant mechanism of Informal Guidance Scheme of SEBI for resolving any ambiguity in respect of operational measures/ policy interpretations may be utilized by entities.

117.6. AMFI is advised to bring the contents of this letter to the notice of all Mutual Funds.

118. Nomenclature to be adopted by schemes under 'ELSS' category

Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/40331/1 dated September 26, 2023

Addressed to: AMFI

118.1. SEBI circular on categorization and rationalization of mutual fund schemes was issued on October 06, 2017 (para 2.6 of Master circular dated May 19, 2023) to bring in uniformity in the characteristics of similar type of schemes launched by different Mutual Funds.

118.2. In this regard, it has been noted that only 4 schemes have adopted the nomenclature of ELSS schemes in line with existing provisions of the aforesaid circular. On other hand, 37 schemes deviate from the provisions of aforesaid circular by opting for mixed naming conventions. Hence, in order to further facilitate ease of identification by retail investors

and implement uniform nomenclature by AMCs, it has been decided to modify the nomenclature for schemes under 'ELSS' category to 'ELSS Tax saver'.

118.3. AMFI shall communicate the contents of this letter to AMCs to ensure that implementation of aforesaid nomenclature in a uniform manner:

- a. All AMCs shall modify the name of existing schemes under 'ELSS' category uniformly to 'ELSS Tax saver' only.
- b. All AMCs to ensure that offer documents for upcoming and existing schemes contain name of 'ELSS' category schemes as 'ELSS Tax saver' only.
- c. All AMC to ensure implementation of the change in nomenclature of aforesaid schemes within 3 months of issuance of this letter, under intimation to SEBI. No separate SEBI approval shall be required for implementing the aforesaid name change.
- d. AMCs to ensure compliance with other applicable provisions as prescribed vide SEBI Regulations/Master circular dated May 19, 2023 and other circulars issued therein.

119. Disclosures in SIDs of close ended debt oriented schemes

Reference – SEBI email dated October 03, 2023

119.1. It has been observed that there are discrepancies in the disclosures made in respect of the Indicative portfolio or yield in the offer documents of the close ended debt oriented mutual fund schemes filed by the AMCs.

119.2. In order to standardize the same, AMCs are informed through AMFI to provide the following minimum disclosures in respect of the Indicative portfolio or yield in the offer documents of the close ended debt oriented mutual fund schemes:

- a. Securities with rating A and AA shall include A+ and A- & AA+ and AA- respectively.
- b. Positive variation in investment towards higher credit rating in the same instrument shall be allowed.
- c. In case of non-availability of and taking into account the risk-reward analysis of CPs, NCDs (including securitised debt), the scheme may invest in CDs and CBLO having equivalent or higher ratings.
- d. At the time of building up the portfolio post NFO and towards the maturity of the Scheme, there may be a higher allocation to cash and cash equivalents.
- e. Subsequent to the initial portfolio construction, during the tenure of the Scheme, the above allocation may vary due to instances like coupon inflow, the instrument is called or bought back by the issuer, in anticipation of any adverse credit event, etc.
- f. All investment shall be made based on the rating prevalent at the time of investment. However, in case of an instrument having dual ratings, the most conservative publicly available rating would be considered.
- g. Disclosures w.r.t. investment in unrated securities, derivatives, etc. if any.

- h. In the event of any deviations from the floor and ceiling of credit ratings specified for any instrument, the same shall be rebalanced within 30 calendar days from the date of the said deviation.

119.3. AMFI is hereby informed to communicate the above requirement to the AMCs for the same to be included as disclosures in the future filings of SIDs of the close ended debt oriented schemes.

119.4. SIDs of the existing close ended debt oriented schemes should also be updated with the above disclosures in the half yearly updation to be done by October 31st 2023.

119.5. AMFI is also requested to provide the confirmation to SEBI, once the communication is sent to all the AMCs.

**120. Clarification w.r.t. Disclosures in SIDs of close ended debt oriented schemes
Reference – SEBI email dated October 12, 2023**

120.1. Please find below certain clarifications w.r.t point 119.2.8 and point 119.4 of the email dated October 03, 2023 from SEBI:

- a. As regards point 119.4 on half yearly updation to be done by October 31st, considering that the procedure for updation of SID and KIM, as mentioned in para 1.2 of SEBI Master Circular for Mutual Funds dated May 19, 2023 is applicable only for open ended schemes and interval schemes (i.e. half yearly updation of SID is not applicable for close ended schemes), AMCs are advised to issue a notice cum addendum about the changes if any, in the disclosures made in respect of the indicative portfolio or yield, in line with the minimum disclosures stipulated in the trail email and display the same the website of the AMC.
- b. Point 119.2.8 on rebalancing within 30 calendar days is applicable only in case of deviations from the floor and ceiling of credit ratings specified for any instrument, due to reasons other than those mentioned in points 119.2.1 to 119.2.6.

**121. Mutual Fund schemes in the category of Focused Fund: assessing whether they are true to label
Reference – SEBI letter No. SEBI/HO/IMD/IMD-SEC-3/P/OW/2023/ 43062/1 dated October 19, 2023
Addressed to: AMFI**

121.1. An examination was conducted on the data submitted by AMCs for offsite inspection, for the period April 01, 2019 – March 31, 2023 to check whether Focused Funds are true to label. From the aforesaid examination, following is observed:

- a. Three (3) Mutual Fund schemes in the category of Focused Fund had more than thirty (30) stocks in their portfolio and the deviations from stipulated asset

allocation were active in nature. Further, the deviations were observed for days ranging from one (1) day to eighty-eight (88) days.

- b. Twelve (12) Focused Fund schemes had positions in index derivative instruments viz. NIFTY and BANK NIFTY futures and options which resulted in exposure to more than 30 stocks for these schemes.

121.2. As per SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017, a focused fund shall have following scheme characteristics and description:

- a. Scheme characteristics as “scheme focused on the number of stocks (maximum 30). Minimum investment in equity & equity related instruments -65% of total asset” and
- b. Type of scheme as “An open ended equity scheme investing in maximum 30 stocks (mention where the scheme intends to focus, viz., multi cap, large cap, mid cap, small cap)”

121.3. Scheme characteristics of Focused Fund specify that maximum number of stocks shall be 30. An index is a composition of multiple stocks and is representative of a particular market/ sector/ theme etc. Thus, taking position in index derivative instrument is akin to taking exposure in all the constituents of that index. As per clause 7.c of SEBI circular Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010, *Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.* Thus, an imperfect hedging increases gross exposure limit to the extent it is over and above the underlying securities. Hence, a Focused Fund having position in NIFTY Fifty futures/options shall mean that the scheme has exposure to more than 50 stocks, as only perfect hedging may be considered as a hedge for the purpose of calculation of the exposure.

121.4. Considering that the nomenclature and characteristics of Focused Fund indicate that the scheme shall be focused on limited number of stocks (maximum 30), deviations from the above leads to non-compliance of basic tenet of Focused Fund and thus, the particular scheme cannot to be said to be true to label.

121.5. AMFI is advised to instruct all the AMCs to ensure that the total exposure of all equity securities in a Focus Fund shall not be beyond 30 stocks. AMCs having Focused Funds which have exposure beyond 30 stocks shall ensure that the deviation from stipulated asset allocation is rebalanced so as to align with SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 within a period of one month from the date of this letter.

121.6. AMFI is also advised to send a confirmation from all members regarding compliance of the same.

122. Regarding SEBI Circular on Development of Passive Funds

Reference – SEBI letter No. SEBI/HO/IMD-POD-2/P/OW/2023/43653/1 dated October 26, 2023

Addressed to: AMFI

122.1. This has reference to clause 3.6.2 of SEBI Master Circular for Mutual Funds dated May 19, 2023 and SEBI letter SEBI/HO/IMD-POD-2/P/OW/2023/17644/1 dated April 28, 2023.

122.2. In this context, it has been decided that the clause 3.6.2.1 and clause 3.6.2.2 of the master circular shall not be applicable for the below investors till April 30, 2024

- a. Schemes managed by Employee Provident Fund Organisation, India
- b. Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax act, 1961.

122.3. You are advised to issue appropriate communication to all AMCs to this effect.

123. Advisory to make payments through link available on SEBI website

Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/43734/1 dated October 27, 2023

Addressed to: AMFI

123.1. Reference is drawn to SEBI letter dated October 22, 2021 regarding payment of fees to the designated virtual account.

123.2. In this regard, the Competent Authority has decided that these payments must be made through a link placed on the SEBI homepage titled 'Click here to make payment of SEBI fees'. The press release (PR No.:11/2023) issued by SEBI in this regard is available on the following link:

https://www.sebi.gov.in/media/press-releases/jun-2023/online-remittance-of-fees-payable-to-sebi_73177.html

123.3. Accordingly, AMFI is advised to communicate the contents of this letter to all AMCs to ensure prompt implementation:

All AMCs are advised to make the payment of following fees through above-mentioned link:

- a. Application fees for processing of draft SID;
- b. Additional fees payable after closure of NFO, on the basis of amount raised;
- c. Application fees for informal guidance;
- d. SEC inspection fee - Reimbursement

124. Simplification of Scheme Information Document (SID) and subsequent changes to Key Information Memorandum (KIM) and Statement of Additional Information (SAI)
Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/ 44197 /1 dated November 02, 2023
Addressed to: AMFI

- 124.1. In order to enhance ease of preparation of the Scheme Information Document (SID) by mutual funds and increase its readability for investors, SEBI in consultation with AMFI, undertook an exercise to revamp the format of SID. Based on the suggestions of AMFI and the recommendations of the Mutual Fund Advisory Committee, the format of SID was simplified and rationalized.
- 124.2. During the said exercise, it was decided that certain general terms and conditions and standard investment risks pertaining to mutual funds maybe be moved to SAI (Annexure 1).
- 124.3. Vide, Circular SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/175 dated November 01, 2023, SEBI has prescribed a new format for SID. Introduction of these changes in SID is resulting in consequent changes to KIM and SAI.
- 124.4. In line with the new SID format, you are advised to carry out the necessary changes in the formats of KIM and SAI in consultation with SEBI, within two months from the date of aforesaid circular and circulate the same to AMCs for implementation.

Annexure to SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/ 44197 /1 dated November 02, 2023

Annexure 1

Part I. List of sections or disclosures moved to SAI from SID in the proposed changes

Sr. No.	Type of Disclosure	Proposed section for disclosure in SAI
1.	<p><u>Standard Risk Factors (The below mentioned standard risk factors to be moved to SAI)</u></p> <ul style="list-style-type: none"> - Standard Risk factors for investments in Mutual funds and - Risk factors of not maintaining average AUM of Rs. 20 crore on half yearly rolling basis (Applicable only for open ended debt oriented schemes) - Risks associated with different derivative strategies shall be provided in SAI as a general disclosure in standard risk factors section 	<p>A separate section to be created and it is proposed to move this para as section II to be named as “Risk Factors” and renumber current section II to section III. Accordingly, remaining sections to be renumbered in SAI</p>

2.	<u>Requirement of minimum investors in the Scheme:</u> <ul style="list-style-type: none"> • For all open ended schemes (excluding Exchange Traded Funds) • For close ended and interval schemes. • For Exchange Traded Funds 	A separate section to be created and it is proposed to move this para as section II to be named as “Risk Factors” and renumber current section II to section III. Accordingly, remaining sections to be renumbered in SAI
3.	Special Considerations	A separate section to be created and it is proposed to move this para as section II to be named as “Risk Factors” and renumber current section II to section III. Accordingly, remaining sections to be renumbered in SAI
4.	Derivative strategies	Detailed disclosure is proposed to be made in Section VI. Section VI. Tax, Legal, General Information by adding a new sub-heading with the name ““Information pertaining to Investments by the Schemes of the Fund”—“Derivative Strategies””
5.	Special Product Available	Detailed disclosure is proposed to be made in Section III. How to Apply by adding a new sub-heading with the name “A. Special Products offered by the AMC”
6.	The aggregate investment in the scheme under the following categories: a) AMC’s Board of Directors and b) Other key personnel	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name “The aggregate investment in the scheme under the following categories: a) AMC’s Board of Directors and b) Other key personnel”
Part II. List of sections wherein reference shall be made in SID and details to be moved to SAI		
7.	Swing Pricing	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name “Information pertaining to Investments by the Schemes of the Fund”—“swing pricing”
8.	Provisions on creation of Segregated Portfolio	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name “Information pertaining to Investments by the Schemes of the Fund” – “Provisions on creation of Segregated Portfolio”

9.	Taxation	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name "Taxation on Investing in Mutual Funds" – "Taxation of schemes"
10.	Transaction Charges	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name "Transaction Charges and Stamp Duty"
11.	Stamp Duty	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name "Transaction Charges and Stamp Duty"
12.	Default scenarios in Plans/Options	This can be added in Section "III. How to apply" It is proposed to add a sub-section as indicated below: III. How to Apply and Facilities Offered B. Default scenarios available to the investors under plans/options of the Schemes.
13.	Section on Investments by key personnel and AMC directors	Detailed disclosure is proposed to be made in Section VII. Disclosures And Reports By The Fund by adding a new sub-heading with the name "Investments by key personnel and AMC directors"
14.	Concept of Stock Lending/Short Selling	Detailed disclosure is proposed to be made in Section VI. Tax, Legal, General Information under General Information by adding a new sub-heading with the name "Information pertaining to Investments by Schemes of the Fund" – "Short selling/stock lending"
15.	Policy of computation of NAV and Policy for computation of NAV in foreign securities	Detailed disclosure is proposed to be made in Section V. Investment Valuation Norms for Securities and Other Assets by adding two sections as follows: A. Policy of computation of NAV and B. Policy for computation of NAV in foreign securities
Section III. List of sections wherein functional website link shall be provided in SID {Information displayed on the website (as linked to the weblink mentioned in SID) should clearly indicate the date of last updation}		
16.	Definitions and Interpretations	SID to provide a functional website link that contains detailed description.
17.	Comparison between the schemes	SID to provide a reference list of existing schemes and a functional website link that contains detailed comparative table.

18.	Penalties, litigations etc. including action taken/in process by any regulatory authority	SID to provide a functional website link that contains detailed description. AMCs to ensure real time updation of data on the website link.
19.	Scheme's portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors) as applicable	SID to provide a functional website link that contains detailed description.
20.	Disclosure of name and exposure to top 7 issuers, stocks, groups and sectors as percentage of NAV	SID to provide a functional website link that contains detailed description.
21.	SIDs to carry a weblink wherein TER for last 6 months as well as scheme factsheet shall be made available.	SID to provide a functional website link that contains detailed description
22.	Investments of AMC in the Scheme	SID to provide a functional website link that contains detailed description
23.	List of official points of acceptance	SID to provide a functional website link that contains detailed description
24.	Portfolio Disclosure	SID to provide a functional website link that contains detailed description
25.	Periodic disclosure (financial results, annual report, half yearly results)	SID to provide a functional website link that contains detailed description

125. Standardisation of Target Maturity Indices for Debt ETFs and Index Funds

Reference – SEBI letter No. SEBI/HO/IMD/POD-II/P/OW/2023/44633/1 dated November 06, 2023

125.1. Standard Framework for launching of Target Maturity debt passive funds

- a. This is with reference to the clause 3.6 of the Master Circular for Mutual Funds, issuing guidelines regarding the “Development of Passive Funds” and SEBI email dated August 26, 2022, wherein, the standard framework for launching of target maturity passive funds (referred as “Standard Framework” here after) was noted.
- b. In this context, vide an email dated November 14, 2022, AMFI had requested for certain changes in the existing Standard Framework. In this regard, the submission by AMFI regarding the same is noted, except for the following:

With reference to the HTM category target maturity indices, the weights to the underlying components shall be fixed as on the base date of the indices and may drift subsequently due to price movement of underlying components and will not be reset subsequently. Therefore, the word ‘HTM’ shall be mentioned in the names of the indices to reflect that they will be Held till Maturity. In addition to this, the initial

asset allocation ratio shall also be included in the index nomenclature along with the word “HTM”.

125.2. Norms regarding launching of Target Maturity Debt Passive Funds

- a. Further, in view of the concern regarding “Proliferation of Target Maturity indices and launching of long duration Target Maturity indices”, the matter was deliberated in MFAC. Pursuant to the same, MFAC had recommended the following:
 - a. The indices, on which the target maturity schemes are to be launched, shall be standardized across industry and the AMCs shall launch schemes on those indices only.
 - b. Target maturity schemes shall be launched with maturity up to 15 years only. Beyond 15 years of maturity, no target maturity schemes shall be launched.
 - c. With increase in the target maturity, the frequency for launching of such schemes should be even lesser considering the flexibility provided for the duration of debt oriented passive schemes.
- b. In view of the above, AMFI is advised to prescribe the detailed guidelines in this regard, in consultation with SEBI, within 2 weeks of the issuance of the letter.

126. Application seeking access to private information of Mutual Fund Investor

Reference –SEBI letter No. IMD/SEC4/OW/P/2023/44568/1 dated November 06, 2023

Addressed to: AMFI

126.1. It is brought to our notice that a mobile application enabling transactions in Mutual Fund units of a Fund house is mandatorily seeking the permission of investors to access location and contact data on their device, while installing the said app. SEBI has been taken up the same with concerned AMC.

126.2. In this regard, your attention is drawn to AMFI Best Practice Guidelines (BPG) Circular No.9912021-22 dated March 29, 2022, on Data Sharing Principles issued in Consultation with SEBI, which is to be followed by AMCs while sharing Unitholders' Data in consultation with SEBI.

126.3. The above mentioned BPG circular inter-alia requires the following:

- *Unit holder has the right to the protection of personal data concerning him or her, and has the right of access to data concerning him or her, and the right to share his or her data with the entities of their choice.*
- *Each Asset Management company should have a Privacy Policy in place which addresses key aspects of collection, use, storage and sharing of data. The policy must clearly articulate the purpose for which the data is collected, how it is stored, with whom it may*

be shared and for what purpose, and how investors may review, rectify, access, and share their data.

- *Unit holder's data shall not be shared by AMC with any entity other than as stated above without a specific unit holder consent as per Paragraph I of the Guidelines. Further, the above entities with whom data is shared by AMCs shall not further share the same with any third person without a specific unit holder consent as per Paragraph I of the Guidelines.*

126.4. Considering the above, the practice of mandatorily seeking the permission of investors to access location and contact data on their device by a mobile application, which enables transactions in Mutual Fund units does not comply with letter and spirit of the said Guidelines.

126.5. As it is observed that apart from Asset Management Companies, its Group Companies and Distributors (MFDs), there are various entities operating as Execution Only Platforms (EOPs) and Channel Partners, which are providing services to investors through their applications for transacting in Mutual Funds. In view of the above, AMFI is advised to frame and issue a uniform guidelines to ensure that AMCs, Group companies, distributors, channel partners, Execution only platform providers and others providing platform for transacting in Mutual Fund units do not seek access to any private information of investors for transacting in units of Mutual Funds (except which are mandatory for purpose of authentication) and to ensure that AMFI Best Practice Guidelines Circular No.99 /2021-22 dated March 29, 2022 is complied with in letter and in spirit. The same shall be done within 90 days from the date of this letter.

127. Submission of updated offer documents

Reference –SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2023/45312/1 dated November 10, 2023

Addressed to: AMFI

127.1. Reference is drawn to Clauses 1.2.1 and 1.2.4 of Master circular dated May 19, 2023 and email dated March 29, 2023 received from AMFI working group (Formed for revising the SID format).

127.2. In this regard, following may be noted:

- a. The current timelines for updation of SID and KIM shall be continued.
- b. AMCs are advised to file updated offer documents (SID and KIM) only digitally by emailing the same to a dedicated email id i.e. imdsidfiling@sebi.gov.in and respective dealing officer; and there would be no requirement of filing the printed copies of the same with SEBI.

127.3. AMFI shall communicate the contents of this letter to AMCs to ensure compliance of the same.

**128. Resolutions passed by AMC Board and/or Trustee Companies or Board of Trustees
Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-2/OW/2023/46197/1 dated November 20, 2023
Addressed to: AMFI**

128.1. As you are aware, SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder, mandate submission of certified copy of resolutions passed by the AMC Board and the Board of the Trustees or the Trustee Company, as the case may be, while AMCs apply for seeking no-objection and/or approval from SEBI.

128.2. In this regard, it is noted that AMCs submit considerably old resolutions along with their proposals for approval to SEBI.

128.3. In this regard, all AMCs are advised:

- a. To submit all resolutions passed by Board of AMCs and Board of trustees/trustee companies within six months from the date of their approval.
- b. In case of submission of proposals with resolutions passed earlier than six months, to ensure following:
 - (a) Such resolution are ratified by Board of AMC or Trustees, as the case may be;
 - (b) Intimation of the same along with certified true copy of such ratified resolution is provided to SEBI prior of undertaking activity as proposed in submission.

128.4. You are, accordingly, advised to communicate the above to all AMCs for compliance henceforth.

**129. Deployment of Liquid Net-worth by AMCs pursuant to SEBI circular no. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/118 dated July 7, 2023
Reference – SEBI email dated December 14, 2024
Addressed to: AMFI**

129.1. This is with reference to requests in the trail mail regarding SEBI circular no. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/118 dated July 7, 2023 (“the Circular”). In this regard, it may be noted that:

- a. Liquid Net worth of AMC may also include investment in liquid schemes or overnight schemes or such other mutual fund schemes that predominantly invest in instruments as defined under para 3A(ii)(a) of the Circular.
- b. Investment by AMC as per para 6.9 of the Master Circular on “Alignment of interest of Asset Management Companies (AMCs) with the Unitholders of the

Mutual Fund Schemes” may be treated under liquid net worth till specific further direction from SEBI in this regard. However, any investment made in MF schemes like Retirement scheme, children oriented scheme and ELSS, with a specified lock in either through Income Tax mandate or as per categorization of schemes guidelines in Master Circular on MFs may be excluded during its lock in phase.

- c. Existing investments in Fixed Deposits may be considered as a part of liquid net worth of AMCs only till maturity and no further renewal thereof shall be included in the Liquid Net worth thereafter. It may be noted that the said relaxation is only in respect of investments in the Fixed Deposits that were already made/confirmed for renewal before SEBI circular dated July 7, 2023.
- d. The current mandate of AMC to make good the shortfall in minimum liquid net worth in case of sustenance of temporary mark to market loss shall continue to prevail both for investments made as part of Skin in the game requirement as well as for deployment in liquid net worth.

130. Guiding Principles for bringing uniformity in Benchmarks of Debt oriented Mutual Fund Schemes

Reference – SEBI letter No. SEBI/HO/IMD/POD-II/P/OW/2023/50162/1 dated December 14, 2023

Addressed to: AMFI

130.1. Please refer to Paragraph 17.5 of the Master Circular regarding the Potential Risk Class Matrix (PRC Matrix). As per clause 1.9.3 of the Master Circular for Mutual Funds, benchmarks intended to be used as Tier-1 benchmark by AMCs for open ended debt schemes should be as per the PRC Matrix.

130.2. In order to bring uniformity in benchmarking of mutual fund schemes, a Working Group (WG) was constituted which, inter alia, had provided certain recommendations for benchmarking of open ended debt oriented mutual fund schemes. The said recommendations of the WG and the feedback received from the industry were deliberated in the Mutual Funds Advisory Committee (MFAC). In this regard, MFAC has recommended that:

All the Tier 1 benchmarks to be followed by all open ended debt oriented mutual fund schemes shall be based on the PRC framework of Class A in terms of Credit Risk Value and Class I/ Class II/ Class III in terms of the Macaulay Duration risk for all categories of open ended debt schemes except for Credit Risk funds as per paragraph 2.6 of the Master Circular. The Tier 1 Benchmark to be followed by Credit Risk funds shall be

based on Class B and Class II in terms of Credit Risk Value and Macaulay Duration respectively.

130.3. In view of the above, AMFI is advised to prescribe the detailed guidelines regarding the Tier-1 benchmarks to be followed by the debt oriented active mutual fund schemes, in consultation with SEBI, within 4 weeks of the issuance of this letter.

130.4. All actively managed debt oriented mutual fund schemes shall change their reference benchmark to the aforesaid PRC matrix based Tier-1 variant within 1 month of the issuance of final guidelines by AMFI.

131. Review of procedure of transmission of Mutual Fund units

Reference – SEBI letter No. SEBI/HO/IMD/IMD-POD-I/P/OW/2023/51245/1 dated December 19, 2023

Addressed to: AMFI

131.1. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 (“LODR Amendment Regulations”) simplified the process of transmission for listed securities. Further, *vide* circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/65 dated May 18, 2022 (“MIRSD Circular”), SEBI has specified the formats and various documents which are required to be furnished for the processing of transmission of listed securities.

131.2. In this regard, SEBI *vide* letter no. SEBI/HO/IMD-II/DF3/P/OW/2022/24146/1 dated June 10, 2022, advised AMFI to review the existing guidelines prescribed for transmission of Mutual Fund units and accordingly align the procedure in terms of LODR Amendment Regulations.

131.3. In this regard, please refer to AMFI email dated March 16, 2023, wherein, *inter-alia*, draft guidelines on transmission of Mutual Fund units in line with the LODR Amendment regulations were submitted. *Vide* the said email, it was also represented that adequate safeguards may be enshrined for acceptance of documents such as Legal Heirship Certificate and copy of Will for transmission of Mutual Fund units.

131.4. In view of the above, the draft guidelines submitted by AMFI have been noted.

131.5. Additionally, with respect to the draft guidelines on transmission of Mutual Fund units, AMFI may consider incorporating the following provisions:

- a. In case of Legal Heirship Certificate or its equivalent certificate issued by a competent Government Authority, the same may be accompanied with following documents:
 - (a) A notarized indemnity bond from the legal heir(s)/ claimant(s), in the format as may be specified by AMFI, and;
 - (b) No objection from all non-claimants (remaining legal heirs), in the format as

may be specified by AMFI.

- b. In case of Registered Will, the same may be accompanied with a notarized indemnity bond from the claimant (appropriate beneficiary of the Will) to whom the units are transmitted, in the format as may be specified by AMFI.
- c. Consequential changes, as applicable, may be carried out to ensure consistency of the transmission process for Mutual Funds in line with LODR Amendment Regulations and MIRSD Circular.

131.6. In view of the above, AMFI is advised to update the existing guidelines for transmission of Mutual Fund units and publish the same within 15 days of receipt of this letter.

132. Uniformity in Cancellation of SIPs across Mutual Funds

Reference – SEBI letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/270/1 dated January 03, 2024

Addressed to: AMFI

132.1. Based on the recommendations of the Sub-Working group constituted on the captioned matter, whose members constituted representatives from AMFI, RTAs, AMCs, Depositories, Exchanges and other platforms, the following has been decided to be implemented by all AMCs with respect to cancellation of Systematic Investment Plans (SIPs):

- a. In case of auto cancellation, the below given uniform timeline for treating an SIP as closed / cancelled shall be adopted by all AMCs:

S No.	SIP Interval	No. of failed debit attempts prior to cancellation of SIP
1.	Daily	3
2.	Weekly, Fortnightly	3
3.	Monthly	3
4.	Bi-monthly, Quarterly or Longer interval SIPs	2

All AMCs / RTAs shall also send a communication to investor after 1st failed debit attempt, mentioning that the SIP will cease in case of 3 consecutive rejections and another communication after cancellation of SIP intimating the cancellation to the investor.

- b. When an investor submits request for cancellation of SIP, all AMCs shall ensure that there is cancellation of auto-debit / SIP within 10 calendar days of such request placed by the investor.

- c. All AMCs shall provide plausible reasons as given below, along with others as and when recommended by AMFI, and with an option to provide comments during pre-mature cancellation of SIPs by investors for all online SIP cancellations.
- (a) Non availability of funds
 - (b) Scheme not performing
 - (c) Service issue
 - (d) Load revised
 - (e) Wish to invest in other scheme
 - (f) Change in Fund Manager
 - (g) Goal achieved
 - (h) Others, please specify _____
- d. Further, all AMCs shall ensure that all platforms (i.e., physical and online) of AMC, RTAs, Exchanges and Other Channel Partners which are registering SIPs shall also provide the option for the investor to cancel active SIPs.
- e. All AMCs to also ensure that the AMC website and their respective RTA websites provides for cancellation of SIPs on their websites irrespective of the origin of registration of such SIPs.

132.2. In respect of the above proposals, AMFI is advised to communicate to all AMCs of Mutual Funds for implementation of the same by April 01, 2024.

133. Contests run by Asset Management Companies, its Agents / Distributors

Reference – SEBI letter No. SEBI/HO/IMD/SEC4/OW/P/2024/1451/1 dated January 11, 2024

Addressed to: AMFI

133.1. SEBI circular SEBI/HO/IMD/DF2/CIR/P/2018/137 dated October 22, 2018, inter-alia, stipulates:-

A.1 In terms of Regulation 52(1) of SEBI (Mutual Funds) Regulations, 1996, all scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of the Asset Management Companies (AMC), its associate, sponsor, trustee or any other entity through any route

A.8 Training sessions and programmes conducted for distributors should continue and should not be misused for providing any reward or non-cash incentive to the distributors.

133.2. It is observed that pursuant to certain AMC's special SIP drives, wherein the Mutual Fund Distributors (MFDs) were offered training programmes at zonal / national location, based on the no. of SIPs/ incremental value of SIPs mobilized, AMFI had issued an advisory no. 35P/ MEM-COR/ 10 / 2023-24 dated April 27, 2023 to AMCs against incentivising the MFDs by linking the training programmes to achievement of SIP targets

and requested AMC who have already launched such programmes to withdraw such incentive programmes forthwith and send a confirmation in this regard.

133.3. Now, it brought to our notice that promotions / contests are being circulated, in which it is observed that “Foreign and Domestic Trips” are offered for mobilization of certain amount of subscriptions. Subsequent to taking up the same with AMFI, AMFI vide advisory 35P/ MEM-COR/ 102 / 2023-24 dated January 09, 2024, once again advised its members against incentivising the MFDs with any kind of reward programmes especially off-site reward trips to any destinations etc. AMFI is further advised its concerned member to withdraw such incentive programmes.

133.4. It is observed that inspite of such advisories issued by the AMFI and the abovementioned regulatory provisions, repetitive promotions incentivizing the distributors/sub-distributors, like trainings programmes and domestic/foreign trips are offered for garnering higher amount of investments in certain schemes.

133.5. Considering the same, it is advised that:

- a. AMFI should immediately institute a mechanism to monitor and examine the pamphlets/marketing materials circulated by distributors’ on an ongoing basis and take immediate steps to stop such campaigns/contests and take stringent action on the same, if the same is not found to be in compliance with SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder and Code of Conduct for MFDs prescribed by AMFI. The same has to be taken up with the concerned AMC to place it before their Board and Trustees. AMFI shall also inform SEBI regarding such actions.
- b. AMFI should issue an advisory to their members to monitor the pamphlets/marketing materials circulated by distributors on an ongoing basis and take immediate steps to stop such campaigns/contests and take stringent action on the same, if the same is not found to be in compliance with SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder and Code of Conduct for MFDs prescribed by AMFI with information to AMFI.
- c. Further, in order to improve transparency with regard to expenses that are booked in Schemes and expenses that are charged in the books of AMC, with respect to the training programmes/gifts provided to distributors, an advisory shall be issued by AMFI to its members to disclose the details relating to distributor training programmes, events/meets and gifts, rewards and incentives, which were charged to the schemes on a quarterly basis on their website along with requisite details thereof. Similarly, details relating to distributor training programmes, events/meets and gifts, rewards and incentives to MFDs, which were charged in books of the AMC (which are not in relation to promotion of any specific scheme, which cannot be attributable to any scheme(s) and which relates to New Fund Offers) shall also be disclosed on their website on a quarterly basis with requisite details thereof. The same shall be disclosed from March 31, 2024.

133.6. AMFI is advised to issue an advisory in this regard to their members at the earliest and inform SEBI regarding the same.

134. Proposal to remediate the data of non-CBS/no Bank account details in Mutual Fund/RTA Database (CAMS and KFintech)

Reference – SEBI email dated January 29, 2024

Addressed to: AMFI

134.1. SEBI has taken stock of the issue of non-core banking system (CBS) account details or no bank account details in mutual fund folios. Such folios are prone to fraud risk and therefore AMCs were advised to take steps to resolve this issue on priority and regularise such folios. In this regards, AMFI apprised of the steps taken by the AMC/ RTAs. Further, AMFI also issued an email to all AMCs and to mutual fund distributors on December 05, 2023 and January 09, 2024 respectively, *inter-alia* advising them to accept new investments with CBS account details.

134.2. Vide an email dated January 09, 2024, AMFI submitted a proposal to remediate the data of non-CBS/no Bank account details in Mutual Fund/RTA Database. Based on the discussions and recommendations of the AMFI Ops Committee, discussions with RTAs and Depositories, it has been decided to grant approval to AMFI to carry out data scrubbing activity of MF database within RTA based on PAN/PEKRN + Name + Date of Birth (DOB) + Address/Pin code, so that the activity can be carried out within and across RTA database for all AMCs. AMFI shall instruct AMC/ RTA that pursuant to the data scrubbing exercise and before effecting the change in folio of the investor, the following shall be ensured:

- a. Post receipt of the data, RTAs shall carry out the online bank account validation with name match validation as per the folio and other criteria as per existing AMFI guidelines.
- b. An email, SMS and letter shall be sent to the unit holder, seeking his consent to update his bank account details. The AMC/ RTA shall ensure that the communication is sent by all modes of available communication for the investor.
- c. Such communication shall contain masked pan number, folio numbers, bank account number and other important information.
- d. A suitable timeframe (minimum 15 days) shall be given to the unit holder to revert to such communication.
- e. If no reply is received, at least two reminders with minimum 15 days' time each, shall be given to such unit holder. AMC/ RTA to ensure that such communication is sent to such unit holders by at least two modes of available communication.
- f. Consent, if any, received from other than unit holder (in case of name change, transmission etc.), shall be required to be diligently vetted and all existing guidelines to be followed. Enhanced due diligence shall also be ensured in high value folios, the limit of such may be set by AMFI.
- g. Pursuant to effecting change in bank account details in the folio, a confirmation

regarding the same shall be sent to the unit holder by at least two modes of available communication.

- h. All communication sent to the unit holder shall be tagged to the unit holder folio for future reference. Further AMC/ RTA shall maintain the record of all the above communications sent to the unit holder, in line with the timeline as required under the MF Regulations.

134.3. AMFI is advised to diligently oversee the entire process and ensure that AMC/ RTA take all necessary steps so that investor data is protected at all time and no breach of data occurs.

135. Application under Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996

Reference – SEBI letter No. SEBI/HO/IMD/IMD-RAC-1/P/OW/2024/4857/1 dated February 02, 2024

Addressed to: AMFI

135.1. Please refer to your letter AMFI/17/SEBI/71-a/2023-24 dated December 04, 2023 in the captioned matter. In this regard, it has been decided that in addition to entities covered under clause 17.3.1, 17.3.2 and 17.3.3 of SEBI Master Circular dated May 19, 2023, AMCs shall be permitted to provide investment management and advisory services, on a look through basis, to non-broad based FPIs, regulated by SEBI, provided the assets pooled in such funds are from entities, which are broad based and are appropriately regulated.

135.2. Such look through would be permitted based on declaration/ undertaking by the AMCs and also from the underlying fund that the underlying fund is an appropriately regulated broad based fund.

135.3. Further, the undertaking from AMCs shall, *inter-alia*, include the following:

- a. *For investment in mutual fund schemes, the non-broad based FPIs shall invest in mutual fund schemes other than schemes in the category of ‘thematic’.*
- b. *For investment in equity and equity derivative securities listed on recognized stock exchanges in India, the non-broad based FPIs shall not take contra positions for a period of 6 months from the purchase/ sale of such securities.*

The undertaking to be submitted by AMCs are placed at **Annexure A.1** and the undertaking to be provided by the underlying fund is placed at **Annexure A.2**.

135.4. AMCs would also be required to provide an undertaking that there is no material conflict of interest with the activities of the mutual fund and the activity will not affect the interest of investors of the schemes of the mutual fund.

135.5. You are advised to bring the above to the notice of all the AMCs.

Annexure A.1

Format for undertaking to be provided by AMCs (on their letter head)

It is confirmed that:

- i. (Name of AMC) shall provide management and advisory service to..... (Name of the non-broad based FPIs) provided the underlying funds/ investors whose funds are proposed to be managed by the non-broad based FPIs are broad based.
- ii.(Name of the underlying fund) whose funds are proposed to be managed by the non-broad based FPIs are broad based, having at least 20 investors and no single investor accounts for more than 25% of corpus of the fund.
- iii. For investment in mutual fund schemes, the non-broad based FPIs shall invest in mutual fund schemes other than schemes in the category of 'thematic'.
- iv. For investment in equity and equity derivative securities listed on recognized stock exchanges in India, the non-broad based FPIs shall not take contra positions for a period of 6 months from the purchase/ sale of such securities.

Place:xxxx

(Signed by the Compliance officer)

Date: xx/xx/xxxx

Format for undertaking to be provided by the underlying broad based fund

It is confirmed that:

- i. (Name of the fund) is broad based, having at least 20 investors and no single investor accounts for more than 25% of corpus of the fund.
- ii. It is regulated by.....(Financial Regulator) and has Registration no.....(if any)

Place: xxxx

(Signed by the Compliance officer)

Date: xx/xx/xxxx

136. Method of Bank Account validation to be adopted by Mutual Funds

Reference – SEBI letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/7541/1 dated February 09, 2024

Addressed to: AMFI

136.1. Based on the modus operandi adopted/learning from the recent fraudulent cases observed at various AMCs and after consultation with stakeholders, following additional control mechanism are prescribed:

- a. All AMCs shall develop system level alerts for accessing signature record of investors and key details in folio of investors by the employees of AMCs/RTAs to prevent unauthorized access of such information;
- b. In case of detection of fraudulent instance in any AMC, the details of the such instance shall be shared with industry to prevent further occurrence or spill over impact of such frauds;
- c. All AMCs to capture IP address logs for online access by investors for audit trail and to mitigate the risks relating to repudiation.

136.2. Further, based on the recommendations of the AMFI Operational Committee and discussion with various stakeholders, the following chronological order has been decided

to be implemented by all AMCs with respect to Bank Account validation to be adopted by Mutual Funds:

- a. Bank Account validation based on Investor's PAN (PAN based Validation);
- b. Bank Account validation based on Penny Drop (XML) format method;
- c. Bank Account validation based on Penny Drop (ISO messaging method), till the Banks migrate to XML format;
- d. Where bank account cannot be validated by any of the above methods, the Bank account validation may be done on the basis of cheque leaf.
- e. However, in case of redemption, the payout to be issued by way of warrant/cheque with account number and name printed on it and dispatched to the registered address of the investor.
- f. For validation of bank account of NRI "IMPS Name Match" facility of NPCI to be used wherein there is no requirement to credit 1 Rupee in the account of investor to verify account details.
- g. For verification of Bank account of Minors, bank account validation method mentioned above to be followed in chronological order mentioned at para 135.2.1 to 135.2.4.

136.3.No bank account shall be registered in the investor account or subsequent addition or change of bank request unless a validation is undertaken whereby the investors name, account number/details are verified.

136.4.At the time of processing the transmission request, bank account of new investors shall be validated as per above mentioned chronological order.

136.5.In respect of the above, AMFI is advised to communicate to all AMCs of Mutual Funds and RTAs for implementation of the same by April 01, 2024.

137. Small-cap and Mid-cap Schemes

Reference: Email dated February 27, 2024

Addressed to: AMFI

137.1.AMFI, along with SEBI, has been deliberating on the concerns relating to the build-up of froth in the small and mid-cap segments of the markets. A part of this build up has been apparently contributed by the continuous strong flows into the small and mid-cap schemes of Mutual Funds.

137.2.In this regard, it has been agreed that AMCs will, on a monthly basis, disclose the stress testing results for small cap and mid-cap schemes.

137.3.In continuation to the above, reference is drawn to Part-A of Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996, i.e., Code of Conduct for the AMCs and Trustees, inter-alia states that *Trustees and asset management companies must avoid conflicts of interest in managing the affairs of the schemes and keep the interest of all unitholders paramount in all matters.*

137.4. Accordingly, in the aforesaid context, with respect to the small and mid-cap schemes, AMFI is advised to communicate the following to the Trustees of all AMCs:

- a. In the context of the froth building up in the small and mid cap segments of the market and the continuing flows in the small and mid-cap schemes of Mutual Funds, Trustees, in consultation with Unitholder Protection Committees of the AMCs, shall ensure that a policy is put in place to protect the interest of all investors. The policy shall inter alia contain the following:
 - (a) Appropriate and proactive measures to be taken by AMCs and Fund Managers to protect investors, including but not limited to moderating inflows, portfolio rebalancing, etc.
 - (b) Steps to ensure that investors are protected from the first mover advantage of redeeming investors
- b. The policy shall be approved by Trustees and disclosed on each AMCs' website, within 21 days of this email.

138. **Process for freezing/de-freezing of accounts/holdings pursuant to issuance of orders of SEBI/ Securities Appellate Tribunal (SAT)/ Supreme Court of India/ other courts**
Reference – SEBI letter No SEBI/HO/OW/IMD/IMD-SEC1/P/2024/8150/1 dated March 01, 2024
Addressed to: AMFI

138.1. At present, orders issued by SEBI and/or Hon'ble SAT/Supreme Court of India/other courts (hereinafter referred to as tribunal/court) are intimated to Market Infrastructure Institutions (MIIs), Mutual Funds (MFs) and Registrar and Transfer Agents (RTAs) for taking consequent actions by the concerned Department of SEBI.

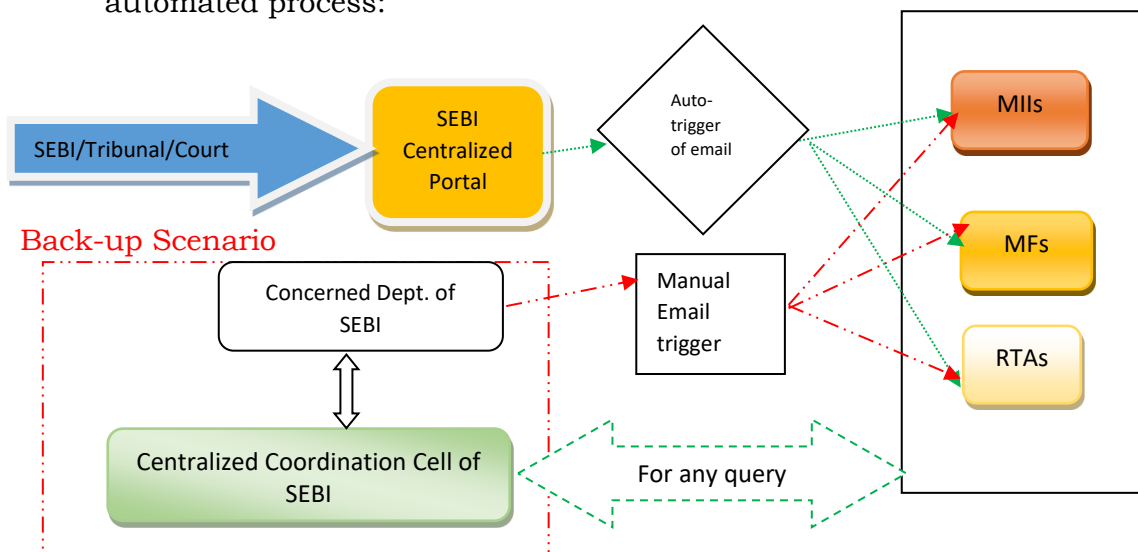
138.2. In order to streamline and expedite the said process of taking consequent actions pursuant to issuance of orders by SEBI and/or tribunal/court, directing freezing/ de-freezing of accounts/holdings, it has been decided to introduce a new automated mechanism, which would be monitored by a Centralized Coordination Cell of SEBI. The salient features of the new mechanism are as follows: -

- a. An automated process would be set up for sending intimations by SEBI to MIIs, MFs and RTAs in a standardized format from the SEBI's CMS portal in respect of issuance of orders by SEBI and/or tribunal/court for freezing/de-freezing of accounts/holdings for seamless implementation of the directions.
- b. A Centralized Coordination Cell under the Enforcement Department-1 (EFD-1) of SEBI has been formed to monitor/ensure timely compliance with directions for freezing/de-freezing of accounts/holdings in a time bound manner. The cell

will undertake the necessary co-ordination with MIIs, MFs, RTAs and/or the concerned department of SEBI for timely implementation of the directions.

- c. In order to ensure that the consequent actions pursuant to issuance of orders by SEBI and/or tribunal/court is acted upon on an immediate basis, the intimations regarding the orders of SEBI and/or tribunal/court directing freezing/ de-freezing of accounts/holdings, would be sent to the generic email IDs of MIIs, MFs and RTAs.
- d. MIIs, MFs and RTAs shall establish clear ownership of their dedicated generic email ID at all times and ensure that there is proper due diligence at their end to ensure compliance with orders of SEBI and/or tribunal/court in a time bound manner.
- e. In case of any query/ further clarification required by MIIs, MFs and RTAs, they can contact the generic email ID of the Centralized Coordination Cell of EFD-1 of SEBI. The Centralized Coordination Cell would ensure that the clarification is sent to the concerned MII/MF/RTA in a time bound manner by coordinating with the concerned department of SEBI.
- f. MIIs, MFs and RTAs shall develop the capability to generate the relevant system generated reports with respect to directions passed by SEBI and/or tribunal/court vis-a-vis actions taken by them for reconciliation/monitoring.

138.3. The following schematic diagram illustrates the functioning of aforesaid devised automated process:



138.4. In view of the above, Mutual Funds and RTAs are required to take necessary steps to put in place necessary systems/mechanisms for implementation of this letter.

138.5. Mutual Funds and RTAs are advised to communicate the compliance of the abovementioned point number 138.2.4 and 138.2.6 to SEBI within a week from the date of receipt of this letter.

138.6. Further, Mutual Funds and RTAs are also advised to submit the compliance regarding implementation of orders of SEBI and/or tribunal/court to SEBI in the Quarterly Compliance Test Report (CTRs) in the following format: -

S. No.	SEBI and/or tribunal/court's order number	Date of order	Nature of directions	Implementation status (Yes or No)	Date of implementation	If not implemented, reasons for the same
1						

138.7. In respect of the above, AMFI is advised to communicate to all AMCs of Mutual Funds and RTAs for implementation of the above and also provide a confirmation from AMCs/RTAs as mentioned at para 136.5 above.

139. Framework for handling of investor grievances received through SCORES by Mutual Fund AMCs and monitoring of the redressal process by designated body (AMFI).

Reference – SEBI letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/10975/1 dated March 19, 2024

Addressed to: AMFI

139.1. This is in reference to SEBI Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 read with Regulation 18 (21) of SEBI (Mutual Fund) Regulations, 1996.

139.2. As per Schedule II of the aforesaid circular, Association of Mutual Funds in India (AMFI) has been identified as the Designated Body for monitoring the process of redressal of investors' grievances through SCORES (SEBI Complaint Redressal System).

139.3. In line with provisions of the aforesaid circular and in consultation with AMFI, it has been decided that:

- (a) AMFI will act as designated body for Mutual Funds as specified in Schedule II of SEBI/HO/OIAE/IGRD/CIR/P/2023/156 Circular dated September 20, 2023.
- (b) In its role as the designated body, AMFI shall facilitate an automated system wherein the complaints lodged on SCORES shall be automatically routed to the dedicated Resource Person / Trustee Officer (TO) of the concerned Mutual Fund for monitoring timely resolution of complaint by the AMC and submission of Action Taken Report (ATR) by the concerned AMC.
- (c) Further, the monitoring and submission of ATR by the respective TO in consultation with a Trustee of the respective Mutual Fund will be as per the Standard Operating Procedure Guidelines as prescribed in the enclosed **Annexure A**.

139.4. AMFI is advised to communicate to all AMCs and Trustees of Mutual Funds for implementation of the same as per timelines specified in SEBI Circulars on the captioned matter.

Annexure to SEBI letter No. SEBI/HO/OW/IMD/IMD-SEC1/P/2024/10975/1 dated March 19, 2024

Annexure A

SOP for monitoring resolution of complaints received against Mutual Funds / Mutual Fund AMCs through the SCORES Platform

1. Complaints lodged on SCORES will be automatically forwarded to the concerned AMC with a copy forwarded to AMFI.
2. AMFI shall route the copy of the complaint to the dedicated Resource Person (Trustee Officer) of Trustee Company of the concerned mutual fund for monitoring timely resolution of the complaint and submission of Action Taken Report (ATR) by the concerned AMC.
3. As stipulated in SEBI circular dated September 20, 2023, AMCs shall mandatorily resolve the complaint(s) and upload the ATR on SCORES within 21 calendar days of receipt of complaint.
4. The Trustee officer (TO) shall monitor timely submission of ATR by the concerned AMC within the stipulated time limit of 21 calendar days and inform the concerned AMC to improve the quality of redressal of grievances, wherever required.
5. If the complainant is not satisfied with the complaint resolution ATR, the complainant may request for a review of the resolution provided by the AMC within 15 calendar days from the date of the ATR.
6. In case (i) the complainant requests for a review of the resolution provided by the AMC; OR (ii) the AMC does not submit the ATR within 21 calendar days, AMFI shall alert the Trustee Officer to take cognizance of the complaint for first review of the resolution in consultation with a Trustee.

7. The TO shall take up the first review with the concerned AMC in consultation with a Trustee. The AMC shall submit the ATR to the TO within 4 calendar days. The Trustee Officer shall then review and upload the revised ATR on SCORES Portal in consultation with the Trustee within 3 calendar days.
8. The ATR shall then be uploaded on SCORES by AMFI (as the designated body) within 3 calendar days.
(The TO, Trustee and AMFI shall ensure that the revised ATR is sent to the complainant via SCORES within 10 calendar days of the review sought, as envisaged in clause 2.3 of the SEBI circular dated September 20, 2023).
9. The Trustee Officers shall be responsible for monitoring timely resolution of the complaints by the AMCs and handling of investors complaints against respective AMCs and in consultation with their respective Trustees
10. AMFI shall take non-enforcement actions including issuing advisories, caution letters for non-redressal of investor grievances on recommendation of Trustee Officer in consultation with the respective Trustee of the concerned Mutual Fund and also refer to SEBI for enforcement actions.
11. If the complainant is still not satisfied with the ATR, or the Trustee Officer (through AMFI) has not filed ATR within 10 days, the complaint shall be taken up by SEBI automatically.

140. Advisory for monitoring of industry wide limit of Overseas Investments in Mutual Funds

Reference – SEBI email dated March 19, 2024

Addressed to: AMFI

- 140.1. SEBI vide clause 12.19 of Master Circular for Mutual Funds (circulars dated September 26, 2007 and April 8, 2008) prescribed the overseas investment limits of US \$ 7 billion for overseas investment (other than ETFs) and US \$ 1 billion for overseas ETFs for Mutual Funds based on RBI circulars dated September 26, 2007 and April 3, 2008.
- 140.2. It has been observed that out of overall industry limit of US \$ 1 billion available for investing in Overseas ETF, US \$ 951 million has been utilized by Mutual Funds as on February 29, 2024. This is approximately 95% of the overall industry limit. Further, out of the industry limit of US \$ 7 billion for investment in overseas securities, approximately 84.21% of the limit has been utilized.
- 140.3. AMFI is hereby advised to inform the AMCs to stop subscriptions intending to invest in overseas ETFs w.e.f April 01, 2024. The investment in overseas securities may continue

till further communication. Also, monitor the utilization of ceilings for investment in overseas securities to ensure that the same remain within the industry limits.

141. Overseas Investment Reporting

Reference – SEBI email dated March 20, 2024

141.1. In accordance with clause 12.19.1.4 of Master Circular for Mutual Funds dated May 19, 2023, MFs are required to report the utilization of overseas investment limits on a monthly basis. During the review, it has been observed that there is no uniformity in valuation of overseas securities (including overseas ETFs) being held by MFs. For instance, few AMC's report the value of overseas securities on the basis of market valuation as on the date of reporting while few value the overseas securities on the basis of cost of acquisition of such securities.

141.2. Therefore, AMFI is hereby advised to inform the AMC's that for the purpose of above reporting, the overseas securities are to be valued at the cost of acquisition.

142. Advisory to AMC's on examination of process of creation and reconciliation of outstanding units of Mutual Funds by RTAs

Reference – SEBI Letter dated April 03, 2024

142.1. Based on the examination of process related to creation and reconciliation of outstanding units (physical and demat) of Mutual Funds schemes by RTAs, it is observed that, in certain transactions related to online investment mode routed through aggregators, there were delays in receiving investment feeds by AMC's/RTAs which led to delay in allocation of Units. Further, AMC's/RTAs initiated the process of unit allotment only after the complaints raised by the investors.

142.2. In view of the above, all AMC's are advised to take up the matter with their online aggregators to ensure that transaction feeds are provided to AMC's/RTAs without delay for allotment of units within the timelines prescribed.

142.3. Further, all AMC's/RTAs are advised to reconcile the unit capital of schemes (Physical & Demat) at a regular interval i.e. on weekly basis.

142.4. AMFI is advised to communicate above to all AMC's/RTAs.

143. Clarifications to AMC's on Guidance on implementation of SEBI circular on simplification of offer documents

Reference - SEBI Letter No. SEBI/HO/IMD/IMD-RAC-2/P/OW/2024/14312/1 dated April 12, 2024

143.1. This has reference to SEBI circular dated November 01, 2023 wherein the streamlined format for Scheme Information Document (SID), in consultation with AMFI was prescribed. Subsequently, based on the request submitted by AMFI, the date of implementation of aforesaid circular was extended by the competent authority to June 01, 2024.

143.2. AMFI has submitted its inputs on the SID format as well as consequential changes in SAI and KIM. After examination of the AMFI submissions, it has been decided that AMFI may issue suitable communication to AMC's taking following points in consideration:

AMFI Submissions taken into record:

143.3. SID/KIM related

- a. PRC matrix to be displayed on cover page
- b. Month and year for close ended/target maturity schemes to be mentioned in the name of scheme
- c. Reference to 'minimum application amount' to be deleted.
- d. Indicative table to mention express prohibition/enablement for investment.
- e. In case SID is silent with regard to investment in particular security/investment, the same shall not be reflected.
- f. Aggregate investment in the scheme by fund manager to include market value (in Rs.) of investments
- g. Details of heading titled 'where to submit the application', 'where can applications for purchase/redemption be submitted' be merged under common title 'How to apply and other details'
- h. Uniformity to be maintained in the disclosures across SID and KIM formats.

143.4. SAI related

- a. Information under heading Rights of unitholders may be provided as per latest SEBI regulations/circular
- b. Reference to securities lending and borrowing may be included only in Point D 'Information pertaining to investments by the scheme of the fund' as per new format.

AMFI to include following points while issuing necessary clarifications to AMC:

143.5. SID/KIM related

- a. A weblink to display daily TER and last 6 months TER.
- b. Monthly factsheet to be published by AMCs
- c. Penalties, pending litigations or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by any regulatory authority- AMCs to ensure real time updation of data on the web link for the last 5 financial years and/or wherever the amount of penalty is more than Rs. 5 lakh.

143.6. SAI related

- a. Information of duties & obligations of the AMC as well as information of key personnel to be provided as per prescribed format.

143.7. Pursuant to the issuance of new SID format, the older SID formats as well as compliance checklist has to be aligned to the new format and related disclosures. AMFI has highlighted following categories wherein the latest disclosure requirements have to added to the older SIDs and compliance checklist:

- a. Statement carrying wording that "There is no assurance that the investment objective of the Scheme will be achieved"
- b. Disclosure on internal norms w.r.t exposure limits.
- c. Disclosure on derivatives exposure for non-hedging purpose
- d. Disclosure on derivatives products as part of investment strategy

- e. Removal of provision w.r.t minimum balance in older SIDs
- f. Alignment of disclosures in various sections of SIDs
- g. Disclosure of separate sub limits on bonds with special features

143.8. In view of the fact that the aforesaid instances have resulted due to alignment with regulatory mandate, Fundamental attribute change may not be applicable for AMCs.

144. Regarding SEBI Circular on Development of Passive Funds

Reference – SEBI Letter No. SEBI/HO/IMD- POD-2/P/OW/2024/15311/1 dated April 12, 2024

- 144.1. This has reference to clause 3.6.2 of SEBI Master Circular for Mutual Funds dated May 19, 2023, and SEBI letter SEBI/HO/IMD- POD-2/P/OW/2023/43653/1 dated October 26, 2023.
- 144.2. In this context, it has been decided that the clause 3.6.2.1 and clause 3.6.2.2 of the master circular shall not be applicable for the below investors till October 31, 2024
- (a) Schemes managed by Employee Provident Fund Organisation, India
 - (b) Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax act, 1961.
- 144.3. You are advised to issue appropriate communication to all AMCs to this effect.

145. Assisting Mutual Fund Investors for KYC Validation - Guidance on AMCs' website

Reference – SEBI Email dated Friday, April 26, 2024

- 145.1. As it is the responsibility of AMCs (and its agents, RTAs) to upload valid documents for KYC verification of investors, a link to check the status of KYC shall be provided on the websites of all AMCs, RTAs, Channel Partners and AMFI. The link for checking the status should be very conspicuous on the website and preferably a pop-up window.
- 145.2. In cases of investors whose KYCs are “Registered” but not “Validated”, the websites of AMCs / RTAs shall provide an explanation on the status of transactions / portability that are allowed for the said investor and a link to be provided for steps he / she is required to take for making the KYC as validated along with requisite documents required for validation of KYC.
- 145.3. In cases of investors whose KYCs are “Rejected” or “On hold”, the websites of AMCs / RTA shall provide guidance that all transactions of the investor are on hold and a link shall be provided to investor for KYC registration and validation. Further, list of supporting documents may be provided for validation of KYC indicating benefits of validated KYC and portability.
- 145.4. Based on the feed received from KRAs, all AMCs / RTAs shall send specific emails to the investors based on their respective KYC status with applicable steps to be followed in case of KYC Registered, On Hold and Rejected status. A generic email may not be sent in this regard. Further, investors with validated KYC are to be intimated about the benefits of portability and seamless transactions across intermediaries.
- 145.5. AMCs shall prominently display and provide helpline numbers for resolution of KYC issues on their respective websites.
- 145.6. AMFI advertisements in respect of KYC to be in the form of guidance to investors and to include steps to be followed by investors for different KYC categories (i.e. Registered, On-

Hold and Rejected statuses). A draft copy of the same shall be shared with SEBI before publishing.

145.7. AMFI shall issue advisory to ARN holders (Mutual Fund Distributors) for making their clients aware on the KYC requirements / portability and steps to be followed by investors with respect to updating their KYC status to “Validated”.

145.8. AMFI shall provide data in the attached format as on April 26, 2024 with respect to KYC status of all the investors and subsequently on weekly basis to SEBI.

145.9. AMFI shall advise all the AMCs / RTAs to follow the above mentioned requirements on an urgent basis and confirm the same by April 30, 2024.

146. Consolidated list of Standard Observations, Application and Undertaking for Merger/s of Scheme/s/ Consolidation of schemes.

Reference – SEBI Letter No. SEBI/HO/OW/IMD RAC2/P/2024/16066/1 dated May 6, 2024

146.1. We refer to SEBI email dated November 24, 2023 and subsequent communications, resting with your response mail dated December 21, 2023 on the captioned subject.

146.2. In this regard, please find enclosed revised Standard Observations for your ready reference.

146.3. You are, accordingly, advised to communicate the finalised text as guidance note to all AMCs to be submitted as list of Standard Observations for Merger/s of Scheme/of Consolidation of schemes in all future communications while filing the draft proposal about Merger/Consolidation of schemes with SEBI.

Subject: Application seeking approval of Merger/s /Consolidation of MF Scheme/s

Name of the AMC:

Proposal:

Rationale for merger/ consolidation: Date of Application:

Part A- Basic Information of Merger/ s / Consolidation of MF scheme/ s				
SI. No.	Particulars	Merging/ Consolidating Scheme 1	Merging/ Consolidating Scheme/sn	Surviving/ Consolidated Scheme
1.	Name of the Scheme			
2.	Category of the Scheme/s			
3.	ISIN details of Scheme/s			
4.	Date of launch of Scheme/s			
5.	Unclaimed Dividend (IDCW) Amount with no. of Investors			
6.	Unclaimed redemption amount with no. of Investors			
7.	Date of latest reminder			

8.	Number of KYC non-compliant folios and corresponding AUM (RS.)			
Part B- Consolidated list of Standard Observations				Remarks (Yes/No) and Annexure No.
9.	<p>The application for merger/ consolidation is accompanied with the following documents:</p> <p>Requisite documents are placed as under:</p> <p>1.1 The certified true copies of the resolutions passed by Board of Directors of AMC, granting approval for the captioned merger/ consolidation at its meeting on DD/MM/YYYY;</p> <p>1.2 The certified true copies of the resolutions passed by Board of Directors of Trustee Company, granting approval for the captioned merger/ consolidation at its meeting on DD /MM/YYYY;</p> <p>1.3 Draft of letter to be issued to the unitholders of the both merging/ consolidating scheme/ s and surviving scheme and draft notice cum addendum;</p> <p>1.4 The list of the undertakings mentioned at Annexure-I duly signed by CEO/ CO.</p>			
10.	<p>Whether a new scheme emerges after such consolidation/ merger.</p> <p>If yes, whether draft SID along with requisite fees and draft of the letter to be issued to the unit holders of all the concerned schemes is filed with SEBI.</p>			
11.	<p>Whether the letter to unitholders is as per AMFI prescribed format communicated to the AMCs vide email dated April 24, 2023 and the contents of the letter to unitholders is in line with SEBI (Mutual Fund) Regulations, 1996 and circulars and guidelines issued thereunder.</p>			
12.	<p>Whether the confirmation regarding the interest of the unitholders of surviving/ consolidated scheme is not adversely affected is provided.</p>			
13.	<p>Whether in case of merger of closed ended debt/equity schemes into open ended scheme or close ended scheme, positive consent is required to be obtained from unit holders of merging scheme and unit holders of surviving scheme shall be given exit option without any exit load.</p> <p>OR</p> <p>Whether in all other cases the unit holders of merging scheme and surviving scheme are provided with the exit option to redeem their investments at prevailing NAV, without exit load.</p>			

14.	Whether the basis of allocation of new units by way of a numerical illustration is provided in the draft letter to be issued to the unitholders of the both merging/consolidating scheme/s and surviving scheme.	
15.	Whether the percentage of total exposure to securities classified as below investment grade or default and percentage of total illiquid assets to net assets of each individual scheme(s) as well the consolidated schemes are provided in the draft letter to be issued to the unitholders of the both merging/ consolidating scheme/ s and surviving scheme.	
16.	Any other disclosure as specified by the Trustees.	
17.	Any other disclosure as directed by the Board.	
	INSTRUCTIONS:	
18.	Ensure that the soft Copy of application along with the annexures will be mailed on the same day of filing of physical copy with SEBI.	
19.	Ensure that the Statement of changes, if any, is filed along with all the communication subsequent to filing of the application.	

**-Signed-
CO / CEO**

Part C

Disclosure of any deviations from applicable SEBI circulars and guidelines and best practices:

SI. No	SEBI Regulations, Circulars and Guidelines	Deviation	Rationale for the deviation.	Point no. in letter to the unitholders

**-Signed-
CO / CEO**

The requisite undertaking/s confirming the following requirements, duly signed by CEO/CO, are submitted along with the application.

- i. Post-merger/ consolidation, the interest of all the concerned unitholders under the merging scheme/s/ consolidating and Surviving Scheme will be protected;
- ii. Post- merger/ consolidation, the Surviving/ consolidated Scheme will not be similar to other existing schemes of the Mutual Fund;
- iii. There shall be no changes to the features of the Scheme apart from the provisions stated in the draft Notice-cum-Addendum and letter to Unitholders;
- iv. Compliance with (relevant paras) of SEBI Circular(s) on consolidation and merger of schemes, SEBI (Mutual Funds) Regulations, 1996, any other directives/ provisions in this regard;
- v. The name and Asset allocation of the Transferee Scheme is in accordance with the categorization Circular;
- vi. The details of the proposed changes will be updated at the relevant pages of Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of the Surviving Scheme;
- vii. The expenses related to the proposed changes and other consequential changes will not be charged to the unitholders of the schemes;
- viii. The details of unclaimed IDCW and unclaimed Redemption in Merging/ consolidating Scheme and/ or in Surviving Scheme will be shared with the unitholders of the concerned schemes;
- ix. Letter to the unit holders will be updated with latest portfolio disclosures of the concerned schemes before issuance of the same;
- x. Merger/ consolidation of the Scheme is considered as a change in Fundamental attributes of both the schemes i.e. Merging/ consolidating Schemes and surviving scheme. Accordingly, notice and Letter to Unit holders will be sent to the investors of both these Schemes.

OR

Merger/ consolidation is not seen as change in fundamental attribute of the surviving as Fundamental attributes of the surviving scheme do not change and mutual funds are able to **demonstrate** that the circumstances merit merger/ consolidation of schemes and the interest of the unit holders of surviving scheme is not adversely affected.

- xi. An advertisement will be issued in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of

region where the Head Office of the mutual fund is situated;
- xii. The unit holders of merging/ consolidating scheme/ s and surviving scheme shall be given an option to exit at the prevailing Net Asset Value

without any exit load;

- xiii. Records as required under (relevant clause) of SEBI Master Circular dated May 19, 2023 including Records of dispatch of the letters/ communication to the unitholders giving them the option to exit at prevailing NAVs without exit loads and the responses received from them will be maintained.
- xiv. A report giving information on total number of unit holders in the schemes and their net assets, number of unit holders who opted to exit and net assets held by them and number of unit holders and net assets in the surviving/ consolidated scheme shall be filed with the Board within 21 days from the date of closure of the exit option.
- xv. The letter to unit holders shall be issued only after the final observations communicated by SEBI have been incorporated and final copies of the same have been filed with SEBI.


147. Submission of Cyber Security Audit Report (CSAR) through SEBI Intermediary (SI) Portal

Reference – SEBI Email dated Monday, May 05, 2024

147.1. This has reference to the Cyber Security Audit report (CSAR) to be submitted to SEBI by the AMCs in terms of Circular SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/12 dated January 10, 2019, SEBI email dated February 17, 2021 & August 04, 2022 and SEBI Circular No. SEBI/HO/IMD/IMD-I/DOF2/P/CIR/2022/81 dated June 09, 2022. The said reports were earlier sent to SEBI on dedicated email id meant for submission of above report.

147.2. It is now informed that a provision has now been created in the SEBI Intermediary portal to submit the Cyber Security Audit Report (CSAR). Detailed steps to upload the report on SI Portal are as below:

- a. Login to SI Portal
- b. Go to: Mutual Funds > Report > Cyber Security Audit Report
- c. Select Year and Month from the dropdown and click on 'Go'
- d. Browse and attach Cyber Security Audit Report (PDF; Mandatory)
- e. Browse and attach Exception Report (XLSX; Mandatory)
- f. Click on Submit
- g. Re-enter password
- h. Note the Report ID which will appear in the success message after submission (refer screenshot below)

- 
- 147.3. Henceforth the AMCs shall ensure that report may be uploaded in the SI portal as per the timelines prescribed vide the aforementioned Circulars. Wherever there is NIL observations, necessary certificate shall be uploaded by the AMC. Additionally exceptions are also to be uploaded separately in a excel sheet. Kindly note that no email/ physical submission of report shall be entertained.
- 147.4. Further, AMCs are advised to submit the CSAR for the half year ending Sept 2023 (which they may have already submitted to SEBI) on SI portal, latest by February 09, 2024, to check the functioning of the module and resolve issues, if any.
- 147.5. In case any technical issues are faced while uploading CSAR, the same may be flagged with screenshots to Mr. Siddhartha Ratmele, available at 022 2644 9700/ siddharthar@sebi.gov.in and portalhelp@sebi.gov.in.

148. Assisting Mutual Fund Investors for KYC Validation - Guidance on AMCs' website

Reference - SEBI Email dated April 16, 2024

- 148.1. As it is the responsibility of AMCs (and its agents, RTAs) to upload valid documents for KYC verification of investors, a link to check the status of KYC shall be provided on the websites of all AMCs, RTAs, Channel Partners and AMFI. The link for checking the status should be very conspicuous on the website and preferably a pop-up window.
- 148.2. In cases of investors whose KYCs are “Registered” but not “Validated”, the websites of AMCs / RTAs shall provide an explanation on the status of transactions / portability that are allowed for the said investor and a link to be provided for steps he / she is required to take for making the KYC as validated along with requisite documents required for validation of KYC.
- 148.3. In cases of investors whose KYCs are “Rejected” or “On hold”, the websites of AMCs / RTA shall provide guidance that all transactions of the investor are on hold and a link shall be provided to investor for KYC registration and validation. Further, list of supporting documents may be provided for validation of KYC indicating benefits of validated KYC and portability.
- 148.4. Based on the feed received from KRAs, all AMCs / RTAs shall send specific emails to the investors based on their respective KYC status with applicable steps to be followed in case of KYC Registered, On Hold and Rejected status. A generic email may not be sent in this regard. Further, investors with

validated KYC are to be intimated about the benefits of portability and seamless transactions across intermediaries.

- 148.5. AMCs shall prominently display and provide helpline numbers for resolution of KYC issues on their respective websites.
- 148.6. AMFI advertisements in respect of KYC to be in the form of guidance to investors and to include steps to be followed by investors for different KYC categories (i.e. Registered, On-Hold and Rejected statuses). A draft copy of the same shall be shared with SEBI before publishing.
- 148.7. AMFI shall issue advisory to ARN holders (Mutual Fund Distributors) for making their clients aware on the KYC requirements / portability and steps to be followed by investors with respect to updating their KYC status to "Validated".
- 148.8. AMFI shall provide data in the attached format as on April 26, 2024 with respect to KYC status of all the investors and subsequently on weekly basis to SEBI.
- 148.9. AMFI shall advise all the AMCs / RTAs to follow the above mentioned requirements on an urgent basis and confirm the same by April 30, 2024.

149. Grandfathering of Target Maturity Debt Indices

Reference- SEBI letter to AMFI dated May 22, 2024

- 149.1. This has reference to the email sent by AMFI to NSE Indices Limited on January 02, 2024 providing AMFI ETF Committee's comments on certain queries raised by NSE Indices Limited with respect to the guidelines issued by AMFI on 'Standardization of target maturity indices for debt ETFs and Index Funds' based on SEBI letter to AMFI dated November 06, 2023.
- 149.2. The clarification provided by AMFI at paras (c) and (d) of the aforementioned email with respect to grandfathering of all existing indices while considering the number of indices that may be launched basis the revised framework was perused by IMD.
- 149.3. In this regard, it is stated that paras 2(i)(a) and 2(i)(c) of SEBI letter dated November 06, 2023 is to be interpreted in the manner provided below:
 - a. If the number of existing target maturity funds prior to the issuance of the guidelines are higher than the number of permissible schemes in a quarter/ half year/ year as per the guidelines issued by AMFI, those target maturity schemes may be grandfathered from the guidelines regarding frequency of launching target maturity schemes.
 - b. In such cases, where the number of such existing target maturity indices is already higher than the permissible number of indices as per the guidelines, no additional indices may be permitted on which new target maturity schemes shall be launched as grandfathering the existing indices to enable launch of additional indices shall defeat the

purpose of preventing proliferation of target maturity debt passive funds.

149.4. In view of the above, AMFI is advised to issue a revised email/letter to Index Providers, clarifying the above.

150. Compliance with provisions of Sections 42 and 46 of the Rights of Persons with Disabilities Act, 2016 and Rule 15 of the Rights of Persons with Disabilities Rules, 2017

Reference- SEBI letter to AMFI dated May 28, 2024

150.1. The Court of Chief Commissioner for persons with disabilities vide Order dated March 21, 2024 has inter-alia observed the following:

“The Court expressed its general satisfaction about the redressal of immediate grievance of the Complainant and also on the progress made by the Respondent so far in making its product and service accessible to blind persons, but advised to continue working in this direction till the time full accessibility level as per Section 42, 46 and rule 15 of the RPwD Rule, 2017 as amended from time to time, is achieved. The Regulator, respondent no.2 in this case, is directed to bring the above provisions to the attention of all concerned and ensure compliance without further delay as the prescribed time limit under the statute is already over..... The respondents are directed to submit their compliance report within 90 days”.

151. Reporting of Fraud incident to Alert / Caution all AMCs-Flow chart

Reference - SEBI Email dated June 10, 2024

151.1. This has reference to AMFI email dated May 29, 2024 on the captioned matter. In this regard, KRAs are being advised to verify the records where KYC details were modified with respect to Aadhaar number other than one in the records and share the same with AMFI for further sharing the same with AMCs for necessary actions.

151.2. In case of receipt of KYC modification requests by AMC/RTA, the AMC/RTA need to exercise additional due diligence including verification of photo, signature, father name etc. as available in their records. Accordingly, AMCs may also be advised to identify such cases, if any and put necessary controls in place to ensure that fraudulent redemption does not take place in the folios of the investors and initiate suitable actions against fraudsters including filing of FIR in such instances.

151.3. Further, it is understood that in case of request for change of Bank Mandates (request to replace a New Bank account with an older one), as per AMFI Guidelines and industry practices, validation of old bank account is also undertaken by seeking cancelled cheque/Bank statement of old bank account. Accordingly, confirmation of registration / change of bank details, or information regarding rejection of a registration or change of bank details is intimated via a physical letter sent to the investor's registered address, in addition to SMS and / or email at the mobile number and email id registered in the AMC records. It is advised that similar

practice to be followed in case of addition of new bank account in the folio of the unitholder or change in default bank account for redemption in the folio of the unitholder.

151.4. It is also reiterated that all the redemptions/payout to the investor with respect to non-demat folios shall only be made to verified bank account of the investor mapped with concerned folio as per the records of AMCs/RTAs.

152. Registration of LOBs on FINNET 2.0

Reference - SEBI Email dated June 13, 2024

152.1. This has reference to the Guidelines on AML/CFT/Obligations of Securities Market Intermediaries under the PMLA and rules framed thereunder, issued by SEBI vide Master Circular dated June 06, 2024, which inter-alia states the reporting requirements of the Securities Market Intermediaries relating to cash and suspicious transactions to Director, FIU-India. For compliance of the reporting requirements, registration with FIU-India through the FINNET 2.0 is required.

152.2. All the Intermediaries registered with SEBI and/or other regulators in multiple capacities need to register on the FINNET 2.0, if not registered, and also to update all the lines of business. Further, it has been observed that banks who are also acting as depository participants, have not registered in FINNET 2.0 under the LOB (Line of Business) of depository business.

152.3. You may consider to disseminate this information to the respective members and participants under your purview for necessary compliance as required.

153. Revised Framework for Target Maturity Indices & Norms for launching of Target Maturity Debt Passive Funds

Reference – SEBI Email dated June 25, 2024

153.1. The request for including 'CRISIL Liquid Overnight Index' alongside the 'Nifty 1D Rate Index' in the section "Waterfall for Reinvestment of security redemption" of the standard framework is noted.

153.2. AMCs may launch sector based target maturity passive schemes only in the following 3 sectors conditioned to compliance with paragraph 3.5 of the Master circular for mutual funds on "Norms for Debt Exchange Traded Funds (ETFs)/Index Funds".

- a. Financial services, (ii) NBFC, and (iii) NBFC- HFC

153.3. The aforesaid sector based target maturity schemes may be launched only in the following asset combinations.

- a. AAA sectoral MMM YYYY index and
- b. AAA sectoral plus G-Sec MMM YYYY XX: YY Index.

Therefore, the aforesaid sector-based target maturity schemes can only be launched under the following nomenclature

- c. <Index Provider's Name> AAA Bond (PSU/Sector or theme name if applicable) MMM YYYY Index and/ or
- d. <Index Provider's Name> AAA Bond (PSU/Sector or theme name if applicable) Plus G-Sec MMM YYYY XX:YY Index

153.4. The conditions specified in the SEBI letter dated November 6, 2023 on “Standardisation of Target Maturity Indices for Debt ETFs and Index Funds” shall also be applicable during the launch of the target maturity sectoral indices.

153.5. Each index provider shall be allowed to launch only 1 index in each of the aforesaid 3 sectors (as per paragraph 2 above) and for each asset combination (as per paragraph 3 above) in a year. In order to address the proliferation of sectoral indices, AMCs can launch only 1 scheme for each sector (as defined in paragraph 2 above) for each combination (as defined in paragraph 3 above) with the underlying index maturing in a particular year.

Standard framework for Target Maturity Debt Indices							
Index	<Index Provider's Name> SDL MMM YYYY Index	<Index Provider's Name> G-Sec MMM YYYY Index	<Index Provider's Name> AAA Bond MMM YYYY Index	<Index Provider's Name> AAA Bond Plus SDL MMM YYYY XX:YY Index	<Index Provider's Name> AAA Bond Plus G-Sec MMM YYYY XX:YY Index	<Index Provider's Name> SDL Plus G-Sec MMM YYYY XX:YY Index	<Index Provider's Name> AAA Bond Plus G-Sec MMM YYYY XX:YY:ZZ Index
Asset class	100% SDL	100% G-Sec/T-Bill	100% AAA+ Bond	AAA Bond + SDL (XX%:YY%)	AAA Bond + G-Sec/T-Bill (XX%:YY%)	SDL + G-Sec/T-Bill (XX%:YY%)	AAA Bond + SDL + G-Sec/T-Bill (XX%:YY%:ZZ%)
Issuer level credit rating for long term NCD	NA	NA	AAA (most conservative rating)	AAA (most conservative rating)	AAA (most conservative rating)	NA	AAA (most conservative rating)
Lookback period for Bond Maturity	1) 12 month (if index maturity is more than 5 years) OR/ AND 2) 6 month (if index maturity is less than 5 years)OR/ AND						
Issuer/State/UT selection	1) Based on highest outstanding amount OR/ AND 2) Based on highest composite liquidity score OR/ AND 3) Based on composite score of outstanding & liquidity score OR/ AND 4) Based on Total Outstanding Liability /Gross State Domestic Product ratio (only for SDLs)OR/ AND 5) Based on average Fiscal Deficit/ Gross State Domestic Product ratio (only for SDLs) OR/ AND 6) Average Revenue Deficit/ Gross State Domestic Product ratio (only for SDLs) OR/ AND 7) Total Outstanding liabilities and guarantees / Gross State Domestic Product						

	ratio (only for SDLs) OR/ AND			
Minimum no of issuers	1 State/UT	1 GOI	8 AAA issuers	8 AAA issuers & 1 State/UT (only applicable for indices with >= 80% corporate bond exposure)
Security selection	1) Longest Maturity OR/ AND 2) Most recently issued OR/ AND 3) Based on highest outstanding amount OR/ AND 4) Most liquid based on composite liquidity score OR/ AND 5) Bond with highest composite score of outstanding amount & liquidity score OR/ AND			
Weight assignment	1) Equal weight OR 2) Based on outstanding amount OR 3) Based on composite liquidity score OR 4) Based on composite score of outstanding & liquidity score			
Single issuer/group/sector weight limit	To be capped in compliance with the Norms for Debt Exchange Traded Funds (ETFs)/ Index Funds announced by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 on May 23, 2022. Single issuer limit not applicable for G-Sec/SDL.			
Index review frequency for adherence to SEBI circular	At least on a six monthly			
Constituents churn frequency	1) Hold to Maturity (if continue to be eligible as per index rules) (Index name to include ' HTM ' and also the initial asset allocation ratio, in such case) OR			
Waterfall for Reinvestment of security redemption	As the index includes securities that shall mature during the twelve month/ six month period ending on the final maturity date of the index, any proceeds from the security redemption prior to the final maturity date of the index shall be re-invested using the following waterfall approach: 1) The proceeds from security redemption will be reinvested in the longest maturity outstanding security issued by the same issuer (SDL in			

	<p>case of state/UT and Bond/money market instrument in case of corporate bond and G-Sec/T-Bill in case of government securities) and maturing on or just before the index maturity date with the same weightage. This will be subject to single issuer limit in compliance with the Norms for Debt Exchange Traded Funds (ETFs)/Index Funds announced by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 on May 23, 2022</p> <p>2) In case a replacement in the form of outstanding security of the same issuer cannot be found for reinvestment then the proceeds from such redemption shall be reinvested in the remaining portfolio on the same date in the proportion of the existing weights. This will be subject to single issuer limit in compliance with the Norms for Debt Exchange Traded Funds (ETFs)/Index Funds announced by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 on May 23, 2022</p> <p>3) In case due to any reason, it is not possible to meet any norms as prescribed by SEBI vide circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022, then the proceeds from such redemption shall be reinvested in a T-Bill maturing on or just before the index maturity date</p> <p>4) If the last outstanding security (including T-Bill) in the index matures before the final index maturity date, all redemption proceeds shall be re-invested in The Clearing Corporation of India Ltd.'s (CCIL) TREPS overnight rate tracked by CRISIL Liquid Overnight Index/ Nifty 1D Rate Index for any subsequent days till the maturity of the index</p>
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Note:

- (1) AAA Bond may also include AAA PSU Bond, AAA Financial Services Bond, AAA NBFC HFC Bond, AAA NBFC Bond and Money market instruments with long term rating as AAA (including all suffix) and short term rating as A1+
- (2) Sector/theme i.e. AAA Financial Services Bond, AAA NBFC HFC Bond & AAA NBFC Bond can only be launched under <Index Provider's Name> AAA Bond (PSU/Sector or theme name if applicable) MMM YYYY Index and/ or <Index Provider's Name> AAA Bond (PSU/Sector or theme name if applicable) Plus G-Sec MMM YYYY XX:YY Index.
- (3) Index Providers and Mutual Funds shall launch the target maturity index/schemes on a limited number of standard Indices maturing in each quarter as per the guidelines given by AMFI.

Index Name	Asset allocation				
	Gilt/ Tbill	SDL	AAA PSU	AAA	AAA Sector/ Theme
CRISIL-IBX Gilt Index - MMM YYYY	100%				
CRISIL-IBX SDL Index - MMM YYYY		100%			
CRISIL-IBX AAA PSU Index - MMM YYYY			100%		
CRISIL-IBX AAA Index - MMM YYYY				100%	
CRISIL-IBX x:y Gilt + SDL Index - MMM YYYY	x	y			

CRISIL-IBX x:y Gilt + AAA PSU Index - MMM YYYY	x		y		
CRISIL-IBX x:y Gilt + AAA Index - MMM YYYY	x			y	
CRISIL-IBX x:y SDL + AAA PSU Index - MMM YYYY		x	y		
CRISIL-IBX x:y SDL + AAA Index - MMM YYYY		x		y	
CRISIL-IBX x:y:z Gilt + SDL + AAA PSU Index - MMM YYYY	x	y	z		
CRISIL-IBX x:y:z Gilt + SDL + AAA Index - MMM YYYY	x	y		z	
CRISIL-IBX AAA (Sector/Theme name) Index - MMM YYYY					100%
CRISIL-IBX x:y Gilt + AAA (Sector/Theme name) Index - MMM YYYY	x				y

Note: AAA Bond may also include AAA PSU Bond, AAA Financial Services Bond, AAA NBFC HFC Bond, AAA NBFC Bond and Money market instruments with long term rating as AAA (including all suffix) and short term rating as A1+.

Addition of indices

Index Name
CRISIL-IBX HTM Gilt Index - MMM YYYY
CRISIL-IBX HTM SDL Index - MMM YYYY
CRISIL-IBX HTM AAA PSU Index - MMM YYYY
CRISIL-IBX HTM AAA Index - MMM YYYY
CRISIL-IBX HTM Gilt + SDL Index - MMM YYYY
CRISIL-IBX HTM Gilt + AAA PSU Index - MMM YYYY
CRISIL-IBX HTM Gilt + AAA Index - MMM YYYY
CRISIL-IBX HTM SDL + AAA PSU Index - MMM YYYY
CRISIL-IBX HTM SDL + AAA Index - MMM YYYY
CRISIL-IBX HTM Gilt + SDL + AAA PSU Index - MMM YYYY
CRISIL-IBX HTM Gilt + SDL + AAA Index - MMM YYYY
CRISIL-IBX HTM AAA (Sector/theme name) - MMM YYYY
CRISIL-IBX HTM Gilt + AAA (Sector/theme name) Index - MMM YYYY

Note: AAA Bond may also include AAA PSU Bond, AAA Financial Services Bond, AAA NBFC HFC Bond, AAA NBFC Bond and Money market instruments with long term rating as AAA (including all suffix) and short term rating as A1+.

Nifty Target Maturity index names	Asset allocation			
	Gilt/ Tbill			AAA Sector/

Index Name		SDL	AAA	Theme
Nifty G-Sec MMM YYYY Index	100%			
Nifty SDL MMM YYYY Index		100%		
Nifty AAA Bond MMM YYYY Index			100%	
Nifty SDL Plus G-Sec MMM YYYY XX:YY Index	YY	XX		
Nifty AAA Bond Plus G-Sec MMM YYYY XX:YY Index	YY		XX	
Nifty AAA Bond Plus SDL MMM YYYY XX:YY Index		YY	XX	
Nifty AAA Bond Plus SDL Plus G-Sec MMM YYYY XX:YY:ZZ Index	ZZ	YY	XX	
Nifty AAA Bond (Sector/theme) MMM YYYY Index				100%
Nifty AAA Bond (Sector/theme) Plus G-Sec MMM YYYY XX:YY Index				XX

Note: AAA Bond may also include AAA PSU Bond, AAA Financial Services Bond, AAA NBFC HFC Bond, AAA NBFC Bond and Money market instruments with long term rating as AAA (including all suffix) and short term rating as A1+.

Nifty Target Maturity HTM index names

Index Name
Nifty G-Sec MMM YYYY HTM Index
Nifty SDL MMM YYYY HTM Index
Nifty AAA Bond MMM YYYY HTM Index
Nifty SDL Plus G-Sec MMM YYYY XX:YY HTM Index
Nifty AAA Bond Plus G-Sec MMM YYYY XX:YY HTM Index
Nifty AAA Bond Plus SDL MMM YYYY XX:YY HTM Index
Nifty AAA Bond Plus SDL Plus G-Sec MMM YYYY XX:YY:ZZ HTM Index
Nifty AAA Bond (Sector/theme) MMM YYYY HTM Index
Nifty AAA Bond (Sector/theme) Plus G-Sec MMM YYYY XX:YY HTM Index

Note: AAA Bond may also include AAA PSU Bond, AAA Financial Services Bond, AAA NBFC HFC Bond, AAA NBFC Bond and Money market instruments with long term rating as AAA (including all suffix) and short term rating as A1+.

154. Addition of indices to the list of Target Duration Indices for Debt ETFs and Index Funds

Reference – SEBI Email dated July 01, 2024

154.1. This is to inform the members that, below mentioned four new Target

Duration' indices of CRISIL have been to the existing list to the existing list of Target Duration indices for Debt ETFs and Index Funds circulated vide our email communication no. AMFI/ 35P/ MEM-COR/ 43 / 2022-23 dated August 26, 2022:

Sr. No.	Index Name	Index Objective
1	CRISIL-IBX Financial Services 3-6 Months Debt Index	Index seeks to track the performance of Commercial Papers (CPs), Certificates of Deposit (CDs) & corporate bond securities from the Financial Services sector and maturing within 3 to 6 months from the date of inclusion in the index
2	CRISIL-IBX Financial Services 9-12 Months Debt Index	Index seeks to track the performance of Commercial Papers (CPs), Certificates of Deposit (CDs) & corporate bond securities from the Financial Services sector and maturing within 9 to 12 months from the date of inclusion in the index
3	CRISIL-IBX Select FAR Gilt Index	Index seeks to track the performance of 10 most liquid Government securities eligible under FAR (Fully Accessible Route)
4	CRISIL-IBX FAR Gilt Index	Index seeks to track the performance of all Government securities eligible under FAR (Fully Accessible Route)

154.2. The addition of the above four CRISIL indices has been noted by SEBI.

155. Releasing unclaimed payment withheld on account of non-linking of PAN with Aadhaar for KYC status Registered

Reference – SEBI Email dated May 14, 2024 and AMFI email dated August 07, 2024

155.1. As per SEBI's circular ref. SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated 11th August 2023, it was mandatory for the KRAs to verify PAN including PAN Aadhaar linkage, as referred to in rule 114 AAA of the Income-tax Rules, 1962.

155.2. Subsequently, as per the FAQs released by SEBI, (informed to AMCs vide the trailing mail) it was clarified at Question no. 12 as under:

155.3. Is PAN-Aadhaar seeding mandatory for transactions in securities market?

- a. No. The Indian government has made it mandatory for everyone to link their PAN to their Aadhaar, with certain exceptions for NRIs, non-citizens, those over 80, and residents of the states of Assam, Jammu and Kashmir and Meghalaya. Clients in whose case, PAN Aadhaar linkage are not found to be verified, shall be allowed to transact with the existing intermediary subject to valid PAN, however the client's KYC shall not be allowed portability in securities market."

155.4. AMFI were in receipt of a mail from RTAs, informing them that in view of the previous guidelines of requirement of PAN Aadhaar seeding, the payments to such investors whose PAN was found to be not linked with

Aadhaar were kept on hold under the Unclaimed account/scheme. They had sought AMFI's guidance post SEBI's clarification, on releasing these unclaimed payments to the investors.

155.5. AMFI had referred the matter to AMFI Operations and Compliance Committee which was discussed in their meeting held on 1st August 2024.

155.6. The committee opined that in view of the SEBI's clarification, these withheld payments on account of non-seeding of PAN with Aadhaar can be released to investors.

155.7. AMCs are requested to take note of the above and take appropriate action in this regard.

156. Standardization of letter to unit holders in case of change in Control of AMC or change in Sponsor of a Mutual Fund

Reference – SEBI Email dated August 12, 2024 and AMFI email dated August 13, 2024

156.1. This has reference to SEBI letter dated May 12, 2023, May 21, 2024 and subsequent email communications made with AMFI.

156.2. Please find the copy of letter to the unitholder to be issued in case of change in control of AMC pursuant to merger/takeover/induction of new sponsor/dilution of shareholding by existing shareholders.

156.3. The same has been approved by the competent authority, for its circulation to all the AMCs.

157. Fast tracking applications of SID

Reference – SEBI Email dated September 10, 2024

157.1. With reference to the captioned subject and the communications issued therein, you are requested to bring the following to the attention of the AMCs for implementation:

157.2. "With reference to SEBI letter dated Feb 03, 2022 in the captioned matter, AMCs shall fill the Do's and Don'ts table in word and subsequently save the file as pdf, before submitting the same to SEBI along with other documents, while filing a SID in fast-track mode.

157.3. The AMCs shall ensure that the sequence of Do's and Don'ts is maintained exactly in line with SEBI letter dated February 03, 2022".

158. Launch of multiple ETFs by AMC with the similar underlying indices

Reference – SEBI Email dated September 24, 2024 and AMFI email dated September 24, 2024

158.1. With reference to the captioned subject, AMC are requested to bring the following to the attention of the AMCs for implementation:

158.2. "For ETFs based on 1-day liquid indices (investing in G-Sec/repo), two different schemes (growth/ IDCW) based on single 1-day index (issued by same index provider) may be allowed with following nomenclature:

a. (name of AMC)(name of index provider) 1D Rate liquid ETF – Growth

b. (name of AMC)(name of index provider) 1D Rate liquid ETF – IDCW"

159. Advisory received from SEBI regarding Utility in SEBI's Case Management System (CMS) for sending automatic intimations for freezing and unfreezing of accounts/holding

Reference – SEBI Email dated September 24, 2024 and AMFI email dated September 24, 2024

159.1. As you are aware SEBI has setup an automated utility for sending initiations to MIIs, MFs and RTAs in a standardized format on their dedicated email ID with effective from April 19, 2024. The said automated utility intimates the MIIs, MF and RTAs w.r to freezing and unfreezing of accounts/holdings, pursuant to the issuance of any SEBI order under 11B(1) for debarment/SEBI revocation order/SAT directives. While intimating the MFs and RTAs, the SEBI's coordinating cell of IEFD-1 i.e. efdservice@sebi.gov.in are marked in CC.

159.2. It has been observed that there has been increase in email flow from MFs and RTAs to the coordination cell of SEBI seeking queries which are not in the nature of clarification related to Orders passed by SAT/SEBI. In this regard, it is clarified that the dedicated email id of SEBI's coordination cell of EFD-1 provided in the automated emails is only for the purpose of clarification wr to freezing/unfreezing of relevant account/holdings in terms of orders/directions passed by SEBI/SAT. Hence, it should not be contacted for any other purpose.

159.3. AMFI is advised to communicate the above to all AMCs and their RTAs.

160. Definition of Multi-national Companies (MNC) for the purpose of MNC Thematic Funds

Reference – SEBI Email dated September 20, and September 24, 2024

160.1. On the request of one of AMFI's members, AMFI had, in consultation with Equity CIOs' Committee and guidance from SEBI had proposed a definition of Multi-national Companies (MNC) for the purpose of MNC Thematic Funds as follows –

160.2. Multi-national Companies (MNC) shall mean and include a company incorporated/registered in India wherein –

- a. The foreign promoters account for more than 50% of the shareholding/ voting rights / equity capital; or
- b. Any Indian company that is a Joint Venture (JV) with a foreign company where the Foreign Co will have more than 26 % of shareholding/ voting rights / equity capital; or
- c. Any Indian company having more than 50% of its turnover/ revenue/assets from regions outside India; or
- d. Any company which operates in multiple countries and derives more than 50 % of revenue from such regions or has more than 50 % of its assets in such regions. Such regions refer to as regions/countries other than the parent country (where the company is incorporated/registered).

160.3. The above definition of MNC has been accepted by SEBI vide SEBI's trailing email dated 20th September 2024.

- 160.4. In this regard, all AMCs which have launched MNC thematic fund are hereby advised to align the definition of MNC in their existing schemes launched under the MNC theme with the definition of MNC proposed by AMFI /accepted by SEBI at the earliest, as advised by SEBI in the said email.
- 160.5. It may be noted that, at AMFI's request, SEBI has confirmed/ clarified that the alignment of definition of MNC by the existing MNC thematic schemes would not be considered as a Fundamental Attribute Change.
- 160.6. As regards SEBI's directive at para 4(a) of the email, AMFI is in touch with NSE Indices Limited to bring uniformity in the definition & composition of NSE's MNC benchmark index with the definition of MNC accepted by SEBI to be used by AMCs for mutual fund schemes launched under the MNC theme. We will keep our members informed, once NSE Indices does the needful.
- 160.7. Members are requested to take note of the above definition, and also keep their Board of Directors and Trustees apprised in the matter

161. Extension of Timeline for Updation of SID on a half-yearly basis

Reference – SEBI email to AMFI dated September 27, 2024

- 161.1. With respect to the trailing mail, kindly note that Competent Authority has acceded to your request for extension of timeline for updation of SID on a half yearly basis, sent vide email dated September 23, 2024. You may accordingly, inform all AMCs that they would be required to update the SIDs within two months from the end of the half-year i.e. in May and November of a FY, with immediate effect. AMCs are also advised to ensure that updated SIDs are made available on SEBI website promptly

162. Data related to TER on AMFI website

Reference – SEBI letter number SEBI/HO/IMD/IMD-TPD-1/P/OW/2024/0000030607 /1 to AMFI dated September 27, 2024

- 162.1. This has reference to captioned data published by AMCs either on AMFI website or own website. The regulatory provisions pertaining to the said disclosures in terms of master circular of mutual funds are as under:
- 162.2. AMCs shall prominently disclose on a daily basis, the TER [scheme-wise, date-wise) of all schemes except infrastructure debt fund (IDF) schemes under a separate head - "Total Expense Ratio of Mutual Fund Schemes" on their website and on the website of AMFI/ in a downloadable spreadsheet format
- 162.3. Further, currently, AMCs disclose following details in TER disclosure on AMFI website:
- a. Scheme Name
 - b. Scheme Type
 - c. Scheme Category
 - d. TER Date
 - e. Regular Plan - Base TER (%)
 - f. Regular Plan -Additional expense as per Regulation 52(6A)(b) (%)

- g. Regular Plan -Additional expense as per Regulation 52(6A)(c) (%)
- h. Regular Plan - GST (%)
- i. Regular Plan -Total TER (%)
- j. Direct Plan - Base TER (%)
- k. Direct Plan -Additional expense as per Regulation 52(6A)(b) (%)
- l. Direct Plan - Additional expense as per Regulation 52(6A)(c) (%)
- m. Direct Plan - GST (%)
- n. Direct Plan - Total TER (%)

162.4. In addition to above, it is required to incorporate NSDL Scheme code to uniquely identify the scheme. Hence, AMFI is advised to inform its members to provide Scheme code (NSDL issued) followed by fields mentioned above.

162.5. Hence, members of AMFI are advised to add the data point as specified at para 3 above on immediate basis.

162.6. The compliance of this letter may be intimated to the undersigned via email.

163. Advisory to AMCs on payout of Redemption proceeds

Reference - Letter No. SEBI/HO/IMD/IMD-SEC-1/P/OW/2024/30794/1 dated September 30, 2024

163.1. Instances were observed where certain AMCs failed to ensure uniformity in payout of redemption proceeds for redemption requests placed by investors.

163.2. In this regard, you are advised to sensitize to all AMCs that:

- a. AMCs shall ensure that redemption payout is made to all investors uniformly on a single day, within prescribed timelines as per the guidelines, subsequent to receipt of valid redemption requests.
- b. AMCs shall ensure there is no early payouts made during processing of redemption requests on the basis of early payout requests of few investors.

164. Investment/trading in securities by employees of AMC(s) and Trustees of Mutual Funds.

Reference - SEBI letter number SEBI/HO/IMD/IMD-PoD-1/P/OW/2024/31145/1 to AMFI dated October 3, 2024

164.1. SEBI had received representation from Asset Management Companies (AMCs) seeking clarification on applicability of para 6.6.2.3 (f) and para 6.6.3.2(bX4)(iii) of Master Circular for Mutual Funds dated June 27, 2024, regarding sale of securities received on exercise of Employee Stock Option Plans (ESOPs).

164.2. In this regard, the following is clarified:

- a. The requirement of minimum holding period of 30 calendar days for contra trades, as mentioned at para 6.6.2.3 (f) of Master Circular for Mutual Funds dated June 27, 2024, shall not be applicable on sale of securities received on exercise of ESOPs.

- b. For compliance with the requirement of minimum holding period for exemption from cooling off period for sale of securities, requirement mentioned at para 6.6.3.2(b)(4)(iii) of Master Circular for Mutual Funds dated June 27, 2024, for ESOPs, the holding period may be considered from the date of grant of ESOPs.
- c. AMCs shall ensure compliance with all requirements including the requirement of pre- clearance for sale of security received on exercise of ESOPs.

164.3. AMFI is advised to bring the above clarification to the notice of all AMCs

165. Review of Internal Audit Mechanism of Mutual Funds

Reference – SEBI letter number SEBI/HO/IMDnMD-SEC-4/P/OW/2024/32093/1 to AMFI dated October 10, 2024

165.1. Guidelines for the Internal Audit of Mutual Funds:

A. Scope of the Internal Audit:

1. Internal Audit of the Mutual Funds shall cover the areas including, but not limited to, the following:
 - a. Scope of work as prepared and reviewed by the Trustees and Board of AMC and their Audit Committee(s) at the time of appointment / re-appointment of Internal Auditor for each financial year;
 - b. Any other area highlighted by the Audit Committee/Board of the AMC and Trustees during the quarterly review;
 - c. Compliance with all the applicable provisions of SEBI Act, 1992 and Regulations made thereunder, especially SEBI (Mutual Funds) Regulations, 1996, Circulars, Guidelines and Letters issued thereunder and AMFI Best Practice Guidelines and Advisories;
 - d. Risk Management practices as stipulated under SEBI Circular on Risk Management Framework;
 - e. Overall operations including valuation of the investments, expenses charged to the scheme and calculation of NAV;
 - f. Efficacy of the internal control systems deployed for all the operations;
 - g. Efficacy of the internal control systems deployed by Custodians, Fund Accountants and QRTAs as noticed by the concerned internal auditors of the said service providers;
 - h. Governance framework of the AMC and effectiveness of the same;
 - i. Adherence to the code of ethics by the Trustees, asset management company and its personnel;
 - j. Potential risks based on emerging market trends and on regulatory actions taken against the industry players which are available in public domain;
 - k. Any internal investigations advised by the Audit Committees or Board of AMC and / or Trustees and shall cover major fraud

detected and allegations mentioned in the whistle blower complaints for financial irregularities, front running, market abuse and fraudulent transaction in securities;

- l. How the Qualifications and exceptions observed by the Auditors appointed under Reg 55 (1) of SEBI MF Regulations are addressed;
- m. Implementation status of “Exceptions” observed in the System Audit Report and Cyber Audit Report of the AMC, Fund Accountants, Custodians and Registrars (QRTAs);
- n. Verification and reconciliation of the Funds and Securities balances, holdings, transactions as per the records of the Custodian, Fund Accountants and the Mutual Fund/AMC including verification of ledgers, Bank Accounts, transactions in SGL, Demat Accounts;
- o. Effectiveness of the systems put in place to prevent misconduct including market abuse/misuse of sensitive information by the employees, AMC and connected entities of the AMCs;
- p. Whether the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of the mutual fund and bank accounts and securities accounts of each scheme are segregated and ring-fenced.
- q. Whether Mutual funds schemes are organised, operated, managed or the portfolio of securities selected, in the interest of sponsors, directors of asset management companies, members of Board of trustees or directors of trustee company, associated persons in the interest of special class of unitholders other than in the interest of all classes of unitholders of the scheme;
- r. Effectiveness of the rectification steps taken based on inspection observations, exceptions observed in the previous internal and statutory Audit reports, warnings, deficiency and advisory letter issued by SEBI
- s. Status of compliance with observations out of SEBI Inspection across the industry as may be circulated by SEBI / AMFI, from time to time;
- t. Areas specified under Clause 12.17 of the SEBI Master Circular on reconciliation of Government securities and SEBI Email dated July 16, 2010, on review of the recording in the dealing room;
- u. Any other area highlighted by the Audit Committee/Board;
- v. Apart from the above, Internal Audit shall also comment on compliance with the Terms of References mentioned in the

Annexure.

The internal audit for these additional TORs may commence from FY 2025-26.

B. Frequency of audit-

Trustees may determine that whether the Internal Audit is periodical or concurrent. However, Internal Auditor shall submit its report at least once in a quarter to the Audit Committee of AMC, so that rectifications and corrective actions may be taken immediately.

C. Submission to SEBI:-

Following exceptions noticed in the internal audit report shall be submitted to SEBI as a part of Quarterly CTR / HYTRs:-

2. All exceptions/deviations/non-compliances observed with respect to SEBI (Mutual Funds) Regulations, 1996, Master Circular for Mutual Funds and other Guidelines/instructions issued by SEBI;
3. Material shortfalls/deviations / risks observed on analysis of the Risk Management Framework of Mutual Funds and on the internal control systems devised by the AMC;
4. Material procedural lapses observed during the period
5. Comments of the Internal Auditor on Frauds, financial irregularities, front running and market abuse observed during the period.

Further, AMC and Trustees (based on the internal audit report) shall report the compliance of the TORs mentioned in the Annexure in the manner and in the format that will be prescribed by SEBI.

D. Independence of Internal Auditor:

To ensure independence of the internal audit process, Trustees of the Mutual Fund and the Board of AMC shall ensure that Internal Auditor appointed is an independent firm of repute with relevant experience in internal audit, in particular, in the mutual fund industry and shall ensure that that the internal audit firm is:

1. not the Auditor of Mutual Funds appointed in terms of Regulation 55 (1) of SEBI (MFs) Regulation, 1996;
2. not the Statutory Auditor of the Sponsor, Asset Management Company and the Trustees;
3. not the firm that provides other non-audit services as specified in Section 144 of the Companies Act, 2013 to Asset Management Company, Trustees and Mutual Fund. However, internal audit firm may be engaged by the Board of the AMC and Trustees of the Mutual Fund for services which are incidental and ancillary to the internal audit function.

For this clause, Firm means a Chartered Accountancy firm registered with the Institute of Chartered Accountants of India.

The above-mentioned requirements are applicable from FY 2025-26.

E. Rotation of Internal Auditors:

To ensure rotation of internal auditor, Trustees of the Mutual Fund and Board of the AMC shall ensure that:

1. No internal auditor is appointed for more than 2 (two) consecutive terms with each term not exceeding a period of 5 (five) consecutive years. Such auditor may be re-appointed after a cooling off period of 2 years after completing 2 consecutive terms.
2. A statutory auditor of Mutual Fund / AMC may be allowed to be appointed as an internal auditor and vice-a-versa after a cooling-off period of 2 years.
3. Further, during the cooling-off period of two years, the incoming internal auditor shall not include:
 - a. Any firm that has common partner(s) with the outgoing audit firm
 - b. Any associate firm(s) of the outgoing audit firm which are under the same network of audit firms wherein the term "same network" includes the firms operating or functioning, hitherto or in future, under the same brand name, trade name or common control.

The above-mentioned requirements are applicable from FY 2025-26. However, existing Internal Auditors, who have completed 10-year term or completing the 10th year during the Financial Year 2024-25, may continue till completion of their term or may continue till the end of F.Y. 2025-26, whichever is earlier.

- F.** AMFI is advised to circulate these Guidelines to all their Members, and the Members may be advised to place these Guidelines before their Board and Trustees, and shall comply with the said Guidelines as per the timelines stipulated.

Annexure

Sr. no.	Terms of References
Accounting and Maintenance of Books and Records	
1.	Whether AMC maintains proper books of accounts, records and documents for each scheme [sub-reg. (1) of reg. 50]
2.	Whether AMC is maintaining the documents and records for the requisite period in accordance with their Policy and as required under SEBI (Mutual Funds) Regulations, 1996 (" MF Regulations") and Circulars issued thereunder
3.	Whether each item of expenditure accounting for more than 10% of total expenditure was disclosed in the accounts or the notes thereto of the schemes.
4.	Reconciliation of the Government Securities - reconciliation of balances reported in the monthly statements furnished by RBI and the transactions undertaken by

	the schemes Mutual Fund as required in Clause 12.17 of SEBI Master Circular for Mutual Funds
5.	Whether there is any conflict of interest between the manner in which the AMC has deployed its net worth and the interest of the unit holders.
6.	Whether the accounting for Unit Capital, Unit Premium Reserve and Equalization Reserve is as per the requirements of MF Regulations and Master Circular, whether Dividend is declared from realized gain and reserves as stipulated in MF Regulations and Master Circular
7.	Whether mutual funds have process in place to account for Income Equalization Reserve on daily basis?
8.	Examination of calculation of NAV, declaration of the same within the stipulated time, whether the same is properly applied for sale and repurchase transactions? Verification of systems and procedures to prevent any possible errors creeping in the calculation of NAV process?
9.	Examination of mistakes and differences observed on the above during the period and effects of the same on unitholders and steps taken on the same
10.	In case of Gold/ Silver ETF, the physical verification of Gold/ Silver is done frequently and steps to improve the process. Whether the quantity mentioned in the books and records of AMC/Fund Accountants matches the actual holdings?
11.	Whether the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of the mutual fund; and bank accounts and securities accounts of each scheme are segregated and ring-fenced.
12.	Whether CBLO/TREPS margin is paid by single scheme and whether there is any allocation of its cost to other scheme.
Borrowings	
13.	Verify whether the requirements with respect to Borrowings under Regulation 44 (2) under SEBI (Mutual Funds) Regulations, 1996 and Borrowing costs under Master Circular are complied with
14.	Whether borrowings were done to honour pre-commitment towards purchase of securities in primary market (as there was not enough cash inflows)
Governance	
15.	<ul style="list-style-type: none"> (i) Verification of whether the interests of unitholders of one scheme are being compromised with those of any other scheme. (ii) Verification of whether interests of unitholders are being compromised with other activities of the asset management company. (iii) Verification of whether AMC has given fair treatment to all classes of investors across various schemes (iv) Verification of whether asset management company has been managing the mutual fund schemes independently of other activities
16.	To examine whether the code of conduct for the Asset Management Company and Trustees as well as Fund Managers and Dealers as specified in Fifth Schedule to SEBI (Mutual Funds) Regulations 1996 and Master Circular have been complied with.

17.	Comment on the internal control mechanism - whether the systems are adequate to avoid any internal frauds.
18.	Whether there are adequate controls and safeguards put in place in order to detect and prevent front running and the controls and safeguards are reviewed on periodical basis
19.	Whether the information is required for trustees for monitoring the structure of the portfolio of the capital protection-oriented scheme in a regular basis are placed before them and whether its rating is being reviewed on a quarterly basis.
20.	Whether specific attention is paid to debt securities where there is delay in servicing, default securities, illiquid securities and poor performance of schemes. Suggestion regarding improvement in supervision of the same
21.	Whether performance review of various schemes have been done; Whether comparison of the schemes' performance has been done with an appropriate benchmark index; Whether such review has taken place by comparing the performance of the schemes in light of the performance of the entire Mutual Funds industry by relying on data published from time to time by independent research agencies and financial newspapers and journals. Whether research reports of independent research agencies on performance of mutual funds schemes are being placed before the Board of AMC/Trustees. Examination of compliance of disclosure of performance post consolidation/ merger of schemes.
22.	Whether the procedure stipulated for change in control of AMC is complied. Whether instances of indirect change in control of the AMC or indirect change in the promoters of the sponsor(s), which was beyond the control of the sponsor(s), etc., are communicated to SEBI.
23.	Whether the AMC has policy to deal with transactions and investments with Group and associates.
24.	Whether the investment in Group and Associates are made in accordance with MF Regulations and Master Circular and Policy adopted by AMC and restrictions imposed by Trustees. Whether such transactions are reported to Trustees
25.	Whether the transactions and business with group and associates are in accordance with MF Regulations and Master Circular and Policy adopted by AMC and restrictions imposed by Trustees. Whether such transactions are reported to Trustees
26.	Examination of policies of the AMC with regard to transactions and investments in Group /Associate companies of the AMC / Sponsors. Whether such investment is done in line with the laid down policy.
27.	Whether the AMC has given any unfair/ undue advantage to any associate.
28.	Wherever services of the sponsor/ associates have been utilised and whether disclosure of the same has been made in the half yearly and annual accounts
29.	Utilisation of services of the sponsor or of any of its associates, employees or their relatives for any securities transaction and distribution and sale of securities is in accordance with the offer document and Regulation and the brokerage and

	commission paid to such group/associates have been disclosed in accordance with Regulations.
30.	Examine if any of the transaction/ investment in the Group /Associate companies of the AMC / Sponsors is a bespoke deal and comments thereof
31.	Whether necessary due diligence has been exercised while making an investment, where its affiliates have acted as either lead manager /broker etc., to an issue of a corporate (either public or private) or where its affiliates or funds managed by them are offering for sale
32.	Whether the corporate governance norms (including appointment of independent director, Audit Committee etc.) are adhered to
33.	Whether Audit Committee is constituted, and meetings are held as specified in Master Circular and whether the role and responsibility of the Audit Committee specified are complied with ongoing basis
34.	In case, AMC is doing any other activity other than acting as investment manager for Mutual Funds, whether those activities are permitted under 24(b)of SEBI (Mutual Fund) Regulations, 1996 and separate net worth requirements are maintained.
35.	Whether Chinese wall is maintained by AMC with its other business and whether system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities
36.	Whether it is found that any fake entities are using Mutual Fund/ AMC/its officials names in Telegram groups or any other social media to defraud /dupe investors and AMC has issued a press release/ public notice/ filed FIR etc. against fake entities/ Telegram groups or any other social media/platform/channels, as a measure to prevent misuse of name of the Mutual Fund/AMC/its officials to defraud/dupe the investors as required under SEBI letter dated November 30, 2022
37.	Whether AMC has ensured data integrity and confidentiality in respect of the shared information and whether the AMC has adequate control over providing access of investor's data/information. Further, does AMC have adequate system in place w.r.t protection of confidential information of both the intermediary and its customers by third party?
38.	Whether AMC has complied with the AMFI advisory to not to collect the private information of the unitholders (other than those which are necessary for the purpose of authentication) either directly or through their group company or platforms or channel partners of MFD.
39.	Whether the guidelines have been followed in case if AMC has participated in Inter Creditor Agreement (ICA).
40.	Whether there are transactions where Schemes of MF investing in Papers of the companies where sponsor has financed the company either before or after the investment by the scheme, as per the research report of, financials of or publicly available information about the investee company.

41.	Whether the advertisements issued by the AMC are in accordance with MF Regulations and Circulars issued thereunder, Advertisement Code and AMFI BPG and Advisories
42.	Compliance with regards to appointment of resource person to Trustees in terms of SEBI guidelines.
43.	Whether the resource person appointed by trustees is independent in letter and spirit and reports only to Trustees in all aspects. .
Investments related and exercise of Due Diligence in investments and maintenance of records concerning investment decisions	
44.	Whether AMC is exercising due diligence and care in all investment decisions as would be exercised by other persons engaged in the same business
45.	Whether the format/content of the research reports is comprehensive to make investment decisions and as per the format/content/broad parameters for investments approved by AMC and trustees
46.	Whether AMC(s) maintains records in support of each individual scrip wise investment decision for making investment in equity and debt securities, which will indicate data, facts and opinion leading to that decision.
47.	Comments w.r.t. the records maintained by AMC for all debt securities of AA and below investment grade and securities which are unrated.
48.	Whether the investment note/report/record cover the discussion, data facts regarding the investment company along with the guarantor and parent company and whether the Sponsor of the Mutual Fund is a major lender etc.
49.	Whether the reason/justification mentioned by the issuer/Rating agency for the instrument, especially the duration of the instrument including the repayment is in alignment/in sync with the investment objective of the scheme, which is investing in the debt instrument and also the justification recorded at the time of the investment are in alignment.
50.	Whether funds have been invested in accordance with the objectives of the schemes as disclosed in the offer documents.
51.	Examination of the procedure for making investments. Whether there is any investment committee or decisions are taken by an individual. Whether chief executive of the AMC participates in investment decision making. Whether investment committee consists only KMPs of the AMC or outsiders including representative of Sponsors or associates and the investment decisions are influenced by outsiders
52.	Whether the investments are made in accordance with restrictions imposed under MF Regulations, disclosures made in SID and parameters specified by the trustees
53.	Whether investment limits are inbuilt (Hard & Soft investment limits) in the systems to avoid breach, restriction of authority to modify the same, who has the modification rights to such limits, verification of logs to determine whether modification as carried out by authorized personnel only

54.	Whether with respect to Inter Scheme Transfers provisions of MF Regulations, Master Circular, restrictions imposed by the Trustees and Policy of the AMC are complied with
55.	Whether with respect to deployment in short term deposits requirements specified in Master Circular are complied with? Whether Short term Deposit are held in the name of the concerned scheme.
56.	Whether the AMC was charging fees on interest received from short-term deposits?
57.	Whether the investments in Exchange Traded Commodity Derivatives is in line with the Master Circular, disclosures in SID and policy of the AMC.
TER Related	
58.	With respect to change in base TER of Schemes, requirements of MF Regulations and Circulars issued thereunder are complied with including intimation to Board of Directors of AMC, Trustees and investors
59.	Whether SEBI filing fee for the scheme offer document has been paid by the AMC and not out of the scheme corpus.
60.	Whether any expenses that cannot be charged to the scheme as per the MF Regulations and Master Circular are being charged to the scheme
61.	Whether gifts/training/contests are organized to MFD to reward them for promoting their schemes. Whether all scheme related expense including commission paid to the Distributors, by whatever name it may be called and in whatever manner it may be paid, from the scheme or paid from books of the AMC, its associates, sponsor, trustee or any other entity through any route, in violation of the requirements in the Master Circular
62.	Whether AMC has complied with AMFI advisory on the list of expenses which can be paid out of AMC books at actual or 2 bps of respective scheme AUM, whichever is lower and whether any other expenses that has to be charged and appropriated in the scheme, has been charged in the books of AMC.
63.	Whether 1 bps is deployed for Investor Education and Awareness Initiatives on the basis of the documentary evidences available and whether end use of these funds is found to be for advertisement purpose, as against the requirement
64.	Whether any employee's salaries are being debited from the investor education fund. If yes, report the same.
65.	Whether the expenditure incurred by the AMC for Investor Education & Awareness Initiatives are in accordance with SEBI Letter No. SEBI/HO/IMD2/OW/P/27647/2019 dated October 29, 2019
Valuation related	
66.	Whether Valuation Policy adopted by the MF in line with SEBI guidelines, specifically and same has been complied with diligently & exceptions thereof?
67.	Whether valuation of non-traded / thinly traded / unlisted equity security is in accordance with SEBI requirements and Policy approved
68.	Whether valuation of gold and silver are in accordance with SEBI and Valuation Guidelines and observance of good/bad delivery norms specified by LBMA.

69.	Analyse information memorandum to check if any restrictive clause is present which prevents AMC from redeeming securities. Further whether such clauses are taken into consideration while valuing such securities or different valuation is done than provided by valuation agencies.
70.	Whether provisions for valuation of securities with put/ call options as required in Master Circular is complied with
71.	Whether calculation of Macaulay duration of bonds issued under Basel III framework is as required under Master Circular
Personnel Trading related	
72.	Whether the provisions of SEBI (PIT) Regulations, restrictions imposed on trading in securities by the employees of AMC and Trustees in Master Circular and the code of personal trading policy complied with and whether necessary checks and balances have been in built to monitor the trades of the employees?
73.	Whether the violations are reported to the Board of AMC and Trustees'
74.	Whether the AMC has a "Policy on Prohibition of Insider Trading" and whether the same is reviewed in its Annual Compliance Report.
Risk Management Framework	
75.	(i) Whether all the recommendations stipulated in SEBI circular on Risk Management Framework have been implemented. (ii) Examination of compliance by liquid and overnight funds with the risk management framework. (iii) Whether steps are taken to address the exceptions and suggestions emerged in System Audit Reports and Cyber Audit Reports? (iv) Examination of the Stress Testing policy of the AMC and its implementation and whether stress testing framework has been adequate and has been reviewed by the Board of AMC and Trustees periodically.
Segregated Portfolio	
76.	With respect to the Segregated Portfolio, whether AMC has complied with the conditions stipulated in the circular while creating segregated portfolio.
77.	Whether process followed for creation of segregated portfolio is in compliance with the circular
78.	Whether disclosures related to segregated portfolio are made in accordance with the conditions of the circular.
79.	Whether TER charged on segregated portfolio is in compliance with the guidelines prescribed in the circular
80.	Whether Trustees have put in place mechanism to negatively impact performance incentives as per the circular on creation of segregated portfolio
81.	Whether monitoring of segregated portfolio as stipulated by the Circular is being done by the Trustees
82.	Whether after merger of schemes the segregated portfolio of merged scheme is reflected in the surviving scheme
83.	Whether there is any merger of scheme during the inspection period and provide details regarding the same.

84.	For all the merged schemes, whether the performance of segregated portfolio of scheme is reflected in the surviving scheme
85.	Whether there was any request for disclosure of past performance of such scheme(s) whose features are not retained post-merger and whether the same was made available on request with adequate disclaimers.
Dealing room related	
86.	Whether the requirements regarding dealing control are put in place and are implemented effectively; Whether proper audit trails for compliance with dealing room related requirements/controls including prohibition of carrying mobile inside dealing room are maintained.
87.	Whether all communication during market hours is recorded and ensure that recording of such decisions including data, facts and opinion leading to that decision is prepared as per instruction of and approved by Fund Managers (Letter to AMFI dated February 09, 2021).
88.	Whether AMC has put in place a written down policy which inter-alia detail the specific activities, role and responsibilities of various teams engaged in fund management, dealing, compliance, risk management, back-office, etc., with regard to order placement, execution of order, trade allocation amongst various schemes and other related matters.
89.	Whether such policy is approved by the Board of AMC and the trustees.
90.	Whether the policy for orders pertaining to equity and equity related instruments and the requirements with respect to investments in all instruments is in line with the SEBI Master Circular
91.	Whether AMC has a system-based monitoring mechanism to ensure compliance with respect to the Trade Execution & Allocation Policy requirement on equity and equity related instruments and the requirements with respect to investments in all instruments.
92.	Whether the trade allocation policy of the AMCs has detailed (i) specific situations (not generic) wherein the orders by dealers shall be placed for each scheme individually or pooled from multiple schemes, (ii) the timeline to be considered for pooling of orders in case of multiple schemes
93.	Whether policy covers how margins / collaterals shall be segregated / placed from amongst various schemes, without affecting the interest of investors of any scheme and compliance regarding the same
94.	Whether in case of pooled orders, post allocation of trades is on pro-rata basis as per the size of the order placed and whether the said allocation is based on weighted average price.
95.	Whether for post allocation of trades any separate treatment is given to liquid fund or overnight fund
96.	The policy on trade allocation is applicable for all securities including TREPS and reverse repo in government securities. Whether the policy is made applicable by AMC to all securities and whether the AMC has complied with SEBI requirements on Trade Execution and Allocation

97.	Whether audit trail of activities related to order placement, trade execution and allocation is available in the system and the same is verified. Further, whether order placed by fund manager, order placed by dealer, order execution and trade allocation have time stamping on it
Disclosures	
98.	Whether AMC has made scheme wise disclosure of investments (as on the last day of each quarter), in securities of such entities that are excluded from the definition of associate (refer SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/111 dated August 25, 2022/Clause 17.17.2 of the Master Circular)
99.	Whether AMC has made enhanced scheme related disclosures in SID pursuant to para 5.8 of Master Circular
100.	Whether AMC has made disclosures regarding Executive remuneration as stipulated in Master Circular
101.	Whether the Addendum backing all changes in SID is published
102.	Whether disclosure of portfolio (along with ISIN) as on the last day of the fortnight/month/half year was made for all schemes on Mutual Fund's/AMC's website and AMFI website within 5/10 days from close of each fortnight/month/ half year period , as the case may be and Whether disclosure of fortnightly/monthly/half yearly scheme portfolio details are made within the prescribed timelines and whether such disclosures are accurate.
103.	Whether product labelling for all schemes is being done by "Riskometer", which is derived as stipulated in the Master Circular
104.	Whether Riskometer appropriately depict the level of risk in any specific scheme as stipulated in SEBI Circular
105.	Whether all debt schemes are classified in terms of a Potential Risk Class matrix consisting of parameters based on maximum interest rate risk (measured by Macaulay Duration (MD) of the scheme) and maximum credit risk (measured by Credit Risk Value (CRV) of the scheme).
106.	Whether movement of scheme from PRC cell to another which is higher than the maximum risk specified for the chosen PRC cell was considered as fundamental attribute change of the scheme.
Voting in respect of Investee Companies	
107.	Whether AMC has followed the voting policy and voted in accordance with requirements of Master Circular and made disclosures in this regard as required. If yes, disclosures of the same, along-with rationale are recorded
108.	Whether AMC's policy with respect to casting of votes in AGM / EGM of Group /Associate companies and exercise of votes thereof are in accordance with the requirements specified by SEBI and Trustees?
109.	Whether Stewardship Code prescribed are compiled by the AMC and whether the votes cast by Mutual Funds are disclosed as per the requirement.

110.	Whether reasons voting in favour or against are recorded against each resolution and whether proxy advisor's recommendations were sought on voting in AGMs and EGMs
111.	Whether AMC voted against the recommendations of the proxy advisors in case of AGM /EGM of Group /Associate companies of AMC /Sponsor and appropriate reasons for the same is recorded
Other areas	
112.	Whether swing pricing framework for mutual fund schemes is implemented as per Circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021/ Clause 4.10 of the Master Circular
113.	Whether AMC has put in place mechanism, checks and balances to ensure compliance with discontinuation of usage of pool accounts for transactions in the units of Mutual Funds on stock exchange platforms and other platforms and two factor authentication and fraud prevention mechanism?
114.	Whether AMC has put in necessary checks and balances to ensure compliance with AMFI BPG/Advisory for change in the Key investor attributes including email ID, Mobile number and Bank account and to ensure two-factor authentication are complied with as per AMFI BPG/Advisory?
115.	Whether AMC has put in necessary checks and balances to ensure that attributes of MFDs/agents are not seeded against investor attributes as prescribed in SEBI Circular and AMFI BPG/Advisory
116.	Whether the provisions of SEBI Circular regarding Alignment of interest of AMC with the Unitholders of the Mutual Fund Schemes and AMFI Best Practices in this regard are complied with
117.	Whether the provisions of SEBI Circular regarding Alignment of interest of Designated Employees of AMC with the Unitholders of the Mutual Fund Schemes and AMFI Best Practices in this regard are complied with
118.	Whether as per the information available, Regulation 7B is complied with respect to norms for shareholding and governance of mutual funds
119.	Whether the AMC has framed and internal policy for credit risk assessment as required in Master Circular and implemented the same
120.	Whether any investment made before the NFO Closure date and whether the deployment of NFO Proceeds from date of closure and date of allotment is as per the provision of Master Circular
121.	Whether the cut-off timings in ETFs, including intra-day NAV for transactions in units of ETF directly with AMC are adhered to and whether there is any collateral taken or credit creation during subscription to ETFs. Whether the requirements regarding Passive Funds as stipulated in Master Circular are complied with.
122.	Whether the requirements regarding categorization and rationalization of Mutual Fund schemes are complied with (including Macaulay Duration of duration-based scheme) and whether mutual funds schemes so devised results in duplication/minor modifications of other schemes offered by the AMC.

123.	Whether the asset allocation of the scheme is in line with the disclosure in SID and the Categorisation circulars issued by SEBI. Whether in case of deviation of asset allocation, the timelines for rebalancing of MF portfolios have been adhered to. Whether any new schemes have been launched till the portfolio is rebalanced.
124.	Whether AMC has proper system and procedure in place to prevent SEBI debarred entities from transacting in Mutual Fund units.
125.	Whether reporting of OTC Trades are in accordance with the requirements stipulated by SEBI and whether the rectification steps taken in case of delays are adequate.
126.	Whether AMC has adequate controls are in place to ensure that third party payments are not received
Relating to Distributors and Brokers	
127.	Whether the system for empanelment of brokers by the mutual fund is in accordance with SEBI (Mutual Funds) Regulations, 1996, Circulars issued thereunder and Policy approved by the Trustees and Board of AMC.
128.	Whether distributor commission for incomplete KYCs was withheld
129.	Whether the payment of Commission to distributors is in accordance with MF Regulations, Master Circulars and AMFI BPG and Advisories and Policy adopted by the AMC with respect to payment of commission to distributors and treatment of payment of commission to distributors who's ARNs have expired / lapsed.
130.	Whether the requirements to ensure AMFI/NISM certification for agents/ distributors and personnel and those engaged in sales and marketing and employees who interact with investors are complied with
131.	Whether AMC is following guidelines on action to be taken against MFDs, like suspension, claw back of commissions, de-empanelment etc. and is conducting audit and placing the due diligence report/ audit report before the Board of the AMC. (Refer SEBI letter to AMFI dated April 04, 2022).
132.	Examination of Trading Errors happened during the period? Treatment of such error, whether the same is charged to the scheme?
133.	Whether AMC has any soft dollar arrangements with any of the brokers
134.	Whether adequate steps taken by the AMC to address issues on mis-selling and monitoring of distributors are taken and necessary action taken in case of instances of mis-selling are found?
135.	Whether AMC has framed a policy for commission structure for distributors? Whether the payment of commission is in accordance with the said policy and MF Regulations, Master Circular and AMFI BPG/Advisory
136.	Examination of the commission paid to a Group /Associate Company in capacity of Distributor vis-à-vis the commission paid a Distributor from non-Group /Associate Company.
Investor Services	
137.	Whether AMC is sending fortnightly/monthly/half yearly scheme portfolio details to investors whose e-mail addresses are registered.

138.	Whether AMC are e-mailing the scheme annual reports or abridged summary thereof to those unit holders, whose e-mail addresses are registered?
139.	Whether Opt-in facility is being provided to the investors as required under Master Circular
140.	Whether AMC is periodically obtains and maintains data pertaining to the unit holders/investors
141.	Whether the requirements specified in respect of Master Circular on anti-money laundering practices/Combating Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002 are in place and implemented in a proper manner? Whether proper monitoring of the clients' transactions is done periodically to identify suspicious transactions and report fit cases in STR?
142.	Whether the procedures followed in case of KYC requirements are adequate and effective
143.	Whether AMC get exception reports from RTA for folios without proper KYC and whether necessary steps taken to address the issue.
144.	Whether steps taken to detect data entry errors at the end of RTA and AMC such as incorrect SIP registrations like registrations in wrong scheme, wrong date of SIP and allotment of units and incorrect switch transactions on a frequent basis which adversely effects investors interest?
145.	Whether AMC has reported to trustees on steps taken by them and progress made for completion of KYCs
146.	Verification of compliance with the procedure for unclaimed redemption and dividend amount
147.	Whether the steps taken by the AMC with respect to unclaimed redemption and dividend amount is adequate? Whether there are any lapses in processing of claims made with respect to Unclaimed redemption and dividend amount
148.	Whether the account statement is being sent to the unit holders who have not transacted during the last six months prior to the date of generation of account statements in accordance with Master Circular
149.	Whether exit option given to unit holders for all the events like change in controlling interest, change in fundamental attributes of schemes. Whether investor complaints, if any, with respect to the same are addressed appropriately.
150.	Whether requirements in case of Master Circular reg. dividend/IDCW declaration and payment are complied with including requirement reg. fixing of record date
151.	Whether such interest payment in case of delays is borne by the AMC.
152.	Whether mode of payments made available to investor/accepted from investor is as stipulated in the MF Regulations/ Master Circular
153.	With respect to the Instant Access Facility provided in Liquid and Overnight Funds, whether requirements stipulated in Master Circular and MF Regulations are complied with and whether there are any scenarios disclosed to investors under which IAF may be suspended (whether the same is disclosed) and that IAF

	request would be processed as a normal redemption request in such circumstances.
154.	Whether the processes adopted by AMCs in respect of investments made in the name of a minor through a guardian and transmission of units are as stipulated in Master Circular and AMFI BPG and Advisories.
155.	Whether the AMC is taking steps to sensitize the investors about nomination
156.	Whether the AMC is sending communications to all such unit holder(s) who are not in compliance with the requirement of nomination, to either nominate or opt out of nomination, as stipulated.
157.	Whether timelines for issuance of monthly and half-yearly Consolidated Account Statement (CAS) is being adhered to and AMC has submitted the information to Depositories in time.
158.	Whether Investor Charter is published, and Investor Complaints are disclosed by Mutual funds on their websites, AMFI website and Annual Report. Further, whether data from all the sources and correct data disclosed.
159.	Whether proper checks and balances are in place and whether verification was carried out to verify whether redemption accounts are credited only to the unitholder's Bank account?
160.	Whether there are any changes in Fundamental attributes of the scheme and whether Exit Loads are charged during the time-period of 30 days/15 days, as applicable to exercise the exit option at prevailing NAV. Whether there is any non-compliance in this regard.

166. Uniformity in Cancellation of SIPs across Mutual Funds,

Reference: SEBI Letter dated October 25, 2024

166.1. This is in reference to SEBI letter dated January 03, 2024 on the captioned matter.

166.2. As part of ease of investment initiatives of SEBI, the timelines as stated under para 1.2., i.e., timelines for active cancellation of SIPs in the aforesaid letter stands revised as given below:

SIP Registered with		
RTA/ AMC		Exchanges/ Channel partners
Cancellation Application- Online (1)	Cancellation Application- Physical (2)	Cancellation Application- Online (3)
Currently T+10 days		
Revised timellne for active cancellatlon		
T + 2 days		

166.3. In respect of the above, AMFI is advised to communicate to all AMCs of Mutual Funds for implementation of the same by December 01, 2024.

167. Regarding SEBI Circular on Development of Passive Funds

Reference: SEBI letter SEBI/HO/IMD- POD-2/P/OW/2024/34080/1 to AMFI dated October 29, 2024

167.1. This has reference to clause 3.6.2 of SEBI Master Circular for Mutual Funds dated June 27, 2024 and SEBI letter SEBI/HO/IMD- POD-2/P/OW/2024/15311/1 dated April 26, 2024.

167.2. In this context, it has been decided that clauses 3.6.2.1 and 3.6.2.2 of the Master Circular shall not be applicable for the investors in the aforementioned letter till February 28, 2025.

167.3. You are advised to issue appropriate communication to all AMCs to this effect.

168. Directions from Ministry of Women and Child Development, Govt. of India - launch of new version of SHe – Box Portal

Reference- SEBI email dated December 26, 2024

168.1. Ministry of Women and Child Development, Govt. of India ('Ministry') vide its letter dated November 14, 2024 has informed of the launch of new version of SHe – Box which will serve as a central repository for data and complaints across India under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('SH Act'). The email and letter from the Ministry are appended with this email for reference please.

168.2. The Ministry has emphasized on boarding of departments/ offices of Central, State governments including private sector on the SHe- Box portal.

168.3. In compliance with the directions from Ministry, AMFI is advised to direct all the mutual funds to feed the required details of Nodal Officers and Internal Committees on the SHe-Box Portal. The Ministry, at the request of Mutual Funds, may create login credentials for head offices for which the details of Nodal Officers, designation, mobile & email may be provided.

168.4. All the mutual funds may be advised to provide details directly at email id: women-welfare@gov.in.

168.5. The said activity may be completed within 15 days from the date of issuance of the directions to mutual funds by AMFI. AMFI may collate the status of compliance with the instructions of the Ministry by mutual funds and provide an updated status of the same to SEBI by January 17, 2025.

169. Acceptance of Self-Certified documents from Investors for ease of doing business

SEBI Letter to AMFI dated January 02, 2025

169.1. This is reference to the captioned subject and the comments and submissions vide the trail mails, it is hereby informed that as the proposed additional guidelines are not leading to increase in the burden for investors

- and also at the same time safe guarding the AMCs/ RTAs from filing of legal charges against them by investors, the proposal is being taken on records.
- 169.2. AMFI is advised to be guided by SEBI email dated May 29, 2024 advising AMFI to review the requirements of document attestation / notarization / submission of affidavit etc. and after incorporating the proposed guidelines may issue necessary directions to all Mutual Funds.
- 169.3. SEBI may be intimated of the issuance of the same.

170. Strengthening Cybersecurity Measures and Vendor Management in the Face of Increasing Cyber Incidents

SEBI Letter dated January 16, 2025

- 170.1. With the rise in cyber incidents affecting IT vendors, it is critical for regulated entities to take proactive steps to safeguard customer data and uphold the security and integrity of outsourced IT activities. This advisory outlines specific actions to mitigate risks, enforce SLAs, and ensure robust vendor management practices.
- 170.2. Vendor Risk Assessment and Due Diligence:
- a. Conduct comprehensive due diligence before contracting with IT vendors, ensure vendors comply with cybersecurity standards.
 - b. Regularly assess vendor cybersecurity maturity and readiness to handle incidents.
 - c. Document and reflect risk assessment outcomes in contracts with vendors.
- 170.3. Cybersecurity Measures and Incident Response:
- a. Require vendors to implement encryption, multi-factor authentication (MFA), and secure access controls for data protection.
 - b. Mandate incident response plans requiring immediate breach notifications and collaboration.
 - c. Ensure vendors maintain comprehensive cybersecurity insurance covering breaches and disruptions.
 - d. Regularly change API Keys / Passwords used to interact with vendor systems.
- 170.4. Contractual Obligations and SLAs:
- a. Enforce strict cybersecurity clauses in SLAs, including:
 - (a) Incident response timelines
 - (b) Maximum downtime and recovery objectives (RTO/RPO)
 - (c) Data protection and purging responsibilities
 - (d) Regular security audits
 - b. Impose penalties for non-compliance with cybersecurity standards and SLAs.
- 170.5. Data Retention and Minimization:
- a. Enforce the principle of data minimization, ensuring vendors only collect necessary data.
 - b. Implement data retention policies: Vendors must delete or anonymize data once it is no longer required. AMCs must

immediately initiate data purging at their respective vendors where critical data including client data is stored. Compliance in this regard should be provided within 15 days.

- c. Regular audits should confirm vendors are adhering to retention policies.

170.6. Principle of Least Privilege (PoLP):

- a. Implement the principle of least privilege (PoLP) for all vendor access, ensuring access to systems and data is limited to what is necessary for their role.
- b. Regularly review and revoke unnecessary access promptly.

170.7. Monitoring, Auditing, and Reporting:

- a. Continuous monitoring of vendor performance and security compliance is essential. Use automated tools and third-party auditors for periodic reviews.
- b. Enforce regular reporting on vendor cybersecurity posture and incidents.

171. Reporting under Potential Market abuse/ Implementation of Institutional Mechanism for identification and deterrence of market abuse including front-running and fraudulent transactions in securities - reporting mechanism

SEBI email dated January 14, 2025 and AMFI email dated January 14, 2025

171.1. Please refer to SEBI circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/107 dated August 05, 2024 titled “Institutional mechanism by Asset Management Companies for identification and deterrence of potential market abuse including front running and fraudulent transactions in securities” and AMFI’s recommended standards issued based on the SEBI circular.

171.2. In this regard, the working group formed by AMFI had discussed the matter with SEBI so as to seek clarity on the reporting mechanism of instances/alerts generated, as advised in the aforesaid SEBI circular and AMFI standards.

171.3. SEBI vide their mail dated 14th Jan 2025 have confirmed the reporting mechanism as per the following grid.

Sr. No	Particulars	Timeline	Reporting authority	Circular reference
1.	Instances of potential market abuse and results of the examination conducted by the AMCs (i.e. Post Level 3 checks)	As and when such instance arises	Board of AMC and Board of Trustees	Clause 3.6.1 of SEBI circular dated Aug 5, 2024
2.	Summary of count of Level 2 alerts generated shall be submitted in Compliance Test Report (‘CTR’).	Within 21 days from the end of	SEBI	Clause 5 of SEBI circular dated Aug 5, 2024 and

	<p>Proposed format:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Count of Level 2 alerts generated</th> <th>Count of Level 2 alerts reviewed & closed</th> <th>Instances of potential market abuse</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>10</td> <td>9</td> <td>1</td> </tr> </tbody> </table> <p>All instances of potential market abuse along with action taken shall also be submitted in CTR in SEBI prescribed format (i.e. Post Level 3 checks).</p>	Sr. No.	Count of Level 2 alerts generated	Count of Level 2 alerts reviewed & closed	Instances of potential market abuse	1.	10	9	1	each quarter Quarterly meeting	Board of AMC and Board of Trustees	Clause 3 of the BPG
Sr. No.	Count of Level 2 alerts generated	Count of Level 2 alerts reviewed & closed	Instances of potential market abuse									
1.	10	9	1									
3.	<p>Summary of count of Level 2 alerts generated shall be submitted in Half Yearly Trustee Report ('HYTR).</p> <p>Proposed format:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Count of Level 2 alerts generated</th> <th>Count of Level 2 alerts reviewed & closed</th> <th>Instances of potential market abuse</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>10</td> <td>9</td> <td>1</td> </tr> </tbody> </table> <p>All instances of potential market abuse along with action taken shall also be submitted in HYTR in SEBI prescribed format (i.e. Post Level 3 checks).</p>	Sr. No.	Count of Level 2 alerts generated	Count of Level 2 alerts reviewed & closed	Instances of potential market abuse	1.	10	9	1	Within 2 months from the end of each half year	SEBI	Clause 5 of SEBI circular dated Aug 5, 2024
Sr. No.	Count of Level 2 alerts generated	Count of Level 2 alerts reviewed & closed	Instances of potential market abuse									
1.	10	9	1									
4.	Investment Management Committee (i.e. Level 2)	Each AMC to determine frequency (Preferably monthly)	IMC	Clause 15 of AMFI recommended standards								

171.4. AMCs are requested to take note of the above for implementation.

172. Uniformity in treatment of unclaimed redemption and dividend amounts and any income earned thereto

Reference - SEBI letter no. SEBI/HO/IMD/IMD-SEC-2/OW/2025/02346/1 dated January 22, 2025

172.1. SEBI has examined the practices followed by the AMC's w.r.t. compliance of Clause 14.3 of the Master Circular for Mutual Funds regarding investing the unclaimed redemption and dividend amounts in a separate plan of Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds.

172.2. Post the examination, it is felt necessary that the following uniform practices may be followed by AMC's:

- a. AMC to transfer the unclaimed redemption and dividend amounts to Unclaimed Dividend and Redemption Scheme (UD S) after 90 days and not beyond 105 days from the date of issuance of the instruments.
- b. AMC's shall have separate scheme/plan for Unclaimed IDCW and Unclaimed Redemption amount, pending for less than 3 years and for more than 3 years.
- c. On completion of first 3 years' period, AMC's shall transfer such units to UDRS plan (>3 years) within 10 business days of subsequent month.
- d. The amount of income accrued on daily basis on unclaimed amounts beyond three years shall be transferred on a monthly basis (i.e. on or before 10th calendar day of subsequent month) to the investor education scheme/folio

172.3. The aforementioned requirements may be applicable from April 01, 2025.

172.4. AMFI is advised to circulate these guidelines to all their members and the members may be advised to place these guidelines before their Board and Trustees and shall comply with the said guidelines as per the timelines indicated.

173. Thematic examination on suspect for mis-selling of mutual fund schemes by Mutual Fund Distributors (MFDs) for the period April 2022-December 2023

Reference - SEBI letter no. SEBI/HO/OW/IMD /SEC-Div3/P/2025/ 194 / 1 dated January 09, 2025

173.1. This has reference to thematic examination undertaken by SEBI on suspect for mis-selling of certain funds like small cap funds, retirement funds, close ended funds to senior citizens, retirement funds to minors and retirement funds to non-individuals by MFDs for the period April 2022-December 2023.

173.2. It is understood that while the investor would have invested in such funds at their own discretion, there is a possibility that these funds can be mis-sold by the Mutual Fund Distributors (MFDs).

173.3. The relevant regulatory provisions relating to mis-selling as specified in Master Circular for Mutual Funds dated June 24, 2024 are as under:

- a. (6.7A.4 (c) - Core responsibilities of Trustee): The Trustees

shall ensure that the AMCs have put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMCs

- b. (6.7A.5): The Trustees shall take steps to ensure that there are system level checks in place at AMCs' end to prevent fraudulent transactions including front running by employees, form splitting/ mis-selling by distributors etc. The Trustees shall review such checks periodically.
- c. (6.7A.7) AMCs shall put in place suitable mechanisms/systems to generate system based information/data/reports for evaluation and effective due diligence by the Trustees. AMCs shall provide alerts based automated reports to the Trustees as may be required by the Trustees.
- d. (10.5.1(g)): The AMCs shall be responsible for any malpractice/mis-selling by the distributor while charging transaction costs
- e. KRA/performance appraisal at the relevant CXO level must capture the performance in managing the risk of mis-selling. The risk of mis-selling may incorporate the components like the number of mis-selling instances, outcomes in the inspection report, analysis of the portfolio of investors, analysis based on assessment of appropriateness to the investors, etc. As an example, a parameter to gauge mis-selling may be the analysis of whether growth in the AUM of a scheme is on account of performance or mainly due to higher commission paid to distributor.
- f. (2.10.2.1.(ii) - The AMC shall also be responsible for the mis-selling done by the persons associated with selling of mutual funds including distributors.
- g. (2.8.3.t(c)) Preventive measures and monitoring mechanism should be implemented to mitigate mis-selling risks.

173.4. In view of above provisions, AMCs are required to have systems to prevent mis-selling to increase assets under their management and valuation of the AMCs. Further, there should be system level checks in place at AMCs' end to prevent mis-selling by distributors etc.

173.5. The issues which emerged from the thematic examination were deliberated with AMFI.

173.6. Currently, on detection of any case of mis-selling or breach of Code of Conduct by any Mutual Fund Distributor, the concerned AMC reports the matter to AMFI, which then examines such instances on a case-by-case basis in consultation with AMFI Registration Number (ARN) Committee, and appropriate disciplinary is taken action against the errant MFDs/Employee of distributor by AMFI wherever deemed necessary. Actions taken by AMFI which include reprimand/ warning/ temporary

suspension of ARN / deactivation of ARN or permanent cancellation of ARN and debarment from doing mutual distribution business are communicated to all AMCs and RTAs for implementation.

173.7. While the above process followed by AMFI has evolved and streamlined over the over the years, and ensures that the disciplinary action against the errant MFDs or EUIN holders is taken uniformly across the industry, it is felt that there is a need for the AMCs to strengthen the monitoring mechanism to detect potential or actual cases of mis-selling / excessive churning and/or misconduct thereof by MFDs to prevent recurrence of such instances at industry level to the extent possible. In this regard, AMCs are advised to undertake the following activities on regular basis:

- a. Monitor the cases of mis-selling and misconduct thereof;
- b. Submit reports to AMFI w.r.t. cases of mis-selling including number of cases, action taken, distributor involved, AUM involved, as and when it is identified
- c. UHPC to provide inputs pertaining to instances of mis-selling and frauds, if any arising thereof to AMFI;
- d. Evaluate their processes periodically to review investments made by investors beyond a certain age and non-individuals in retirement funds;
- e. Enhance the terms and conditions signed with distributors at the time of empanelment to ensure investor risk profiling and product suitability while soliciting business;
- f. Submit a comprehensive report to their Trustees on a periodic basis w.r.t cases of mis-selling identified by the AMC, action taken against distributor involved, preventive measures taken by the AMC etc.; and
- g. Disclose actions taken against MFDs related to misconduct such as mis-selling, fraud, or non-compliance with Code of Conduct of MFDs on their respective websites and on AMFI website on consolidated basis to facilitate investors to take informed decision about such MFDs.

173.8. In the above context, to have uniformity in implementation of the regulatory requirement at industry level, AMFI should introduce a process of periodically collecting the reports of mis-selling identified by the AMCs, including the preventive measures taken by the AMCs which could be shared with other AMCs, in order to equip all AMCs to adopt such preventive measures as an industry best practice.

173.9. During the examination of cases of mis-selling undertaken, it was observed that the undertakings pertaining to inappropriateness of the MF scheme in terms of para 15.5.1.4 of Master Circular on Mutual Funds dated June 27, 2024 taken by various AMCs for execution only transactions are not standardized. Few AMCs collect the undertaking on piece of paper that investor is investing at his own volition and have different formats for the said undertaking across AMCs. For instance, one AMC takes an undertaking that "investor confirms that he has understood everything about small cap from distributor and only after understanding the investor

has made the investment It is made clear that the investment carries certain risks and is subject to market volatility". However, the standard undertaking in format specified by the RTAs is as under:

I/We hereby confirm that the EU/N box has been intentionally left blank by me/us as this transaction is executed without any interaction or advice by the employee/relationship manager/sales person of the above distributor/sub broker or notwithstanding the advice of in-appropriateness, if any, provided by the employee/relationship manager/sales person of the distributor/sub broker

173.10. Hence, AMFI shall sensitize all its members and MFDs to ensure standardized is followed by them

173.11. Additionally, it has come to our notice that one of the MFD in its agreement with the clients serviced by them, has the following clause in their agreement:

If notwithstanding anything stated herein the Bank or any employee of the Bank gives any advice or representation to me/us. the bank shall have no liability for any such advice or representation made. as it will be my/our responsibility to make an independent assessment

173.12. This clause is considered undesirable as it provides inappropriate indemnity to the distributor even if they have provided advice to the investor regarding the scheme sold

173.13. In view of above, AMFI is advised to take necessary action to ensure that this clause is suitably amended by the MFDs to remove any undue indemnification. Furthermore, AMFI shall sensitize its members to ensure that any similar clauses which may lead to undue indemnification to the distributor who are servicing mutual funds investors, are also removed/suitably amended.

173.14. AMFI shall also review and address evolving issues pertaining to mis-selling by MFDs reported by AMCs to AMFI.

173.15. AMFI to issue Best Practice Guidelines in this regard and mandate the AMCs to follow the same within a period of three months of this letter.

173.16. AMFI may like to explore the possibility of introducing the following features:

173.17. Requiring the RTA to send a communication to investors. informing them of the risks associated with their chosen schemes, along with the account statement provided after the purchase of scheme units and/or

173.18. Introducing a practice like investor according approval in investor's writing (in physical application) and / or stylus /typing by investor in online applications. Investor can write to the effect that "we have understood that this product is inappropriate."

174. Small Ticket Systematic Investment Plan - Choti SIP

Reference - SEBI letter no. SEBI/HOnMD/PoD-1/OW/P/2025/5586/1 dated February 20, 2025

174.1. This has reference to AMFI's proposal dated August 02, 2024 and subsequent correspondences on the captioned subject. Pursuant to further deliberations on the same, a proposal on small ticket SIP was placed on SEBI website for public consultation.

174.2. In view of the feedback received through public consultation, certain modifications have been carried out to the framework and SEBI circular No SEBI/HO/IMD/PoD1/P/CIR/2025/21 dated February 20, 2025 has been issued. Accordingly, the framework for Small Ticket Systematic Investment Plan - "Choti SIP" is enclosed for AMFI to issue necessary guidelines in this regard.

174.3. In addition to the above, it may be noted that the incentive to distributors as mentioned at para 10 of the scheme may be paid from Investor Education and Awareness Fund, pooled by Asset Management Companies at AMFI level, as a financial inclusion initiative in line with the above mentioned circular.

Detailed framework on Small Ticket Systematic Investment Plan - "Choti SIP"

174.4. Maximum number of Small Ticket SIP at rates offered by intermediaries for small ticket SIP under this scheme

- a. The small ticket SIP i.e. Rs. 250/- SIP that an investor can start shall be restricted to three SIPs (one each in upto 3 Asset Management Companies). AMCs can continue to offer Rs. 250/- SIPs beyond three small ticket SIPs and SIPs of amount lower than Rs. 250/- but the rates offered by intermediaries for SIPs under this scheme are restricted to only first three Rs. 250/- SIPs.
- b. The small ticket SIP is for investor new to Mutual Fund industry. Thus, if the investor has investments in Mutual Fund schemes or if the investor initiates any SIP investment other than small ticket SIP or makes a lumpsum investment, the investor shall not be considered as a small ticket SIP investor for any of its subsequent investments at the industry level. The SIPs that were small ticket SIPs at the time of investment continues to remain as small ticket SIP investment and AMCs as well as distributors shall get the benefit extended for small ticket SIPs.
- c. The rates offered by stock exchanges, Depositories, RTAs and KRAs for small ticket SIPs are restricted to the said first three small ticket SIPs (SIP of Rs 250). Therefore, the rates offered by intermediaries shall be applicable across AMCs, but only for small ticket SIPs (i.e. first three SIPs (one each in upto 3 AMCs)).

174.5. Schemes and plans in which Small Ticket SIP should be offered

- a. Small ticket SIPs shall be offered only under Growth option of the plan.
- b. Small ticket SIPs shall be offered in any schemes except for Debt schemes, Sectoral & Thematic Schemes, Small-cap and Mid-cap Schemes under Equity Schemes category.

174.6. Acceptable mode of payments/investment

- a. The mode of payment/investment for small ticket SIP shall be restricted to NACH and UPI auto pay.

174.7. PEKRN based KYC and Relaxation for Mutual Funds on KYC cost

- a. Funds collected at the AMC level from 1 bps charged from Mutual Fund Schemes for investor education and awareness, can be used for reimbursement of charges by KRA for KYC of investor for small ticket SIPs (i.e. three SIPs on rate offered by KRAs for SIPs under this scheme). The reimbursement of the KYC expense from the AMCs' Funds, created out of 1 bps charged to schemes, shall be restricted only to the maximum of three small ticket SIP (one each in upto 3 AMCs) and subject to the investor not making any investment other than small ticket SIP.
- b. Investment of upto Rs. 50,000/- per investor, per mutual fund, per financial year is permitted without PAN. Therefore, PAN exempted KYC Registration Number (PEKRN) based KYC will be available for small ticket SIP.
- c. KRAs are required to ensure that multiple PEKRN are not issued to a single investor (with different ID proofs). Therefore, if PAN is not provided by an investor for KYC, AADHAR card shall be mandated for issuance of new PEKRN, as AADHAR can be uniquely validated.

174.8. Distribution commission and incentive for distribution

- a. An incentive of Rs. 500/- shall be provided to distributor/Execution Only Platforms (EOPs) for small ticket SIP. The incentive should be over and above the distribution commission payable by AMC to the distributor.
- b. Fund collected by AMCs at AMFI level for industry based investor education and awareness programs shall be used for the incentive to distributors/EOPs for their efforts towards financial inclusion. The incentive should only be given to the distributors/EOPs on completion of 24 instalments.
- c. The incentive shall be restricted to the distributor who facilitates first small ticket SIP under this scheme at industry level i.e. max incentive of Rs. 500/- per investor for small ticket investment. The incentive shall be for any one small ticket SIP initiated by the distributor for the investor.

- d. No transaction charges shall be payable to distributors for such small ticket SIPs.

174.9. Other Features

- a. The small ticket SIP shall be made in SOA mode or demat mode of investment.
- b. Small ticket SIP is primarily envisaged for monthly SIPs. The option of fortnightly small ticket SIPs may also be enabled, as the same will reduce the transaction cost due to fixed quarterly UPI charges and thus will further reduce the breakeven time for AMCs.
- c. Commitment by an investor under small ticket SIP scheme should be for 60 investments. However, if investor desires to stop SIP or withdraw the SIP investment prematurely, there should be no restriction on it. Also, the provision relating to exit load, if any, shall be same for all investors including investors of small ticket SIP. Asset Management Companies shall ensure that a valid mobile number of an investor of small ticket SIPs is in their record, for statutory disclosures. Email Id may be optional for small ticket SIPs.
- d. All statutory disclosures to unitholders shall be through SMS/WhatsApp on a registered mobile number and email id (if provided by the investor). If disclosure is made to investors through a link on mobile number and email id, the link should remain active for atleast three months and investor should be able to download the disclosures made thereunder.

175. Regarding SEBI Circular on Development of Passive Funds

Reference - SEBI letter no. SEBI/HO/IMD- POD-2/P/OW/2024/6441/1 dated February 28, 2025

175.1. This has reference to clause 3.6.2 of SEBI Master Circular for Mutual Funds dated May 19, 2023 and SEBI letter SEBI/HO/IMD- POD-2/P/OW/2023/43653/1 dated October 26, 2023.

175.2. In this context, it has been decided that the clause 3.6.2.1 and clause 3.6.2.2 of the master circular shall not be applicable for the below investors till August 31, 2025

- a. Schemes managed by Employee Provident Fund Organisation, India
- b. Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax act, 1961.

175.3. You are advised to issue appropriate communication to all AMCs to this effect.

176. Implementation of SEBI circular dated 31-Dec-2024 on MF Lite framework - List of (i) domestic equity indices (ii) domestic debt indices and (iii) Clarifications

Reference- AMFI mail dated March 15, 2025

- 1) List of (i) domestic equity indices (ii) domestic debt indices:
 - a) Under Clause 3 (iii) of the MF Lite Circular, SEBI has stipulated that AMFI shall, in consultation with SEBI, prescribe the list of (i) domestic equity indices (ii) domestic debt indices and (iii) equity overseas indices on a periodic basis.
 - b) In this regard, we had requested CRISIL, NSE & BSE to provide us the list of indices offered by their respective organisations that meet the eligibility criteria as specified in the above circular of December 31, 2024 (end of latest calendar year).
 - c) The list of domestic equity and debt indices shared by each of the index providers was duly reviewed by the AMFI ETF Committee and the committee has recommended the shortlist of (i) domestic equity indices and (ii) domestic debt indices that can be used by the industry as per **Annexure A**, which was submitted to SEBI for consideration and approval.
 - d) SEBI has, vide email dated 13-03-2025, confirmed having noted the same.
 - e) Accordingly, Members may use the list of the domestic equity indices and domestic debt indices as per Annexure A for implementation of the MF Lite circular.

- 2) List of Overseas Equity Passive Indices:
 - a) As regards the overseas equity passive indices to be prescribed by AMFI in terms of 4 (iii) of the MF Lite circular, we had requested as the index providers as well our ETF Committee members to help us in identifying overseas equity passive indices, whose quantitative threshold/ AUM exceeds a minimum threshold of \$ 20 billion as on December 31 as specified in SEBI MF Lite circular.
 - b) However, it is understood that the data for international indices is not readily available in the public domain, nor there is any formal reliable source to get the data of list of overseas indices eligible as per the MF Lite circular and no such data is published by the international index providers.
 - c) Hence, we had apprised SEBI of the above position and had sought SEBI's guidance in this regard. In this regard, SEBI has granted additional time and has advised AMFI to finalize the list of overseas equity indices from the reliable source of information by 21-March-2025.
 - d) **As such, as separate communication will be issued in due course in respect of overseas equity passive indices.**

- 3) List of hybrid passive indices / proposed framework for construction of hybrid indices:
- a) As per Clause 7 (A) of the circular, AMC's are now permitted to launch a new class of passive fund i.e., Hybrid ETF / Index Fund which shall replicate a composite index comprising of equity and debt and enable investors to invest in a single product having exposure to equity and debt instruments. It is stipulated under sub-para (vii) of Clause 7 (A) that the provisions regarding composition of indices for debt ETFs / Index Funds as specified in para 3.5 of the Master Circular for Mutual Funds, shall apply to the debt component of Hybrid ETFs / Index Funds as well. It is further stipulated that debt indices for this purpose shall be only Constant Duration Indices as permitted under Clause 3 of the MF Lite circular, i.e., only those debt indices on which there are domestic constant duration passive funds with collective AUM, which exceeds a threshold of ₹5000 Crore and above as on December 31 of each FY would be eligible. Further, as per sub-para (xi) of Clause 7 (A), the limit for targeted TD for such funds shall be specified by AMFI in consultation with SEBI.
 - b) However, as of December 31, 2024, none of the existing Constant Duration Indices except Nifty 1D Rate Index meet the aforesaid criterion, thereby limiting the choice to only one index.
 - c) The matter was therefore discussed with SEBI by AMFI ETF Committee members, and it was proposed to instead lay down a framework for construction of hybrid indices based on G-Sec, SDL, and T-Bill-based Constant Duration Debt Indices so as to enable AMC's to introduce Hybrid ETFs/Index Funds.
 - d) In this regard, SEBI has advised AMFI to –
 - (i) publish the list of hybrid passive indices such that the debt component of the hybrid indices shall only be domestic constant duration indices included in Annexure A.
 - (ii) send a separate proposal for incorporation of other constant duration indices which may inter alia include a standard framework for constant duration indices, detailed examination and analysis w.r.t how many existing constant duration indices meet the standard framework, new constant duration indices if any, meeting the aforesaid framework, risk profiling, liquidity, maximum duration to be allowed for such constant duration indices etc., which shall be examined by SEBI separately.
 - e) **Accordingly, Members may please note that currently only Nifty 1D Rate Index meets the aforesaid criterion as mentioned at para 3 (d) (i) above.**
- 4) Standard Trust Deed and Investment Management Agreement for MF Lite

- a) Pursuant to clauses H & K respectively of the MF Lite circular, AMFI had submitted to SEBI, the draft of the standard Trust Deed (TD) and Investment Management Agreement (IMA) in respect of MF Lite framework, for SEBI's approval.
- b) In this regard, SEBI has advised AMFI to submit revised drafts TD and draft IMA after incorporating certain changes which SEBI has advised.
- c) **As such, the drafts of TD and IMA under MF lite framework will be circulated separately, in due course once the drafts are approved by SEBI.**
- 5) Queries & Clarifications w.r.t. the MF Lite Circular
- a) AMFI had received several queries w.r.t. the MF Lite Circular which were collated and discussed with SEBI by members of AMFI ETF Committee and AMFI Ops & Compliance Committee and AMFI's understanding and interpretation of the relevant clauses in the MF Lite Circular was submitted to SEBI for confirmation / guidance/ clarification.
- b) In this regard, the table summarising the key discussion points along with the comments of SEBI are appended below:

Sr. No.	Discussion Points	AMC Queries / Doubts	AMFI's understanding based on discussions with SEBI	SEBI's Comments
1	Hive-off of Passive Schemes	(i) If an existing AMC hives off passive schemes under MF Lite, can it still launch passive products not covered under MF Lite? Example: If ABC AMC hives off 10 passive schemes to XYZ AMC (MF Lite), can ABC AMC still launch passive products like Nifty 50 Equal Weight, Nifty Auto, or Nifty Low Volatility 30 etc.?	Yes, existing full license AMC can continue launching new passive funds on indices outside MF Lite eligible list.	Yes, we are in agreement with AMFI's understanding. An existing AMC can continue launching new passive funds on indices that are outside the list of eligible indices under MF Lite framework.
2	Eligibility of Underlying Indices for Passive Funds	(ii) If a benchmark index qualifies under MF Lite, can a similar index by another provider (not meeting the AUM threshold but listed in AMFI Tier 1 benchmark) also be included? Example: If Nifty Financial Services Index meets the AUM threshold, can BSE Financial Services Index also qualify?	No, similar index of another index provider cannot qualify for launching a passive fund.	Yes, we are in agreement with AMFI.

3		(iii) Are Target Maturity Funds (TMFs) with partial AAA PSU bond exposure excluded from MF Lite? Example: Is "Nifty AAA PSU Bond plus SDL plus GSEC APR 2028 20:40:40 Index" excluded because of its 20% AAA PSU bond exposure?	No, they are not included. Only, indices that are 100% into GSec/ Tbill and/or SDL shall be allowed.	Yes, we are in agreement with AMFI.
4		(iv) Does the ₹5000 Cr. AUM threshold apply to Target Maturity Funds or only to Constant Duration Funds?	₹5,000 Cr. AUM threshold applies only to Constant Duration Index. The aforementioned threshold does not apply for G-Sec/ T-bills/ SDL based domestic target maturity debt passive funds	Yes, we are in agreement with AMFI.
5	Eligibility of Underlying Indices for Passive Hybrid Funds	(v) If a full-license AMC launches a passive hybrid fund, does the Rs. 5000 Cr. AUM threshold apply to its underlying indices?	Yes, even a full-license AMC will have to follow Rs. 5,000 cr. AUM threshold to launch a scheme on Hybrid index.	Paragraph 2 of SEBI email states the composition of debt component of the hybrid passive indices. Further, hybrid passive funds can be launched by any AMC, irrespective of being registered under MF Lite or the extant MF Regulations. Therefore, the index constitution criteria for hybrid passive indices uniformly applies to all AMCs (both existing as well as newly registered under MF Lite) for launching hybrid schemes.
6		(vi) Can the debt component of a passive hybrid fund be based on custom indices created under the proposed Standard Framework for	AMFI may send a proposal to include this.	Paragraph 2 of this email may be seen.

		Constant Duration Indices (pending SEBI approval)? Rationale: This would improve replication and liquidity, reducing tracking error.		
7		(vii) For passive hybrid funds, will SEBI require AMFI to create a framework for hybrid indices (like for Target Maturity Debt Indices), or will AMFI need to approve each hybrid index individually?	AMFI will provide a list of individual indices under equity and debt which qualifies Rs.5,000 crore AUM as at end of December each calendar year. Further, once a passive scheme is launched, the scheme will continue even if the AUM of the underlying index falls below Rs. 5,000 Cr.	Paragraph 1 and 2 of SEBI's email may be seen. Further, once a passive scheme is launched, the scheme will continue even if the AUM of the underlying index falls below Rs. 5,000 Cr.
8	Clarifications on Equity & Debt Index Lists	(viii) When will SEBI release the list of eligible equity & debt indices for passive schemes under MF Lite?	AMFI to submit a list of eligible indices to SEBI for approval. Further, each year, an updated list shall be provided, adding new eligible indices. Once an index qualifies, it will remain eligible even if the AUM based on that index falls below ₹5,000 crore.	AMFI shall submit the list of eligible indices as on Dec 31 of each financial year. Once an index qualifies, it will remain eligible even if the AUM based on that index falls below ₹5,000 crore.
9	Tracking Difference (TD) Limit for equity oriented passive schemes for schemes falling under Phase 1 (clause 3 and clause 4)	(ix) What will be the limit for targeted Tracking Difference (TD)?	TD will remain 50 bps over and above the actual TER charged. TD difference may be disclosed in quarterly basis in line with portfolio disclosure. TD limit for hybrid passive schemes	In case of equity passive schemes, the upper limit for TD shall be: In case of equity passive schemes, the upper limit for TD shall be: Actual TER charged+ 50 bps.

	including full-license AMCs		shall be specified by AMFI. TD difference may be disclosed in quarterly basis in line with portfolio disclosure	<p>The TD of the equity passive schemes shall be below the aforesaid limit and may vary depending on the actual TER charged by the respective scheme.</p> <p>TD limit for hybrid passive schemes shall be specified by AMFI.</p> <p>TD for both equity and hybrid passive schemes may be disclosed on a monthly basis in line with current TD disclosure of debt passive schemes.</p>
10	Investor education and awareness	(x) Passive schemes and Overseas Fund of Funds (FoFs)- based on underlying indices as per clause 3 and clause 4 of the MF lite circular: 5% of total TER charged to direct plans, subject to maximum of 0.5 bps of AUM.	This will be applicable to all existing passive schemes & Overseas FoF for schemes falling under Phase 1 (clause 3 and clause 4) including in respect of full-license AMCs.	Yes, we are in agreement with AMFI.
11	Disclosure of “Debt Index Replication Factor (DIRF)” in debt oriented passive schemes	(xi) Debt oriented passive schemes shall disclose the DIRF of the underlying index by the portfolio along with the Tracking Error and TD on their AMC’s website.	Debt oriented passive schemes shall disclose the DIRF on monthly basis (including Liquid ETF)	Yes, we are in agreement with AMFI.
12	Portfolio Disclosure in case of Gold/Silver	(xii) What is the frequency for Portfolio Disclosure in case of Gold/Silver? a. Debt passive schemes shall disclose on monthly basis within 10 days of every month. b. Equity & Hybrid shall disclose on quarterly basis within 10 days of every quarter.	Need clarity on Gold/Silver & Overseas Funds	<p>a. Gold ETFs and Silver ETFs - as per current practice regarding portfolio disclosure.</p> <p>b. Overseas funds - as per current practice regarding portfolio disclosure.</p>

Sr. No.	AMC Queries / Doubts AMFI's understanding based on discussions with SEBI	SEBI's Comments
1	i. The Simplified Scheme Information Document format is applicable to eligible schemes. However, these eligible schemes do not include all existing passive schemes, and hence, remaining existing passive schemes would have to continue under the existing SID format. This would result in two different formats within passive scheme universe, which would create confusion.	<p>The simplified Scheme Information Document format shall be applicable only to schemes based on eligible indices under MF Lite Framework. The simplified SID format shall also be applicable for passive schemes based on the aforesaid eligible indices that are already launched by the existing AMCs.</p> <p>The remaining existing passive schemes (other than the schemes based on eligible indices) would have to continue under the existing SID format.</p>
2	ii. The applicability of Simplified Scheme Information Document Format is optional for existing passive schemes covered under Phase 1 of the MF Lite framework.	Yes, we are in agreement with AMFI's proposal.
3	iii. The SEBI circular being effective March 16, 2025, existing passive schemes covered under Phase 1 would need to be updated by March 16, 2025. This would result in additional burden on AMCs due to duplication of efforts in updating the SIDs, i.e. (i) by March 16, 2025 for eligible schemes and (ii) again by May 31, 2025 with data as on March 31, 2025 for the remaining passive schemes. To avoid duplication of efforts in updating SIDs, all passive schemes including eligible schemes to be updated by May 31, 2025 with data as on March 31, 2025.	The same may be noted. All passive schemes based on eligible indices may be updated by May 31, 2025 with data as on March 31, 2025.
4	iv. Irrespective of the format adopted for eligible schemes, the timeline for updation of SIDs of eligible schemes shall be within 2 months from the end of each financial year i.e., Annually by May 31. For passive schemes not covered under Phase 1, the half yearly frequency for updation of SIDs shall apply.	Yes. For passive schemes not covered under Phase 1, the half yearly frequency for updation of SIDs shall continue to apply.
5	Investor Education and Awareness Currently, AMCs are required to set aside 1 bps of the daily net assets of each ETF and Index Fund towards Investor education and awareness initiatives. This is disclosed as a sub-head under the Annual Scheme Recurring Expense table.	The same is noted.

	As per our understanding, updating the limit under the sub – head “Investor education and awareness initiatives” in the Annual Scheme Recurring Expense table of the eligible schemes from 1 bps to 5% of total TER charged to direct plans, subject to maximum of 0.5 bps, in line with the SEBI Circular would <u>not</u> be considered as a Fundamental Attribute change.	
6	<p>Investments by passive schemes</p> <p>Section 2- Clause E of the SEBI circular disallows investments by passive schemes in the following securities:</p> <ul style="list-style-type: none"> · Unlisted debt instrument · Bespoke or complex debt products · Securities with special features · Inter scheme transactions · Short selling · Unrated debt and money market instruments (except G-Secs, T-Bills and other money market instruments) <p>In this regard, the deletion of enabling provisions for investments in any of the above mentioned securities from the Indicative table / asset allocation table of eligible schemes shall <u>not</u> be regarded as Fundamental Attribute change.</p>	The same is noted.
7	Section 2 – Clause F of the SEBI circular - Tracking difference for Equity Oriented passive schemes: Disclosure of tracking difference shall not be required for Equity Oriented FoFs.	The same is noted.
8	Section 3 – Clause B of the SEBI circular - Disclosure of “Debt Index Replication Factor (DIRF)” in debt oriented passive schemes: Disclosure of DIRF shall not be required for Debt Oriented FoFs.	The same is noted.

Members are requested to take note of the above for necessary action / implementation.

List of (i) domestic equity indices (ii) domestic debt indices for MF Lite Framework

List of domestic Equity Indices	List of domestic Debt Indices
S No Name of the Index	S No Name of the Index
1 Nifty 500	1 Nifty SDL Apr 2027 Top 12 Equal Weight Index

2 Nifty 50
3 Nifty Midcap 150
4 Nifty Large Midcap 250
5 Nifty Smallcap 250
6 Nifty 100
7 Nifty Next 50
8 Nifty 200
9 Nifty Financial Services
10 Nifty Bank
11 Nifty IT
12 Nifty Transportation & Logistics Index
13 Nifty India Defence
14 Nifty Auto
15 Nifty 500 Multicap 50:25:25
16 Nifty 200 Momentum 30 Index
17 Nifty 100 Low Volatility 30
18 Nifty 50 Equal Weight
19 Nifty CPSE
20 Nifty India Consumption
21 Nifty India Manufacturing
22 Nifty Infrastructure
23 Nifty Energy
24 Nifty MNC
25 Nifty100 ESG
26 BSE Sensex
27 BSE Bharat 22
28 BSE 100
29 BSE 200
30 BSE 500
31 BSE 150 MidCap
32 BSE 250 SmallCap
33 BSE Healthcare
34 BSE India Infrastructure
35 BSE PSU
36 BSE Teck

2 Nifty SDL Apr 2026 Top 20 Equal Weight Index
3 Nifty SDL Apr 2027 Index
4 Nifty SDL Apr 2032 Top 12 Equal Weight Index
5 Nifty SDL Plus G-Sec Jun 2028 30:70 Index
6 Nifty SDL Sep 2027 Index
7 Nifty G-Sec Jun 2036 Index
8 Nifty G-Sec Dec 2026 Index
9 Nifty SDL Dec 2028 Index
10 Nifty G-sec December-2030 Index
11 Nifty SDL Jun 2027 Index
12 Nifty G-Sec Jun 2027 Index
13 Nifty G-Sec July 2031 Index
14 Nifty G-Sec Sep 2032 Index
15 Nifty G-Sec Sep 2027 Index
16 Nifty SDL Plus G-Sec Jun 2028 70:30 Index
17 Nifty SDL Sep 2026 Index
18 Nifty SDL Plus G-Sec Jun 2029 70:30 Index
19 Nifty SDL Jul 2033 Index
20 Nifty SDL Oct 2026 Index
21 Nifty G-Sec Dec 2029 Index
22 Nifty G-Sec Apr 2029 Index
23 Nifty G-Sec Oct 2028 Index
24 NIFTY SDL December 2026 Index
25 Nifty SDL Jul 2026 Index
26 Nifty SDL Plus G-Sec Sep 2027 50:50 Index
27 Nifty SDL June 2028 Index
28 Nifty G-sec Jul 2027 Index
29 Nifty SDL Sep 2025 Index
30 NIFTY SDL Plus G-Sec Jun 2027 40:60 Index
31 Nifty G-Sec July 2033 Index
32 Nifty 1D Rate Index
33 CRISIL-IBX SDL Index - June 2034
34 CRISIL-IBX Gilt Index - April 2026
35 CRISIL-IBX Gilt Index - April 2029
36 CRISIL-IBX Gilt Index - April 2033
37 CRISIL-IBX Gilt Index - June 2036
38 CRISIL-IBX Gilt Index - April 2028
39 CRISIL-IBX Gilt Index - April 2032
40 CRISIL-IBX Gilt Index - June 2027
41 CRISIL-IBX 50:50 Gilt Plus SDL Index - April 2028

42 CRISIL-IBX 50:50 Gilt Plus SDL Index - April 2037
43 CRISIL-IBX 50:50 Gilt Plus SDL Index - June 2027
44 CRISIL-IBX 50:50 Gilt Plus SDL Index - June 2028
45 CRISIL-IBX 50:50 Gilt Plus SDL Index - Sep 2027
46 CRISIL-IBX 50:50 Gilt Plus SDL Index - Sep 2028
47 CRISIL-IBX 50:50 SDL Plus Gilt Index - April 2033
48 CRISIL-IBX 90:10 SDL Plus Gilt Index - April 2032
49 CRISIL-IBX 90:10 SDL Plus Gilt Index - November 2026
50 CRISIL-IBX 90:10 SDL Plus Gilt Index - September 2027
51 CRISIL-IBX SDL Index - September 2027
52 CRISIL-IBX SDL Index - April 2033
53 CRISIL-IBX SDL Index - June 2027
54 CRISIL-IBX SDL Index - June 2032
55 CRISIL-IBX SDL Index – May 2027
56 CRISIL-IBX 10:90 Gilt + SDL Index – Dec 2029

177. SEBI's letter on Offsite Monitoring of Qualitative TORs through Compliance Monitoring Module (CMM)

Reference- SEBI letter dated March 27, 2025

177.1. This has reference to letter issued by SEBI dated October 10, 2024. In terms of para 6 of the referred letter AMC's and Trustees (based on the Internal Audit Report) shall report the compliance of Terms of References (TORs) in the manner and in the format prescribed by SEBI. In order to implement the same, SEBI has developed a module i.e. Compliance Monitoring Module (CMM) in PARAS Portal for compliance reporting for qualitative TORs.

177.2. In addition to TORs mentioned in the letter referred at para 1, certain modifications are carried out in the list of TORs which is incorporated in enclosed Annexure.

177.3. Compliance Monitoring Module (CMM) shall be made live in PARAS Portal:

- a. CMM shall operate on two-step process i.e. submission of responses by AMC which shall be verified by Trustees based on Internal Auditor Report. AMC/Trustees shall submit their responses on half yearly and annual basis.
- b. In the first step responses shall be submitted by AMC in CMM. AMC shall provide compliance status with stated TORs based on their own due diligence. In case AMC based on its independent examination is satisfied regarding compliance of TOR, it may mark compliant against that

- TOR and upload document in terms of annexure attached.
- c. In case AMC is not satisfied regarding compliance of TOR, it shall mark it as Non-Compliant in CMM. AMC shall be provided a facility to provide comments indicating specific provision of non-compliance, reason for non-compliance, corrective action taken, etc.
 - d. List of documents mentioned in the Annexure is for the purpose of CMM, and doesn't restrict or define the scope of audit of Internal Auditor in any manner.
 - e. In second step, responses of AMCs will be forwarded to their Trustees in the CMM. Trustees under their separate login credentials will verify responses submitted by AMC and carry an independent examination through internal auditor and review the submissions of internal auditor through the Trustee Board. Trustees shall ensure that exceptions/ non-compliances are duly reported in CMM.
 - f. Trustees shall have an option to accept or reject the status of compliance as specified by AMC along with option to refer back to AMC for clarification.
 - g. AMC/Trustees shall submit report within 90 days from end of reporting period. Hence, final submission in the CMM for the period April-September 2025 shall be made by December 31, 2025 and for the period October-March 2026 by June 30, 2026. These timelines shall also be applicable every year.

177.4. In view of above, AMFI is advised to circulate these Guidelines to all its Members, and the Members may be advised to place these Guidelines before their Board and Trustees, and shall comply with the said Guidelines as per the timelines stipulated.

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
1.	Whether AMC maintains proper books of accounts, records and documents for each scheme [sub-reg. (1) of reg. 50]	Annual	Schemewise Trial Balance of all schemes as on last day of reporting period Confirmation by mail, from vault agent if the documents are stored in outsourced agency else AMC
2.	Whether AMC is maintaining the documents and records for the requisite period in accordance with their Policy and as required under SEBI (Mutual Funds) Regulations, 1996 ("MF	Annual	Record Retention policy Confirmation by mail, from vault agent if the documents are stored in outsourced agency else AMC confirmation

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
	Regulations") and Circulars issued thereunder		
3.	Whether each item of expenditure accounting for more than 10% of total expenditure was disclosed in the accounts or the notes thereto of the schemes.	Annual	Scheme Annual Report Scheme Financial Statement of Accounts
4.	Reconciliation of the Government Securities - reconciliation of balances reported in the monthly statements furnished by RBI and the transactions undertaken by the schemes Mutual Fund as required in Clause 12.17 of SEBI Master Circular for Mutual Funds	Annual	Signed Monthly G-sec Recon PDF G-sec Holding Recon and Certificate issued by the Internal Auditor CCIL/ EKuber Statement
5.	Whether there is any conflict of interest between the manner in which the AMC has deployed its net worth and the interest of the unit holders.	Annual	Networth Statement (Asset Side-Management Certified) Existence of the Conflict of Interest Policy
6.	Whether the accounting for Unit Capital, Unit Premium Reserve and Equalization Reserve is as per the requirements of MF Regulations and Master Circular, whether Dividend is declared from realized gain and reserves as stipulated in MF Regulations and Master Circular	Annual	Declaration from Fund Accountant/ AMC Management
7.	Whether mutual funds have process in place to account for Income Equalization Reserve on daily basis?	Annual	Declaration from Fund Accountant/ AMC Management
8.	Examination of calculation of NAV, declaration of the same within the stipulated time, whether the same is properly applied for sale and repurchase transactions? Verification of systems and procedures to prevent any possible errors creeping in the calculation of NAV process?	Annual	NAV Calculation Methodology SOP
9.	Examination of mistakes and differences observed on the above during the period and effects of the same on unitholders and steps taken on the same	Annual	Internal Auditor certified summary of mistakes and differences in NAV calculation and impact on unit holders Internal Auditor certificate confirming no error in calculation of NAV during reporting period/audit period.

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
10.	In case of Gold/ Silver ETF, the physical verification of Gold/ Silver is done frequently and steps to improve the process. Whether the quantity mentioned in the books and records of AMC/Fund Accountants matches the actual holdings?	Annual	Confirmation from Statutory Auditor
11.	Whether the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of the mutual fund; and bank accounts and securities accounts of each scheme are segregated and ring-fenced.	Annual	Declaration from Chief Operating Officer
12.	Whether CBLO/TREPS margin is paid by single scheme and whether there is any allocation of its cost to other scheme.	Annual	Margin statement for CBLO / TREPS scheme wise summary as on last day of reporting period
Borrowings			
13	Verify whether the requirements with respect to Borrowings under Regulation 44 (2) under SEBI (Mutual Funds) Regulations, 1996 and Borrowing costs under Master Circular are complied with	Half Yearly	Confirmation from CIO
14	Whether borrowings were done to honour pre-commitment towards purchase of securities in primary market (as there was not enough cash inflows)	Half Yearly	Confirmation from CIO
Governance			
15.	(i) Verification of whether the interests of unitholders of one scheme are being compromised with those of any other scheme.	Half Yearly	Certified reconciliation of scheme holding file vis-à-vis the custodian holding reconciliation as on end of Audit Period (By COO/Head of department responsible).
16.	(ii) Verification of whether interests of unitholders are being compromised with other activities of the asset management company.	Half Yearly	Compliance Officer confirmation w.r.t compliance with Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996.
17.	(iii) Verification of whether AMC has given fair treatment to all classes of investors across various schemes	Half Yearly	Confirmation from Compliance officer
18.	(iv) Verification of whether asset management company has been managing the mutual fund schemes independently of other activities	Half Yearly	Confirmation from Compliance officer

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
19.	To examine whether the code of conduct for the Asset Management Company and Trustees as well as Fund Managers and Dealers as specified in Fifth Schedule to SEBI (Mutual Funds) Regulations 1996 and Master Circular have been complied with.	Half Yearly	Confirmation from CIO and Dealer
20.	Comment on the internal control mechanism - whether the systems are adequate to avoid any internal frauds.	Half Yearly	Manuals/Policies on Internal Control Mechanism
21.	Whether there are adequate controls and safeguards put in place in order to detect and prevent front running and the controls and safeguards are reviewed on periodical basis	Half Yearly	Manuals/ Policies to prevent and detect Front Running. (Such as dealing room policy, Employee Trade Approval Policy, Trade Allocation Policy, etc) Documents containing pictures of Dealing Room capturing CCTVs, Recorded Line, Access Controls, etc.
22.	Whether the information is required for trustees for monitoring the structure of the portfolio of the capital protection-oriented scheme in a regular basis are placed before them and whether its rating is being reviewed on a quarterly basis.	Half Yearly	Certificate from Compliance Officer mentioning that AMC does not manage any Capital Protection Scheme In case AMC manages Capital Protection Scheme- Relevant extract of minutes of Trustee Board Meeting
23.	Whether specific attention is paid to debt securities where there is delay in servicing, default securities, illiquid securities and poor performance of schemes. Suggestion regarding improvement in supervision of the same	Half Yearly	List of Debt Securities (along with name of scheme) downgraded by any rating agency or Debt Security which has defaulted on payments Relevant extract of minutes of Investment Committee, Risk Management Committee, Investment Committee and Board minutes (AMC Board and Trustee Board) which contains discussions pertaining to defaulted debt securities, downgraded debt securities, schemes displaying poor performance, etc.

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
24.	Whether performance review of various schemes have been done; Whether comparison of the schemes' performance has been done with an appropriate benchmark index; Whether such review has taken place by comparing the performance of the schemes in light of the performance of the entire Mutual Funds industry by relying on data published from time to time by independent research agencies and financial newspapers and journals. Whether research reports of independent research agencies on performance of mutual funds schemes are being placed before the Board of AMC/Trustees. Examination of compliance of disclosure of performance post consolidation/ merger of schemes.	Half Yearly	List of Mutual Fund schemes underperforming the scheme Benchmark on Quarterly Basis. Relevant extract of minutes of Investment Committee, Risk Management Committee, and Board minutes (AMC Board and Trustee Board) which contains discussions pertaining to performance review of schemes.
25.	Whether the procedure stipulated for change in control of AMC is complied. Whether instances of indirect change in control of the AMC or indirect change in the promoters of the sponsor(s), which was beyond the control of the sponsor(s), etc., are communicated to SEBI.	Half Yearly	In case entity has undergone change in control- Attach SEBI Approval Letter Compliance Officer declaration that no direct/indirect change in control has taken place in AMC.
26.	Whether the AMC has policy to deal with transactions and investments with Group and associates.	Half Yearly	Policy of AMC with regards to transaction and/or investment in group / associate companies of AMC and/or sponsor companies. Policy on handling conflict of Interest and related party transactions
27.	Whether the investment in Group and Associates are made in accordance with MF Regulations and Master Circular and Policy adopted by AMC and restrictions imposed by Trustees. Whether such transactions are reported to Trustees	Half Yearly	Relevant extract of Minutes/Email confirming that investment in Group and Associates are reported to Trustees Declaration from Chief Investment Officer that investment in Group and Associates are made in accordance with MF Regulations and Master Circular and Policy adopted by AMC and restrictions imposed by Trustees.

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
28.	Whether the transactions and business with group and associates are in accordance with MF Regulations and Master Circular and Policy adopted by AMC and restrictions imposed by Trustees. Whether such transactions are reported to Trustees	Half Yearly	Relevant extract of Minutes/Email confirming that investment in Group and Associates are reported to Trustees Declaration from Chief Investment Officer that investment in Group and Associates are made in accordance with MF Regulations and Master Circular and Policy adopted by AMC and restrictions imposed by Trustees.
29.	Examination of policies of the AMC with regard to transactions and investments in Group /Associate companies of the AMC / Sponsors. Whether such investment is done in line with the laid down policy.	Half Yearly	Declaration from Chief Investment Officer that transactions, investment and business with Group and Associates are made in accordance with laid down policy of AMC
30.	Whether the AMC has given any unfair/ undue advantage to any associate.	Half Yearly	Declaration from Chief Investment Officer that transactions, investment and business with Group and Associates are made in accordance with laid down policy of AMC
31.	Wherever services of the sponsor/ associates have been utilised and whether disclosure of the same has been made in the half yearly and annual accounts	Half Yearly	Relevant pages of disclosures made in Half yearly and Annual Accounts w.r.t transactions with sponsor/associates.
32.	Utilisation of services of the sponsor or of any of its associates, employees or their relatives for any securities transaction and distribution and sale of securities is in accordance with the offer document and Regulation and the brokerage and commission paid to such group/associates have been disclosed in accordance with Regulations.	Half Yearly	List of Group /Associate companies of the AMC / Sponsors Relevant pages of documents where disclosure is required as per regulations
33.	Examine if any of the transaction/ investment in the Group /Associate companies of the AMC / Sponsors is a bespoke deal and comments thereof	Half Yearly	Declaration from Chief Investment Officer that transactions, investment and business with Group and Associates are made in accordance with laid down policy of AMC

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
34.	Whether necessary due diligence has been exercised while making an investment, where its affiliates have acted as either lead manager /broker etc., to an issue of a corporate (either public or private) or where its affiliates or funds managed by them are offering for sale	Half Yearly	Declaration from Compliance Officer that transactions, investment and business with Group and Associates are made in accordance with laid down policy of AMC
35.	Whether the corporate governance norms (including appointment of independent director, Audit Committee etc.) are adhered to	Half Yearly	Relevant Extract of Minutes of Audit Committee meeting held in reporting period Details of Independent directors of AMC Board
36.	Whether Audit Committee is constituted, and meetings are held as specified in Master Circular and whether the role and responsibility of the Audit Committee specified are complied with ongoing basis	Half Yearly	AMC Audit Committee Charter/TOR Composition of Audit Committee Relevant extract of Minutes of the meeting
37.	In case, AMC is doing any other activity other than acting as investment manager for Mutual Funds, whether those activities are permitted under 24(b)of SEBI (Mutual Fund) Regulations, 1996 and separate net worth requirements are maintained.	Half Yearly	SEBI Approval letter / registration letter under Regulation 24(b) Net Worth Certificates
38.	Whether Chinese wall is maintained by AMC with its other business and whether system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities	Half Yearly	Chief Compliance Officer/ Chief Risk Officer Declaration
39.	Whether it is found that any fake entities are using Mutual Fund/ AMC/its officials names in Telegram groups or any other social media to defraud /dupe investors and AMC has issued a press release/ public notice/ filed FIR etc. against fake entities/ Telegram groups or any other social media/platform/channels, as a measure to prevent misuse of name of the Mutual Fund/AMC/its officials to defraud/dupe the investors as required under SEBI letter dated November 30, 2022	Half Yearly	CXO Declaration (Relavant person handling TOR)

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
40.	Whether AMC has ensured data integrity and confidentiality in respect of the shared information and whether the AMC has adequate control over providing access of investor's data/information. Further, does AMC have adequate system in place w.r.t protection of confidential information of both the intermediary and its customers by third party?	Half Yearly	System audit reports (AMC & RTA) Data privacy policy
41.	Whether AMC has complied with the AMFI advisory to not to collect the private information of the unitholders (other than those which are necessary for the purpose of authentication) either directly or through their group company or platforms or channel partners of MFD.	Half Yearly	Compliance Officer Declaration
42.	Whether the guidelines have been followed in case if AMC has participated in Inter Creditor Agreement (ICA).	Half Yearly	Data on AMC participation in ICA (Inter Creditor Agreement), if any Inter Creditor Agreements
43.	Whether there are transactions where Schemes of MF investing in Papers of the companies where sponsor has financed the company either before or after the investment by the scheme, as per the research report of, financials of or publicly available information about the investee company.	Half Yearly	Compliance Officer Declaration Data on transactions where Schemes of MF investing in Papers of the companies where sponsor has financed the company either before or after the investment by the scheme, if any
44	Whether the advertisements issued by the AMC are in accordance with MF Regulations and Circulars issued thereunder, Advertisement Code and AMFI BPG and Advisories	Half Yearly	Declaration from Compliance Officer
45	Compliance with regards to appointment of resource person to Trustees in terms of SEBI guidelines.	Half Yearly	Documents in respect of appointment of resource person to the trustees.
46	Whether the resource person appointed by trustees is independent in letter and spirit and reports only to Trustees in all aspects. .	Half Yearly	Roles and responsibilities assigned to the resource person.
	Investments related and exercise of Due Diligence in investments and maintenance of records concerning investment decisions		
47.	Whether AMC is exercising due diligence and care in all investment decisions as would be exercised by other persons engaged in the same business	Half Yearly	Investment Rationale for fresh purchases during audit period

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
48.	Whether the format/content of the research reports is comprehensive to make investment decisions and as per the format/content/broad parameters for investments approved by AMC and trustees	Half Yearly	Confirmation from CIO
49.	Whether AMC(s) maintains records in support of each individual scrip wise investment decision for making investment in equity and debt securities, which will indicate data, facts and opinion leading to that decision.	Half Yearly	Confirmation from CIO
50.	Comments w.r.t. the records maintained by AMC for all debt securities of AA and below investment grade and securities which are unrated.	Half Yearly	Data related to all investments in debt securities of AA and below investment grade and securities which are unrated along with investment rationale
51.	Whether the investment note/report/record cover the discussion, data facts regarding the investment company along with the guarantor and parent company and whether the Sponsor of the Mutual Fund is a major lender etc.	Half Yearly	Relevant extract of research reports on sample basis on investments made in reporting quarter covering data facts highlighted in TOR
52.	Whether the reason/justification mentioned by the issuer/Rating agency for the instrument, especially the duration of the instrument including the repayment is in alignment/in sync with the investment objective of the scheme, which is investing in the debt instrument and also the justification recorded at the time of the investment are in alignment.	Half Yearly	Sample Investment decisions recorded w.r.t individual scrip-wise investment (Equity + Debt)
53.	Whether funds have been invested in accordance with the objectives of the schemes as disclosed in the offer documents.	Half Yearly	Confirmation from Chief Investment Officer (Debt and Equity)
54.	Examination of the procedure for making investments. Whether there is any investment committee or decisions are taken by an individual. Whether chief executive of the AMC participates in investment decision making. Whether investment committee consists only KMPs of the AMC or outsiders including representative of Sponsors or associates and the investment decisions are influenced by outsiders	Half Yearly	Investment Committee Composition IC Meeting Minutes held in reporting period
55.	Whether the investments are made in accordance with restrictions imposed under MF Regulations, disclosures made	Half Yearly	Confirmation from Head Equity/Head Fixed Income/CIO

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
	in SID and parameters specified by the trustees		
56.	Whether investment limits are inbuilt (Hard & Soft investment limits) in the systems to avoid breach, restriction of authority to modify the same, who has the modification rights to such limits, verification of logs to determine whether modification as carried out by authorized personnel only	Half Yearly	Compliance Officer Declaration Policy on managing investment limits in system
57.	Whether with respect to Inter Scheme Transfers provisions of MF Regulations, Master Circular, restrictions imposed by the Trustees and Policy of the AMC are complied with	Half Yearly	Confirmation from Head Equity/Head Fixed Income/CIO
58	Whether with respect to deployment in short term deposits requirements specified in Master Circular are complied with? Whether Short term Deposit are held in the name of the concerned scheme.	Half Yearly	Details of Investments in Short term deposits scheme wise as on last day of inspection period Confirmation from Chief Investment Officer
59	Whether the AMC was charging fees on interest received from short-term deposits?	Half Yearly	Declaration from Chief Investment Officer (CIO)/ Chief Operating Officer (COO)/Chief Financial Officer (CFO)
60	Whether the investments in Exchange Traded Commodity Derivatives is in line with the Master Circular, disclosures in SID and policy of the AMC.	Half Yearly	Confirmation from Head Equity/Head Fixed Income/CIO
61	Soft limits with respect to: • Prior approval of Investment Committee w.r.t passive breaches beyond 30 days • Prior approval of Board of Trustees and Board of Directors for Investment limits mentioned in seventh schedule.	Half Yearly	IC approved document/minutes of IC wrt prior approval Approved document of Board of Trustees and Board of Directors for Investment limits
	TER Related		
62.	With respect to change in base TER of Schemes, requirements of MF Regulations and Circulars issued thereunder are complied with including intimation to Board of Directors of AMC, Trustees and investors	Half Yearly	Confirmation from Chief Operating officer or Head Fund Accountant
63.	Whether SEBI filing fee for the scheme offer document has been paid by the AMC and not out of the scheme corpus.	Half Yearly	Any payment proof for the SEBI filling paid by AMC
64.	Whether any expenses that cannot be charged to the scheme as per the MF Regulations and Master Circular are being charged to the scheme	Half Yearly	Confirmation from Head Fund Accountant or CFO

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
65.	Whether gifts/training/contests are organized to MFD to reward them for promoting their schemes. Whether all scheme related expense including commission paid to the Distributors, by whatever name it may be called and in whatever manner it may be paid, from the scheme or paid from books of the AMC, its associates, sponsor, trustee or any other entity through any route, in violation of the requirements in the Master Circular	Half Yearly	Confirmation from Head Sales
66	Whether AMC has complied with AMFI advisory on the list of expenses which can be paid out of AMC books at actual or 2 bps of respective scheme AUM, whichever is lower and whether any other expenses that has to be charged and appropriated in the scheme, has been charged in the books of AMC.	Half Yearly	Confirmation from Chief Operating officer or Head Fund Accountant
67	Whether 1 bps is deployed for Investor Education and Awareness Initiatives on the basis of the documentary evidences available and whether end use of these funds is found to be for advertisement purpose, as against the requirement	Half Yearly	List of expense incurred for Investor Education and Awareness Initiatives during the inspection period in a particular format (Will be shared later). Confirmation from Head Sales / Marketing
68	Whether any employee's salaries are being debited from the investor education fund. If yes, report the same.	Half Yearly	List of expense incurred for Investor Education and Awareness Initiatives during the inspection period in a particular format (Will be shared later). Confirmation from Head HR
69	Whether the expenditure incurred by the AMC for Investor Education & Awareness Initiatives are in accordance with SEBI Letter No. SEBI/HO/IMD2/OW/P/27647/2019 dated October 29, 2019	Half Yearly	List of expense incurred for Investor Education and Awareness Initiatives during the inspection period in a particular format (Will be shared later). Confirmation from Head Sales/ Marketing
70	Investment by schemes in short term deposits of scheduled commercial banks and comment on whether investment management and advisory fees is charged on the funds parked in short term deposits of scheduled commercial banks. If yes, report it as a non-compliance.	Half Yearly	Confirmation from Chief Operating officer or Head Fund Accountant

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
71	To check that no distributor commissions are charged (whether directly or indirectly) in the direct plans of schemes.	Half Yearly	Confirmation from Chief Operating officer or Head Fund Accountant
	Valuation related		
72.	Whether Valuation Policy adopted by the MF in line with SEBI guidelines, specifically and same has been complied with diligently & exceptions thereof?	Half Yearly	Valuation Policy
73.	Whether valuation of non-traded / thinly traded / unlisted equity security is in accordance with SEBI requirements and Policy approved	Half Yearly	Confirmation from CIO
74.	Whether valuation of gold and silver are in accordance with SEBI and Valuation Guidelines and observance of good/bad delivery norms specified by LBMA.	Half Yearly	Valuation Policy
75	Analyse information memorandum to check if any restrictive clause is present which prevents AMC from redeeming securities. Further whether such clauses are taken into consideration while valuing such securities or different valuation is done than provided by valuation agencies.	Half Yearly	Compliance Officer Declaration
76	Whether provisions for valuation of securities with put/ call options as required in Master Circular is complied with	Half Yearly	Valuation Policy
77	Whether calculation of Macaulay duration of bonds issued under Basel III framework is as required under Master Circular	Half Yearly	Confirmation from Head Fund Accountant/ CIO Debt
	Personnel Trading related		
78	Whether the provisions of SEBI (PIT) Regulations, restrictions imposed on trading in securities by the employees of AMC and Trustees in Master Circular and the code of personal trading policy complied with and whether necessary checks and balances have been in built to monitor the trades of the employees?	Half Yearly	Policy for personal securities transaction by employees, directors and trustees Note on Controls inbuilt into the employee transaction monitoring system
79	Whether the violations are reported to the Board of AMC and Trustees'	Half Yearly	Compliance officer confirmation or extract of minutes
80	Whether the AMC has a "Policy on Prohibition of Insider Trading" and whether the same is reviewed in its Annual Compliance Report.	Half Yearly	Policy on Prohibition of Insider Trading
	Risk Management Framework		

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
81	(i) Whether all the recommendations stipulated in SEBI circular on Risk Management Framework have been implemented. (ii) Examination of compliance by liquid and overnight funds with the risk management framework. (iii) Whether steps are taken to address the exceptions and suggestions emerged in System Audit Reports and Cyber Audit Reports? (iv) Examination of the Stress Testing policy of the AMC and its implementation and whether stress testing framework has been adequate and has been reviewed by the Board of AMC and Trustees periodically.	Half Yearly	Attach policies under Risk Management Framework
	Segregated Portfolio		
82	With respect to the Segregated Portfolio, whether AMC has complied with the conditions stipulated in the circular while creating segregated portfolio.	Annual	Segretated Portofolio Policy List of segregated Portfolio
83	Whether process followed for creation of segregated portfolio is in compliance with the circular	Annual	Segretated Portofolio Policy
84.	Whether disclosures related to segregated portfolio are made in accordance with the conditions of the circular.	Annual	Disclosures made related to segregated portfolio
85.	Whether TER charged on segregated portfolio is in compliance with the guidelines prescribed in the circular	Annual	List of Segregated Portfolio along with AUM Daily TER charged on Segregated portfolio during the inspection period
86	Whether Trustees have put in place mechanism to negatively impact performance incentives as per the circular on creation of segregated portfolio	Annual	Extract of Segretated Portofolio Policy highlighting impact on performance incentives
87	Whether monitoring of segregated portfolio as stipulated by the Circular is being done by the Trustees	Annual	Minutes of Trustee Meeting Quarterly/Half yearly Report
88	Whether after merger of schemes the segregated portfolio of merged scheme is reflected in the surviving scheme	Annual	Compliance officer confirmation
89	Whether there is any merger of scheme during the inspection period and provide details regarding the same.	Annual	Compliance officer confirmation along with SEBI approval if any
90	For all the merged schemes, whether the performance of segregated portfolio of scheme is reflected in the surviving scheme	Annual	Compliance officer confirmation

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
91	Whether there was any request for disclosure of past performance of such scheme(s) whose features are not retained post-merger and whether the same was made available on request with adequate disclaimers.	Annual	Compliance officer confirmation
	Dealing room related		
92.	Whether the requirements regarding dealing control are put in place and are implemented effectively; Whether proper audit trails for compliance with dealing room related requirements/controls including prohibition of carrying mobile inside dealing room are maintained.	Half Yearly	Dealing Room Policy Pictures of Dealing Room Pictures of Mobile Locker Log Register
93.	Whether all communication during market hours is recorded and ensure that recording of such decisions including data, facts and opinion leading to that decision is prepared as per instruction of and approved by Fund Managers (Letter to AMFI dated February 09, 2021).	Half Yearly	Dealing Room Policy
94.	Whether AMC has put in place a written down policy which inter-alia detail the specific activities, role and responsibilities of various teams engaged in fund management, dealing, compliance, risk management, back-office, etc., with regard to order placement, execution of order, trade allocation amongst various schemes and other related matters.	Half Yearly	Trade allocation policy Dealing Room Policy
95.	Whether such policy is approved by the Board of AMC and the trustees.	Half Yearly	Trustee approval note/email Relevant extract of Minuted of Trustee/ AMC Meeting
96.	Whether the policy for orders pertaining to equity and equity related instruments and the requirements with respect to investments in all instruments is in line with the SEBI Master Circular	Half Yearly	Trade Execution & Allocation Policy
97.	Whether AMC has a system-based monitoring mechanism to ensure compliance with respect to the Trade Execution & Allocation Policy requirement on equity and equity related instruments and the requirements with respect to investments in all instruments.	Half Yearly	Confirmation from CIO/ Chief Operating Officer

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
98	Whether the trade allocation policy of the AMCs has detailed (i) specific situations (not generic) wherein the orders by dealers shall be placed for each scheme individually or pooled from multiple schemes, (ii) the timeline to be considered for pooling of orders in case of multiple schemes	Half Yearly	Relevant Extract of Trade Execution and Allocation policy
99	Whether policy covers how margins / collaterals shall be segregated / placed from amongst various schemes, without affecting the interest of investors of any scheme and compliance regarding the same	Half Yearly	Relevant Extract of Trade Execution and Allocation policy
100	Whether in case of pooled orders, post allocation of trades is on pro-rata basis as per the size of the order placed and whether the said allocation is based on weighted average price.	Half Yearly	Relevant Extract of Trade Execution and Allocation policy
101	Whether for post allocation of trades any separate treatment is given to liquid fund or overnight fund	Half Yearly	Relevant Extract of Trade Execution and Allocation policy
102	The policy on trade allocation is applicable for all securities including TREPS and reverse repo in government securities. Whether the policy is made applicable by AMC to all securities and whether the AMC has complied with SEBI requirements on Trade Execution and Allocation	Half Yearly	Relevant Extract of Trade Execution and Allocation policy
103	Whether audit trail of activities related to order placement, trade execution and allocation is available in the system and the same is verified. Further, whether order placed by fund manager, order placed by dealer, order execution and trade allocation have time stamping on it	Half Yearly	Confirmation from CIO/ Chief Operating Officer
Disclosures			
104.	Whether AMC has made scheme wise disclosure of investments (as on the last day of each quarter), in securities of such entities that are excluded from the definition of associate (refer SEBI Circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/111 dated August 25, 2022/Clause 17.17.2 of the Master Circular)	Half Yearly	Confirmation from Compliance officer
105.	Whether AMC has made enhanced scheme related disclosures in SID pursuant to para 5.8 of Master Circular	Half Yearly	Confirmation from Compliance officer

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
106.	Whether AMC has made disclosures regarding Executive remuneration as stipulated in Master Circular	Half Yearly	Confirmation from Compliance officer
107	Whether the Addendum backing all changes in SID is published	Half Yearly	Confirmation from Compliance officer
108	Whether disclosure of portfolio (along with ISIN) as on the last day of the fortnight/ month/half year was made for all schemes on Mutual Fund's/AMC's website and AMFI website within 5/10 days from close of each fortnight/month/half year period , as the case may be and Whether disclosure of fortnightly/monthly/half yearly scheme portfolio details are made within the prescribed timelines and whether such disclosures are accurate.	Half Yearly	Confirmation from Compliance officer
109	Whether product labelling for all schemes is being done by "Riskometer", which is derived as stipulated in the Master Circular	Half Yearly	Confirmation from Compliance officer
110	Whether Riskometer appropriately depict the level of risk in any specific scheme as stipulated in SEBI Circular	Half Yearly	Confirmation from Compliance officer
111	Whether all debt schemes are classified in terms of a Potential Risk Class matrix consisting of parameters based on maximum interest rate risk (measured by Macaulay Duration (MD) of the scheme) and maximum credit risk (measured by Credit Risk Value (CRV) of the scheme).	Half Yearly	Confirmation from Compliance officer
112	Whether movement of scheme from PRC cell to another which is higher than the maximum risk specified for the chosen PRC cell was considered as fundamental attribute change of the scheme.	Half Yearly	Confirmation from Compliance officer
	Voting in respect of Investee Companies		
113	Whether AMC has followed the voting policy and voted in accordance with requirements of Master Circular and made disclosures in this regard as required. If yes, disclosures of the same, along-with rationale are recorded	Half Yearly	Proxy Voting Policy
114	Whether AMC's policy with respect to casting of votes in AGM / EGM of Group /Associate companies and exercise of votes thereof are in accordance with the requirements specified by SEBI and Trustees?	Half Yearly	Confirmation from CIO

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
115	Whether Stewardship Code prescribed are compiled by the AMC and whether the votes cast by Mutual Funds are disclosed as per the requirement.	Half Yearly	Stewardship Policy Voting disclosures
116	Whether reasons voting in favour or against are recorded against each resolution and whether proxy advisor's recommendations were sought on voting in AGMs and EGMs	Half Yearly	Proxy Voting Report from Website Proxy advisors recommendation
117	Whether AMC voted against the recommendations of the proxy advisors in case of AGM /EGM of Group /Associate companies of AMC /Sponsor and appropriate reasons for the same is recorded	Half Yearly	Reconciliation of Proxy advisors recommendation and votes casted along with rationale for deviation
	Other areas		
118	Whether swing pricing framework for mutual fund schemes is implemented as per Circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021/ Clause 4.10 of the Master Circular	Half Yearly	Policy on swing pricing framework
119	Whether AMC has put in place mechanism, checks and balances to ensure compliance with discontinuation of usage of pool accounts for transactions in the units of Mutual Funds on stock exchange platforms and other platforms and two factor authentication and fraud prevention mechanism?	Half Yearly	Confirmation from Chief Operating Officer
120	Whether AMC has put in necessary checks and balances to ensure compliance with AMFI BPG/Advisory for change in the Key investor attributes including email ID, Mobile number and Bank account and to ensure two-factor authentication are complied with as per AMFI BPG/Advisory?	Half Yearly	SOP for Request from Investors regarding change of email ID, Mobile number and Bank account.
121	Whether AMC has put in necessary checks and balances to ensure that attributes of MFDs/agents are not seeded against investor attributes as prescribed in SEBI Circular and AMFI BPG/Advisory	Half Yearly	Confirmation from Chief Operating Officer
122	Whether the provisions of SEBI Circular regarding Alignment of interest of AMC with the Unitholders of the Mutual Fund Schemes and AMFI Best Practices in this regard are complied with	Half Yearly	Confirmation from Compliance officer/ Head HR

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
123	Whether the provisions of SEBI Circular regarding Alignment of interest of Designated Employees of AMC with the Unitholders of the Mutual Fund Schemes and AMFI Best Practices in this regard are complied with	Half Yearly	Confirmation from Compliance officer/ Head HR
124	Whether as per the information available, Regulation 7B is complied with respect to norms for shareholding and governance of mutual funds	Half Yearly	Compliance officer confirmation
125	Whether the AMC has framed and internal policy for credit risk assessment as required in Master Circular and implemented the same	Half Yearly	Credit Risk Assessment Policy
126	Whether any investment made before the NFO Closure date and whether the deployment of NFO Proceeds from date of closure and date of allotment is as per the provision of Master Circular	Half Yearly	Confirmation from Head Equity/ Head Fixed Income/ CIO
127	Whether the cut-off timings in ETFs, including intra-day NAV for transactions in units of ETF directly with AMC are adhered to and whether there is any collateral taken or credit creation during subscription to ETFs. Whether the requirements regarding Passive Funds as stipulated in Master Circular are complied with.	Half Yearly	Confirmation from CIO and COO (Chief Operating Officer)
128	Whether the requirements regarding categorization and rationalization of Mutual Fund schemes are complied with (including Macaulay Duration of duration-based scheme) and whether mutual funds schemes so devised results in duplication/minor modifications of other schemes offered by the AMC.	Half Yearly	Confirmation from Head Equity/ Head Fixed Income/ CIO
129	Whether the asset allocation of the scheme is in line with the disclosure in SID and the Categorisation circulars issued by SEBI. Whether in case of deviation of asset allocation, the timelines for rebalancing of MF portfolios have been adhered to. Whether any new schemes have been launched till the portfolio is rebalanced.	Half Yearly	Confirmation from Head Equity/ Head Fixed Income/ CIO
130	Whether reporting of OTC Trades are in accordance with the requirements stipulated by SEBI and whether the rectification steps taken in case of delays are adequate.	Half Yearly	Confirmation from Head Fixed Income/ CIO

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
131	Whether AMC has adequate controls are in place to ensure that third party payments are not received	Half Yearly	Details of all transactions where payments are received through a third party/ Compliance officer confirmation w.r.t No Third Party Transaction Note on controls established by AMC/RTA to prevent payments from third party
132	Whether trustee approval was taken for Dividend distribution?	Half Yearly	Trustee Approval Relevant extract of minutes of Trustee Meeting
133	Whether the custodian is an associate of the MF	Half Yearly	Compliance Officer Confirmation along with details of Custodian
Relating to Distributors and Brokers			
134.	Whether the system for empanelment of brokers by the mutual fund is in accordance with SEBI (Mutual Funds) Regulations, 1996, Circulars issued thereunder and Policy approved by the Trustees and Board of AMC.	Half Yearly	Broker Empanelment Policy Approval note/email from Trustees approving Broker Empanelment Policy
135.	Whether distributor commission for incomplete KYCs was withheld	Half Yearly	Details of Brokerage Withheld due to KYC non-complied from RTA Confirmation from RTA
136.	Whether the payment of Commission to distributors is in accordance with MF Regulations, Master Circulars and AMFI BPG and Advisories and Policy adopted by the AMC with respect to payment of commission to distributors and treatment of payment of commission to distributors who's ARNs have expired / lapsed.	Half Yearly	Policy on payment of commission to distributors along with commission structures.
137	Whether the requirements to ensure AMFI/NISM certification for agents/ distributors and personnel and those engaged in sales and marketing and employees who interact with investors are complied with	Half Yearly	Confirmation from Head Sales / HR
138	Whether AMC is following guidelines on action to be taken against MFDs, like suspension, claw back of commissions, de-empanelment etc. and is conducting audit and placing the due diligence report/ audit report before the Board of the AMC. (Refer SEBI letter to AMFI dated April 04, 2022).	Half Yearly	Confirmation from Chief Operating Officer

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
139	Examination of Trading Errors happened during the period? Treatment of such error, whether the same is charged to the scheme?	Half Yearly	Policy on Trade error and dealing with losses on account of trading errors List of trading errors along with relevant details
140	Whether AMC has any soft dollar arrangements with any of the brokers	Half Yearly	Policy on Soft Dollar arrangements Confirmation from Chief Investment Officer
141	Whether adequate steps taken by the AMC to address issues on mis-selling and monitoring of distributors are taken and necessary action taken in case of instances of mis-selling are found?	Half Yearly	Note on steps taken by AMC to address issues on mis-selling and monitoring of distributors are taken
142	Whether AMC has framed a policy for commission structure for distributors? Whether the payment of commission is in accordance with the said policy and MF Regulations, Master Circular and AMFI BPG/Advisory	Half Yearly	Commission structure Details of commission outflow during the inspection period (Month Wise) with columns- Name of Distributor, Whether associate/ group entity (Y/N), Monthly average AUM, Commission payout
143	Examination of the commission paid to a Group /Associate Company in capacity of Distributor vis-à-vis the commission paid a Distributor from non-Group /Associate Company.	Half Yearly	Policy on Commission structure
Investor Services			
144.	Whether AMC is sending fortnightly/monthly/half yearly scheme portfolio details to investors whose e-mail addresses are registered.	Half Yearly	Confirmation from Chief Operating Officer
145.	Whether AMC are e-mailing the scheme annual reports or abridged summary thereof to those unit holders, whose e-mail addresses are registered?	Half Yearly	Confirmation from Chief Operating Officer
146.	Whether Opt-in facility is being provided to the investors as required under Master Circular	Half Yearly	Confirmation from Chief Operating Officer
147.	Whether AMC is periodically obtains and maintains data pertaining to the unit holders/investors	Half Yearly	Confirmation from Chief Operating Officer

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
149.	Whether the requirements specified in respect of Master Circular on anti-money laundering practices/Combating Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002 are in place and implemented in a proper manner? Whether proper monitoring of the clients' transactions is done periodically to identify suspicious transactions and report fit cases in STR?	Half Yearly	Policy on anti-money laundering practices/Combating Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002
150.	Whether the procedures followed in case of KYC requirements are adequate and effective	Half Yearly	Confirmation from Chief Operating Officer
151.	Whether AMC get exception reports from RTA for folios without proper KYC and whether necessary steps taken to address the issue.	Half Yearly	RTA report on folios without KYC Note on steps taken to address KYC non-compliance issue by AMC
152.	Whether steps taken to detect data entry errors at the end of RTA and AMC such as incorrect SIP registrations like registrations in wrong scheme, wrong date of SIP and allotment of units and incorrect switch transactions on a frequent basis which adversely affects investors interest?	Half Yearly	Note on steps taken to address the issue by AMC
153.	Whether AMC has reported to trustees on steps taken by them and progress made for completion of KYCs	Half Yearly	Relevant extract of minutes of the meeting with Trustees in respect of progress made for KYC completion
154.	Verification of compliance with the procedure for unclaimed redemption and dividend amount	Half Yearly	SOP of AMC for dealing with unclaimed dividend and redemption
155.	Whether the steps taken by the AMC with respect to unclaimed redemption and dividend amount is adequate? Whether there are any lapses in processing of claims made with respect to Unclaimed redemption and dividend amount	Half Yearly	SOP of AMC for dealing with unclaimed dividend and redemption
156.	Whether exit option given to unit holders for all the events like change in controlling interest, change in fundamental attributes of schemes. Whether investor complaints, if any, with respect to the same are addressed appropriately.	Half Yearly	Confirmation from Chief Operating Officer Details of all complaints received from unitholders w.r.t incorrect levying of exit load in the event where exit option is given

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
157.	Whether requirements in case of Master Circular reg. dividend/IDCW declaration and payment are complied with including requirement reg. fixing of record date	Half Yearly	Trustee approval note/email during the inspection period Sample pictures of notice on the website during inspection period
158.	Whether such interest payment in case of delays is borne by the AMC.	Half Yearly	Confirmation from Chief Operating Officer
159.	Whether mode of payments made available to investor/accepted from investor is as stipulated in the MF Regulations/ Master Circular	Half Yearly	List of all the modes of payments being made available / acceptable to the investors Chief Operating Officer confirmation
160.	With respect to the Instant Access Facility provided in Liquid and Overnight Funds, whether requirements stipulated in Master Circular and MF Regulations are complied with and whether there are any scenarios disclosed to investors under which IAF may be suspended (whether the same is disclosed) and that IAF request would be processed as a normal redemption request in such circumstances.	Half Yearly	Details of schemes providing Instant Access Facility (IAF) Extract from SID for Terms and conditions of the facility
161	Whether the processes adopted by AMCs in respect of investments made in the name of a minor through a guardian and transmission of units are as stipulated in Master Circular and AMFI BPG and Advisories.	Half Yearly	Policy on investment by minor Sample extract from SAI mentioning investment by minor
162	Whether the AMC is taking steps to sensitize the investors about nomination	Half Yearly	Note on steps taken by AMC to sensitize the investors about nomination
163	Whether the AMC is sending communications to all such unit holder(s) who are not in compliance with the requirement of nomination, to either nominate or opt out of nomination, as stipulated.	Half Yearly	Confirmation from Chief Operating Officer
164	Whether timelines for issuance of monthly and half-yearly Consolidated Account Statement (CAS) is being adhered to and AMC has submitted the information to Depositories in time.	Half Yearly	Confirmation from Chief Operating Officer
165	Whether Investor Charter is published, and Investor Complaints are disclosed by Mutual funds on their websites, AMFI website and Annual Report. Further, whether data from all the sources and correct data disclosed.	Half Yearly	Pictures from AMC website w.r.t disclosure of investor Charter

Terms of References			
Sr. no.	Accounting and Maintenance of Books and Records	Frequency (Half-year or Annual)	Revised Documents
166	Whether proper checks and balances are in place and whether verification was carried out to verify whether redemption accounts are credited only to the unitholder's Bank account?	Half Yearly	Note on checks and balances in place by AMC/RTA to address the issue
167	Whether there are any changes in Fundamental attributes of the scheme and whether Exit Loads are charged during the time-period of 30 days/15 days, as applicable to exercise the exit option at prevailing NAV. Whether there is any non-compliance in this regard.	Half Yearly	List of Addendums issued for change in the fundamental attributes along with the free exit period Confirmation from Chief Operating Officer

178. Regulatory Framework for Specialised Investment Fund (SIF) – Clarifications received from SEBI

Reference – SEBI and AMFI email dated April 09, 2025

178.1. With reference to the SEBI's circular dated 27th Feb 2025 on the captioned subject, we were in receipt of few queries/clarifications from the working group which we had referred to SEBI.

178.2. We forward herewith the response received from SEBI which is self-explanatory.

Sr. No.	AMFI's Query	SEBI's Response
Branding requirement		
1	Whether branding will need to be approved by SEBI. Further, whether branding and brand name will need to be finalised and submitted to SEBI at the time of application for registration of SIF.	SEBI is in the process of specifying format of prior approval application. AMCs shall provide branding details in line with the prior approval application format.
2	Whether AMC and Trustee Board approval required for branding.	Yes.
Advertisement requirement		
3	Performance of schemes managed by common fund managers: please clarify that in case of performance ads for MF schemes, performance of SIF schemes	The provisions under Clause 13.3.6 of MF Master Circular dated June 27, 2024 ('MF Master Circular') shall continue to be

	managed by the same Fund Manager will not be required to be disclosed, similarly in case performance ads for SIFs, performance of MF schemes managed by the same Fund Manager will not be required to be disclosed.	applicable to investment strategies of SIF as well.
Format of ISID and SAI		
5	There is no specific format of ISID provided in the Circular. Hence, AMCs shall use the existing MF SID format for SIF products.	SEBI is in the process of finalizing the format of ISID. AMCs shall use the prescribed format of ISID for SIF products.
6	Can SAI be common for SIF and MF schemes?	Yes
Interval investment strategies		
7	For Debt Interval Fund, please clarify that the requirement of the entire portfolio maturing at each interval would not be applicable.	Clause 12.27.2.4 of the MF Master Circular, regarding maturity restriction on investments, shall not apply to SIF's investment strategies.
Debt Investment Strategies of SIF		
8	Whether Para 5.1.2 does not apply to sectoral debt funds.	Clause 5.1.2 of the SIF Circular does not provide any specific exemption from the sectoral limit of 25% to sectoral debt funds.
9	Clause 12.9.1 of MF Master Circular dated June 27, 2024, has provided exclusion of investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks for calculating sector exposure. Is the same exclusion applicable for SIF?	In terms of Regulation 49(V)(2) read with Clause 5.1.2 of Annexure A of SEBI Circular dated February 27, 2025 (SIF Circular), the exclusion to specific sectors and additional exposure to HFCs, as specified under Clause 12.9.1 of MF Master Circular, shall also be applicable to SIFs.
10	Further the same clause also allows additional exposure to financial services	

	sector by way of investing in HFCs. Is it applicable here?	
11	Para 3 B) of the SIF Circular on debt-oriented investment strategies provides for “Investment in debt instruments of at least two sectors, with maximum investment of 75% in a single sector”.	In line with response to Query no. 9 and 10, the Sectoral Debt Long Short Fund may take exposure of up to 75% to any of the sectors which are exempted in line with Clause 12.9.1 of the MF Master Circular.
Sector Rotation Equity Long Short Fund		
12	Clause 3.2 - Sector Rotation Long-Short Fund prescribes maximum number of sectors should be 4 at any point of time. Can these sectors be changed? Is it required to mention exhaustive list of sector in SID?	As the name suggests, a Sector Rotation Long-Short Fund is intended to rotate sectors periodically. Therefore, the fund manager may change the sectors over time. Further, to ensure transparency, an exhaustive list of all permissible sectors shall be specified in the Investment Strategy Information Document (ISID).
13	If the maximum sectors in the portfolio are capped at 4, does it also include short positions?	Yes, the maximum limit of four sectors includes both long and short positions. <i>For instance, if ABC Sector Rotation Long-Short Fund holds long positions in Auto, Pharma, and IT, while maintaining a short position in FMCG, it will be considered to have exposure to a total of four sectors.</i>
Applicability of LRAR/LR CRAR for debt SIF		
14	Applicability of liquidity ratios – LRAR / LR CRAR for Debt SIF.	The liquidity risk management framework prescribed by AMFI, in line with Paragraph 4.6.4 of MF Master Circular, shall not be applicable to debt oriented interval investment strategies under SIF.
Usage of derivatives		
15	Any applicability of minimum short position at all times? Any maximum time window for which a debt fund can have no short position?	There is no requirement of maintaining a minimum short exposure at all times. Additionally, there is no maximum time window prescribed for which a debt oriented investment strategies can remain without a short position.

16	Applicability of only exchange traded derivative instruments in Debt Long Short Fund category.	Presently, only exchange traded debt derivatives are permitted for investment by investment strategies of SIF for taking short exposure.
17	In Sectoral Debt Long – Short Fund: Can we have a short position in G-Sec, while having a long position on different tenor G-Sec.	No. Because, as per current provisions, short exposure shall apply at the sector level, applicable for all the instruments of that particular sector held in the portfolio.
OTC derivatives		
18	Debt derivatives are generally OTC traded. Can exposure in such OTC traded derivatives be taken for purposes other than hedging and portfolio rebalancing?	Since SIF circular explicitly permits investment only in exchange traded derivative instruments, specifically for the purposes other than hedging and portfolio rebalancing, the debt oriented investment strategies under SIF are not allowed to take exposure in OTC derivatives, for purposes other than hedging and portfolio rebalancing (i.e. for taking short exposure).
19	In Sectoral Debt Long- Short Fund, maximum short exposure through unhedged derivative positions in debt instruments is 25%. Whether this can be OTC traded derivative?	
20	As per clause 12.25.5 of MF Master Circular dated June 27, 2024, Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. Can SIF take exposure into IRS for purposes other than hedging and portfolio rebalancing?	Since there is no specific clause regarding Interest Rate Swaps (IRS) in SIF circular, the provisions regarding IRS as applicable to MF schemes under the MF Master Circular, shall continue to be applicable to SIFs as well.
Distribution of SIF		
21	Whether clearing of NISM Series-XIII: Common Derivatives Certification Examination is mandatory for RIAs similar to MFDs. Is this applicable for sectoral debt long-short fund?	<p>All entities who are currently required to do NISM Series V-A Certification to sale and/or distribute MF products, may be required to pass NISM Series XIII certification for sale and/or distribution of products under SIF.</p> <p>Accordingly, NISM Series XIII: Common Derivatives Certification Examination is not mandatory for RIAs to sale and/or distribute products under SIF.</p>

22	In case of MFDs who wants to engage in sale of SIF products it would be primary requirement to have valid ARN.	Yes. In case of MFDs who want to engage in sale and/or distribution of SIF products, it would be primary requirement to have valid ARN.
Close-ended Funds under SIF		
23	Currently, MFs can launch multiple close-ended debt schemes. Whether multiple close-ended schemes can be launched under SIF.	Presently, SIFs are permitted to launch only the investment strategies prescribed under Clause 3.2 of the SIF Circular.
24	Currently, MFs are not permitted to launch close-ended equity schemes. Whether close-ended equity schemes can be launched by SIFs.	The introduction of close-ended equity or debt schemes under SIF will be considered at a later stage in consultation with industry stakeholders.
Skin-in-the Game		
25	SIF products are riskier products. Whether there will be exemptions for skin in the game (SIG) investments in terms of investing in SIF schemes for persons other than the Fund Managers, who are required to invest in all categories of schemes. Further, for Fund Managers, please advise that no minimum threshold of 10 lakhs would be applicable for SIG investments.	<p>The requirement of skin-in-the game is particularly relevant for SIF investment strategies, given their higher risk appetite compared to regular MF schemes. Additionally, SIF Circular does not provide any specific exemptions from the skin-in-the game requirement.</p> <p>The requirement of minimum investment threshold shall not apply to designated employees' mandatory skin-in-the game investments in investment strategies of SIF.</p>
Trade execution and allocation policy		
26	Whether Trade execution and allocation including provisions pertaining to clubbing of orders, pro rata allocation for IPO / reverse book building participation etc. as prescribed under clause 12.29 of MF Master Circular dated June 27, 2024, shall be applicable to SIF?	As there are no specific provisions regarding trade execution and allocation under the SIF Circular, in line with Regulation 49V(2), the requirements applicable to MF schemes regarding trade execution and allocation under the MF Master Circular shall continue to be applicable to SIFs.
Miscellaneous		

27	Can existing policies as required under Mutual Fund regulation/ circulars/ guidelines be common for SIF?	Yes
28	Whether all new products need to be approved by Trustees as well as AMC Board since these products are launched under the MF Regulations framework.	Yes, in line with Regulation 49(Y)(1), which provides that the procedure for launching SIF investment strategies shall align with the procedure applicable to launch of MF schemes.

178.3. Members are requested to note the clarifications provided by SEBI.

**179. Implementation of SEBI circular dated 31-Dec-2024 on MF Lite framework - List of Overseas Equity Passive Indices for Phase I Implementation
Reference –AMFI email dated April 16, 2025 and March 15, 2025**

179.1. Please find attached, those overseas equity passive indices, whose quantitative threshold / AUM exceeds a minimum threshold of \$ 20 billion, which will qualify to be covered under the Phase 1 of implementation of Passive Funds of MF Lite. (**Annexure – I**).

179.2. This list has been prepared by Morningstar and duly reviewed and approved by AMFI ETF Committee and by SEBI.

179.3. Also, kindly note the following:

- a) AMCs may not be allowed to launch multiple price variants of the same index. For e.g., AMCs cannot launch multiple funds on S&P 500 basis Total Return / Net Return / Price Return variants of the index.
- b) AMCs may not be allowed to launch multiple products on the same index with different currency exposure. i.e., if an AMC has already launched a scheme on S&P 500 TR GBP, it may not be allowed to launch further schemes on S&P 500 TR USD or S&P 500 TR Euro etc, since the primary objective of the index is to provide exposure to the underlying markets, than currency.

Annexure - I		
	Overseas Equity Passive Indices	
	Global ETFs and Global Index funds	AuM in US\$ in Billion
SI No	Index	AUM Linked
1	S&P 500 TR USD	4092.284855
2	CRSP US Total Market TR USD	1812.261701
3	FTSE Global All Cap ex US (USA) NR USD	431.877648
4	NASDAQ 100 TR USD	385.618196

5	S&P 500 NR USD	337.377958
6	TOPIX PR JPY	336.254455
7	CRSP US Large Cap Growth TR USD	285.36096
8	MSCI World NR USD	255.998811
9	DJ US Total Stock Market TR USD	206.53042
10	Russell 1000 Growth TR USD	203.018278
11	FTSE Dvlp ex US All Cap(US RIC)NR USD	191.386033
12	MSCI EAFE NR USD	187.250127
13	CRSP US Large Cap Value TR USD	184.043026
14	CRSP US Mid Cap TR USD	176.891243
15	CRSP US Small Cap TR USD	155.478799
16	S&P MidCap 400 TR	150.442829
17	Russell 3000 TR USD	149.238644
18	Russell 2000 TR USD	141.599132
19	CSI 300 Index PR CNY	138.190072
20	Nikkei 225 Average PR JPY	125.372713
21	MSCI EM IMI NR USD	118.300551
22	MSCI EAFE IMI NR USD	117.813042
23	MSCI EM NR USD	115.781643
24	S&P Completion TR USD	112.142488
25	S&P SmallCap 600 TR USD	111.738918
26	Russell 1000 Value TR USD	109.312807
27	FTSE EMs AC China A Incl (US RIC) NR USD	108.964059
28	S&P 500 Growth TR USD	105.437864
29	S&P US Dividend Growers TR USD	103.029838
30	MSCI US IMI/Info Tech 25-50 GR USD	99.34332
31	Russell Mid Cap TR USD	83.056356
32	MSCI ACWI Ex USA NR USD	77.076793
33	Russell 1000 TR USD	75.600545
34	FTSE High Dividend Yield TR USD	73.420361
35	S&P Technology Select Sector TR USD	72.766105
36	S&P 500 Equal Weighted TR USD	72.567302
37	S&P US TMI TR USD	67.088721
38	DJ US Dividend 100 TR USD	65.542984
39	S&P 500 Value TR USD	64.955748
40	MSCI US IMI/Real Estate 25-50 GR USD	64.704364
41	MSCI USA NR USD	60.753173
42	MSCI ACWI Ex USA IMI NR USD	59.987416
43	MSCI ACWI NR USD	59.052999
44	CRSP US Small Cap Value TR USD	58.317628
45	CRSP US Large Cap TR USD	56.778583
46	FTSE AW Ex US (US RIC) NR USD	55.838556
47	FTSE Global All Cap (US RIC) NR USD	54.585819
48	Nikkei 225 Average TR JPY	52.730159

49	DJ US TSM Large Cap TR USD	51.518398
50	MSCI USA Sector Neutral Quality GR USD	49.470692
51	S&P Financial Select Sector TR USD	48.230634
52	Russell 2000 Value TR USD	45.012922
53	NASDAQ 100 NR USD	43.054835
54	DJ US Completion Total Stock Mkt TR USD	40.781828
55	FTSE Dv Ex US NR USD	39.902008
56	CRSP US Small Cap Growth TR USD	38.099201
57	DJ Industrial Average TR USD	37.75055
58	DJ US TSM Large Cap Growth TR USD	37.137986
59	S&P Health Care Select Sector TR USD	36.395662
60	FTSE AllSh TR GBP	35.365994
61	MSCI World Ex USA IMI NR USD	34.819128
62	SIX SPI TR CHF	34.810276
63	MSCI World Ex Australia NR AUD	34.278148
64	S&P Energy Select Sector TR USD	33.510224
65	EURO STOXX 50 NR EUR	33.390245
66	FTSE All World NR USD	33.233735
67	DJ US Broad Stock Market TR USD	32.554624
68	S&P/ASX 300 TR	31.176784
69	MSCI Europe NR EUR	30.650127
70	CRSP US Mid Cap Value TR USD	30.103973
71	Morningstar US Dividend Growth TR USD	30.097103
72	FTSE 100 TR GBP	29.577608
73	CRSP US Mid Cap Growth TR USD	27.697241
74	RAFI Fund Hi Liq US Large TR USD	26.628273
75	Hang Seng HSI PR HKD	26.471816
76	NASDAQ Composite TR USD	26.455884
77	JPX-Nikkei Index 400 TR JPY	26.381152
78	MSCI Kokusai (World Ex Japan) GR JPY	25.842149
79	Fidelity US Total Investable Mkt TR USD	25.295164
80	CRSP US Mega Cap Growth TR USD	25.014472
81	Pacer US Cash Cows 100 TR USD	24.990915
82	SSE STAR 50 Index PR CNY	24.955466
83	SSE 50 A Share Index PR CNY	24.557962
84	CSI A500 Index PR CNY	24.096275
85	MVIS US Listed Semiconductor 25 NR USD	23.257975
86	S&P Consumer Disc Select Sector TR USD	23.012247
87	MSCI USA Minimum Volatility (USD) GR USD	22.642837
88	FTSE US Choice TR USD	22.403261
89	FTSE Developed Ex UK TR GBP	22.175192
90	FTSE Dvlp Europe All Cap(US RIC)NR USD	22.023609

91	Schwab 1000 TR USD	21.867088
92	S&P 500 TR GBP	21.291938
93	S&P 900 Growth TR	21.143856
94	S&P Total Market TR GBP	20.745521
95	S&P Industrial Select Sector TR USD	20.68519
96	DJ US Select Dividend TR USD	20.34868
97	S&P Developed Ex US BMI NR USD	20.192346
98	S&P High Yield Dividend Aristcrts TR USD	20.138098
99	STOXX Europe 600 NR EUR	20.124845
100	S&P Cmmncton Svces Select Sector TR USD	20.078169
101	NASDAQ 100 PR USD	20.016199
102	Russell Mid Cap Growth TR USD	20.011681

List of (i) domestic equity indices

List of domestic Equity Indices	
S No	Name of the Index
1	Nifty 500
2	Nifty 50
3	Nifty Midcap 150
4	Nifty Large Midcap 250
5	Nifty Smallcap 250
6	Nifty 100
7	Nifty Next 50
8	Nifty 200
9	Nifty Financial Services
10	Nifty Bank
11	Nifty IT
12	Nifty Transportation & Logistics Index
13	Nifty India Defence
14	Nifty Auto
15	Nifty 500 Multicap 50:25:25
16	Nifty 200 Momentum 30 Index
17	Nifty 100 Low Volatility 30
18	Nifty 50 Equal Weight
19	Nifty CPSE
20	Nifty India Consumption
21	Nifty India Manufacturing
22	Nifty Infrastructure
23	Nifty Energy
24	Nifty MNC
25	Nifty100 ESG
26	BSE Sensex
27	BSE Bharat 22
28	BSE 100
29	BSE 200
30	BSE 500
31	BSE 150 MidCap
32	BSE 250 SmallCap
33	BSE Healthcare
34	BSE India Infrastructure
35	BSE PSU
36	BSE Teck

List of (ii) domestic debt indices for MF Lite

List of domestic Debt Indices	
S No	Name of the Index
1	Nifty SDL Apr 2027 Top 12 Equal Weight Index
2	Nifty SDL Apr 2026 Top 20 Equal Weight Index
3	Nifty SDL Apr 2027 Index
4	Nifty SDL Apr 2032 Top 12 Equal Weight Index
5	Nifty SDL Plus G-Sec Jun 2028 30:70 Index
6	Nifty SDL Sep 2027 Index
7	Nifty G-Sec Jun 2036 Index
8	Nifty G-Sec Dec 2026 Index
9	Nifty SDL Dec 2028 Index
10	Nifty G-sec December-2030 Index
11	Nifty SDL Jun 2027 Index
12	Nifty G-Sec Jun 2027 Index
13	Nifty G-Sec July 2031 Index
14	Nifty G-Sec Sep 2032 Index
15	Nifty G-Sec Sep 2027 Index
16	Nifty SDL Plus G-Sec Jun 2028 70:30 Index
17	Nifty SDL Sep 2026 Index
18	Nifty SDL Plus G-Sec Jun 2029 70:30 Index
19	Nifty SDL Jul 2033 Index
20	Nifty SDL Oct 2026 Index
21	Nifty G-Sec Dec 2029 Index
22	Nifty G-Sec Apr 2029 Index
23	Nifty G-Sec Oct 2028 Index
24	NIFTY SDL December 2026 Index
25	Nifty SDL Jul 2026 Index
26	Nifty SDL Plus G-Sec Sep 2027 50:50 Index
27	Nifty SDL June 2028 Index
28	Nifty G-sec Jul 2027 Index
29	Nifty SDL Sep 2025 Index
30	NIFTY SDL Plus G-Sec Jun 2027 40:60 Index
31	Nifty G-Sec July 2033 Index
32	Nifty 1D Rate Index
33	CRISIL-IBX SDL Index - June 2034
34	CRISIL-IBX Gilt Index - April 2026
35	CRISIL-IBX Gilt Index - April 2029
36	CRISIL-IBX Gilt Index - April 2033
37	CRISIL-IBX Gilt Index - June 2036
38	CRISIL-IBX Gilt Index - April 2028
39	CRISIL-IBX Gilt Index - April 2032
40	CRISIL-IBX Gilt Index - June 2027
41	CRISIL-IBX 50:50 Gilt Plus SDL Index - April 2028
42	CRISIL-IBX 50:50 Gilt Plus SDL Index - April 2037
43	CRISIL-IBX 50:50 Gilt Plus SDL Index - June 2027
44	CRISIL-IBX 50:50 Gilt Plus SDL Index - June 2028
45	CRISIL-IBX 50:50 Gilt Plus SDL Index - Sep 2027
46	CRISIL-IBX 50:50 Gilt Plus SDL Index - Sep 2028
47	CRISIL-IBX 50:50 SDL Plus Gilt Index - April 2033
48	CRISIL-IBX 90:10 SDL Plus Gilt Index - April 2032
49	CRISIL-IBX 90:10 SDL Plus Gilt Index - November 2026
50	CRISIL-IBX 90:10 SDL Plus Gilt Index - September 2027
51	CRISIL-IBX SDL Index - September 2027
52	CRISIL-IBX SDL Index - April 2033
53	CRISIL-IBX SDL Index - June 2027
54	CRISIL-IBX SDL Index - June 2032
55	CRISIL-IBX SDL Index – May 2027

180. Validation of KYC records by KRAs**Reference- SEBI email dated May 14, 2024 and AMFI email dated April 21, 2025**

180.1. Please refer to SEBI's mail dated 14th May 2024, where it was advised that "In view of the representation received from NRIs, non-availability of source validation of passport and in view of facilitation of Aadhaar to NRIs by UIDAI, the provision of portability of KYC records shall be relaxed for one year till April 30, 2025."

180.2. We forward herewith mail received from SEBI advising us that the above relaxation of provision for portability of KYC records of NRIs has been extended for one more year till April 30, 2026.

181. Regulatory Framework for Specialised Investment Fund (SIF) - Risk band and Scenario analysis**Reference- SEBI email to AMFI dated April 17, 2025**

181.1. Pursuant to discussions with AMFI and internal deliberations, the revised note on the risk band and updated scenario analysis, as attached with this email, have been noted.

181.2. With respect to depiction of the Risk Band, the following depiction and colour coding may be followed by AMFI:



181.3. Accordingly, AMFI may issue necessary standards/guidelines for Risk Band and Scenario analysis relating to SIF, at the earliest.

182. Deferment of date of implementation of Phase II and Phase III of the Institutional mechanism for market abuse**Reference- SEBI email dated April 29, 2025, and AMFI email dated April 29, 2025**

182.1. This has reference to AMFI's representation vide email dated April 04, 2025 and meetings held with AMFI on March 28, 2025 and April 24, 2025.

182.2. As per the detailed standards issued on Institutional Mechanism, vide AMFI Circular dated August 20, 2024, the present timelines for implementation of Phase II (i.e. for all trades of passive schemes and arbitrage scheme & all overseas securities trades across all schemes) and Phase III (i.e. for all trades in debt securities and all other securities) of Institutional Mechanism are from May 02, 2025 and August 02, 2025 respectively.

182.3. In this regard, considering the representation received from AMFI and subsequent submissions, the implementation of Phase II and Phase III of the Institutional Mechanism stands deferred. The revised timeline for implementation of both Phase II and Phase III shall be from January 01, 2026.

183. Applicability of commission in case of switch transaction to NFO of Regular plan of Mutual Fund Scheme

Reference- SEBI email dated May 15, 2025, and AMFI email dated May 15, 2025

183.1. Please refer to para no. 3 of SEBI's circular ref. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/23 dated 27th February 2025 (copy attached), advising as under:

“In order to discourage mis-selling of mutual funds schemes by Mutual Fund Distributors, in terms of Regulation 52 (4A) of the MF Regulations, in case of switch transaction to NFO of a regular plan of mutual fund scheme from an existing scheme managed by the same AMC, the AMC shall ensure that the distribution commission paid is lower of the commissions offered under the two schemes of switch transaction. The detailed guidelines in this regard shall be specified by AMFI, in consultation with SEBI.”

183.2. The requirement of lower commission shall not be applicable for switch transactions where the source scheme is liquid fund or overnight fund subject to the requirement that investments in such liquid fund or overnight fund have not been made through switch transaction from other schemes within the preceding 30 calendar days.

183.3. This will be applicable for the NFOs launched from 1st April 2025 onwards. The detailed AMFI Guidelines will follow.

184. Compliance with amended TCCPR, 2018

Reference- SEBI and AMFI email dated June 24, 2025

184.1. The following communication is being sent, for dissemination to and compliance by all Asset Management Companies/ Mutual Funds.

184.2. “In a meeting held on April 25, 2025 between members of the Joint

Committee of Regulators(JCoR) constituted by Telecom Regulatory Authority of India (TRAI), it was informed by TRAI that it had amended the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018 to further strengthen consumer protection against Unsolicited Commercial Communication (UCC). The TCCCPR, 2018 is available on TRAI website (<https://www.traigov.in/release-publication/regulations>).

184.3. In view of the above, all Asset Management Companies/ Mutual Funds are advised to take note of the following for necessary compliance:

- a. Comply with the provisions of amended TCCCPR, 2018
- b. Complete whitelisting of URLs, APKs, etc., used by SEBI registered intermediaries (PEs).
- c. Using 1600 series for outbound service and transactional calls.
- d. Not to use normal 10-digit numbers for making any commercial communications including service and transactional calls.
- e. Using SIP/PRI connections only in compliance with TCCCPR, 2018.
- f. Cooperate fully with I4C and TRAI in respect of reporting/advisory protocols issued by them.
- g. Strengthen internal control/system to prevent inadvertent or malicious use of registered headers and content templates used by SEBI registered intermediaries.”

185. Observations regarding Inspection of Mutual Funds FY 2022-23 and FY 2023-24

Reference- SEBI letter letter no. SEBI/HO/IMD/IMD-SEC-4/P/OW/2025/17314/1 dated June 30, 2025 dated June 30, 2025

185.1. Please refer to our earlier letters no SEBI/HOnMD/DoF4/OW/P/2018/19378/1 dated July 09, 2018, SEBI/HO/IMD/DoF4/OW/P/2019/19399/1 dated July 30, 2019 and SEBI/HO/IMD/SEC4/OW/P/2024/5922/1 dated February 13, 2024, which communicated observations of SEBI on certain practices of Mutual Funds I Asset Management Companies as noted in inspections. In continuation to the above letter, SEBI, after examination of various observations made by the inspection team for the subsequent inspection period with corresponding comments of Asset Management Company (AMC) and Trustees, has taken view regarding certain practices followed and have issued advisories to concerned Asset Management Companies. Summary of such practices are given below.

185.2. Deficiencies observed:

It was observed that:

- a) AMC failed to ensure that Liquid funds are holding at least 20% of its net assets in liquid assets, as stipulated in para 4.5.1 of the SEBI Master Circular for Mutual Funds dated June 27, 2024 {"Master Circular"} i.e. Cash, Government Securities, T-bills and Repo on Government Securities;

- b) AMC failed to take approval of Compliance Officer and Risk Officer for investment limit creation and modification of limits in line with Para 12.29.3.e of Master Circular;
- c) AMC failed to cast votes in respect of resolutions of overseas investee Companies;
- d) Inconsistency in trade details of OMS and trade dump for equity and equity related instruments, which is not compliance with Para 12.29.3 of Master Circular.
- e) List of group companies not updated as stipulated in Para 12.9.3.5 of Master Circular;
- f) Discrepancies were observed in the AMC controls, which tracks the unhedged derivative exposure limit of the scheme during inspection period;
- g) With respect to reconciliation of securities between AMC and Custodian, differences were observed due to delay in updating of holding statements by the custodian;
- h) Instances of errors in accounting by fund accountant and delays in identification, reconciliation and compensation to the concerned scheme/investors were observed;
- i) AMC failed to ensure requirement of dedicated CXOs for each key risk up to one level below CEO as stipulated in Para 1.1 (ii) and (iv) of Annexure 1 on Risk Management Framework as per Master Circular;
- j) Huge delays were observed in reporting of Liquidity Position to the Board of the AMC and Trustees;
- k) Valuation methodology of the AMC as stated in their Valuation policy was not in line
- l) with Eighth Schedule to MF Regulations and Guidelines on Valuation stipulated in Para
- m) 9.2.3 of Master Circular;
- n) Details of changes in TER were not reported to the Board of AMC or Trustee by the AMC, as stipulated under Para 10.1.9. and 10.1.10 of Master Circular;
- o) In a few FOF schemes, the expense ratio of the underlying scheme was not disclosed in the scheme related documents, which is not in accordance with Para 5.8.1.3 of Master Circular;
- p) AMC has charged investment management and advisory fees on funds parked in ASBA deposit of scheduled commercial banks;
- q) On review of the minutes of the Audit Committee Meeting, it was observed that no recording done with respect to interaction of the audit committee with both statutory and internal auditors without the engagement of the management, as stipulated in with Para 6.1.2.5 of Master Circular;
- r) SID of Fund of Funds investing in ETF has not disclosed the fact that 'the investors are bearing the recurring expenses of the scheme, in addition to the expenses of other schemes in which the Fund of Funds Scheme makes investments" as mandated in Para

- 3.1.1 of the Master Circular;
- s) Discrepancies were observed in the disclosure regarding the names of the fund managers in different sections of the SID and change in Fund Manager notified through Addendum were not updated in SID;
 - t) AMC failed to file STR on the FIU Portal within stipulated timelines;
 - u) No FIR was filed by the AMC against the fake entities for misusing the name of the Mutual Fwid, as stipulated in the advisory of SEBI letter dated November 30, 2022, and only public notices were issued on the AMC website;
 - v) AMC failed to provide product labelling disclosures in Common Application Form provided to investor for subscribing to the schemes post NFO, as stipulated in Para
 - w) 17.4.3 of Master Circular;
 - x) AMC failed to disclose details regarding the segregated portfolios on the website of AMC/AMFI, as required under Para 4.4.7.4 of Master Circular;
 - y) AMC failed to disclose specific footnote as per format for disclosure of TER of Mutual Fund schemes (i.e. Format (7) (E) to Master Circular);
 - z) Nature of "Other Income" along with the amount was not disclosed in the Financial Statement, as required in Eleventh Schedule and the formats for financials specified by SEBI;
 - aa) AMC failed to disclose the details of the other expenses in the annual accounts or the notes of the schemes, which exceeded 10% of the total expenses in compliance with the provisions of Para no. 10.1.19 of Master Circular;
 - bb) AMC failed to ensure that third party payments are not accepted in folios created after transmission;
 - cc) AMC failed to adhere to guidelines regarding investments in the name of minor as stipulated in Para 17.6.1 of the Master Circular;
 - dd) Difference in disclosure relating to Risk Profile and asset allocation were observed between SID and KIM uploaded on AMC website;
 - ee) Rate of interest, no. of days of delay for which interest is paid and computation of the interest paid were not mentioned in the letter sent to the investors intimating payment of interest for delay, leading to non-disclosure of information in line with Para 14.2 of the Master Circular and Para D.8. of AMFI Best Practices Guidelines dated September 24, 2019;
 - ff) Risk-O-Meter and Benchmark of one scheme were displayed for another scheme;
 - gg) SIPs have not been suspended upon the minor attaining majority, which is not in compliance with Para 17.6 of Master Circular; and
 - hh) Large number of transactions of the investors processed in the wrong scheme/plan by the AMC, which was subsequently rectified after receipt of investor's application.

185.3. Advisories issued:

It is advised AMC shall ensure that:

- a. Review of the existing infrastructures and systems to ensure that the infrastructure, systems and back office are clearly segregated and ring-fenced between AMC and Sponsors/Group companies, and ensure that defined and documented procedures exist for managing physical access between AMC and Sponsors/Group companies work space so as to prohibit access to inside information and ensure access are available to comply with the provisions of SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") and circulars issued thereunder in Letter and Spirit;
- b. Trade allocation policy shall inter-alia detail specific situation (not generic), wherein the orders by dealers shall be placed for each scheme individually or pooled from multiple schemes, timeline to be considered for pooling of orders and scenarios /situations in which deviation from the allotment of units on pro-rata basis would be permissible, if at all, with approval in accordance with Para 12.29.4 of Master Circular;
- c. Explore seamless integration of various software used to maintain scheme wise audit trail of orders starting from the instruction of the fund manager along with time stamping of each stage of the process, till order execution;
- d. With respect to Gold and Silver held by the schemes, Custodians are suitably advised to ensure to correct the following discrepancies which were observed during the inspection:
 - i. No weighing scale was available with the custodian to check the weight of silver bars;
 - ii. Boxes were found open containing different numbers of gold bars in each box;
 - iii. The silver bars belonging to the AMC were kept open in a strong room on wooden racks along with the silver bars of other Mutual Funds; and
 - iv. There was no index board of silver bars on the silver palate;
- e. Business Responsibility and Sustainability Reporting scores are disclosed correctly for ESG Schemes in accordance with Para 3.11.4.3 of Master Circular;
- f. Version control, i.e., date/month & year of updated version and changes from last version etc. is maintained with respect to all the policies as a best practice.
- g. Proper recording of minutes of all the meetings including the committee meetings is done clearly indicating the name of attendees and deliberations happened therein;
- h. Investment Policy of the AMC covers broad parameters for making overseas investments including identification of countries, country rating, country limits etc., as stipulated in Para 12.19.3.2(b) of Master Circular;

- i. Maintain an indicative list of the trading errors as per trading policy and closely monitor the trading errors to take corrective action immediately;
- j. In case of debt securities guaranteed by the parent, research report contains details about the guarantor and its financials to ensure proper maintenance of records;
- k. There is restricted access to internet facilities on computers and other devices inside the dealing room and the internet facility is used only for activities related to trade execution, as stipulated in Para 12.29.4 of the Master Circular;
- l. The audit under Reg. 55 (1) of MF Regulations shall cover those balances lying unpaid in closed schemes and accounting, reconciliations and payouts in the closed / matured schemes, till such balances are pending;
- m. Segregation of roles and responsibilities of CIO and CEO, as stipulated in Paragraph 13.1 of the Risk Management Framework for Mutual Funds;
- n. Change in TER shall be communicated to investors of the scheme/plan through notice via email or SMS as stipulated 10.1.8 of Master Circular;
- o. Reporting to SEBI is done as per stipulated Formats and appropriate comments are provided as mandated;
- p. Disclosure of performance of schemes under direct plans in the Annual Report to aid decision making of the investor;
- q. Closely monitor movement of funds and feeds from Payment aggregator's end to scheme account with respect to transactions happening on their transaction platforms or their agents to take necessary steps on timely basis;
- r. Comply with the letter and spirit of Principles and Guidelines mentioned in SEBI letter dated October 29, 2019, and ensure that the funds set aside for IEAI shall not be directly or indirectly used for selling/advertising Mutual Fund schemes;
- s. Required disclosures/disclaimers are mentioned in all investor awareness materials or programmes and AMC is also advised to ensure that the materials used for investor awareness are updated with latest regulatory or tax provisions;
- t. Adequate controls are placed to ensure that return disclosed in financials and factsheets of the schemes are consistent;
- u. Financial reports are disclosed on the website in a user-friendly manner;
- v. Audit trails for clear Identification of users to be maintained for trade execution and allocation in the Automated Order Management System
- w. Penalties levied on brokers are highlighted to the investment committee while empanelling the brokers;
- x. Obtain follow up confirmation from employees for instances wherein prior approval for transactions for sale or purchase of securities is

- granted as per provision of Prohibition of Insider Trading policy
- y. Correct nomination details of investors are captured in the folio
 - z. Status of non-resident investor is properly updated, to ensure correct deduction of TDS
 - aa. Correct 'allotment NAV' disclosed in the fact sheets/audited financials
 - bb. Necessary system level checks are in place by RTA to maintain data of rationale against each reversed transaction; and
 - cc. Complaints are adequately redressed and proper justification/reasons given at the time of resolution of investor grievances.

It may be noted that the above list of observations is not exhaustive but contain only few of the major findings observed during the inspections of the Mutual Funds conducted in the recent years. SEBI takes a view in different matters based on the nature of violations, quality of evidence, loss to investors, repetition of violations and other mitigating factors. While necessary actions taken/advisories have been issued to the concerned AMC/Mutual Funds with respect to the deficiencies found during the inspections, the above findings/advisories issued may be shared with all the members of the AMFI to ensure:

- i. improvement in systems, processes, and controls to ensure compliance with SEBI (Mutual Funds) Regulations 1996 and Circulars issued thereunder from time to time and to have audit trails indicating regrading compliance of the same; and
- ii. to have uniform best practices across all AMCs / Mutual Funds to ensure better compliance with SEBI (Mutual Funds) Regulations 1996 and Circulars issued thereunder in letter and spirit.

All Members of AMFI may be advised to place the said advisory before their Board and Trustees and to take corrective actions in respect of the observations and advisories listed as above. Further members may be advised to ensure strict compliance with the SEBI (Mutual Funds) Regulations 1996 and all the Circulars issued by SEBI from time to time. Any repetition of the violations or non-compliance would be viewed seriously.

186. Operational Queries clarified by SEBI – SIF

Reference- AMFI email dated July 30, 2025 and SEBI email dated July 30, 2025

186.1. This has reference to the trailing email dated June 24, 2025, wherein certain clarifications have been sought by AMFI w.r.t. Specialized Investment Funds (SIF).

186.2. In this regard, our response to the clarifications sought is as under:

Sr. No.	Query	SEBI's comments
1	Switch between MF scheme and SIF scheme or vice-versa of the same fund may be allowed, subject to fulfilling minimum threshold criteria.	As per clause 4.1.3 of Annexure A of SEBI Circular dated February 27, 2025 on Specialized Investment Funds ('SIF Circular'), systemic transactions such as SIP, SWP and STP are permitted only for investment strategies launched under the SIF. Thus, presently the switch transactions between MF schemes and SIF investment strategies are not permitted.
2	KYC status for the MF may be applicable for SIF of the same fund and vice-versa. Eg. Investor with Registered status may be allowed to invest in SIF of the same fund house without the requirement of submission of fresh KYC documents.	Yes. Since SIF is not a separate entity, and operates under the license of Mutual Funds and managed by the same AMC, separate KYC may not be needed for investors who are already KYC compliant for MF schemes.
3	Accredited investor may be solely based on the certificate submitted by the investor as there is no source available for validating the same.	The process currently followed for validation of accredited investors may be continued.
4	In terms of regulatory reports, SIF may replicate the same set of reports being submitted for MF. These will have to be submitted as separate reports i.e., for example, one MCR each will be submitted for MF and SIF. SEBI may please advise the format, in case the format need to be revised for SIF.	SEBI is in the process of reviewing existing reporting formats under MF Regulations to include requirements regarding SIF. Accordingly, until revised formats are specified, the data and information related to SIF may be submitted under the existing MF formats.
5	On the exchange transactions, to start with, monitoring for balances may be allowed on a weekly basis using weekly BENPOS which is available free of cost. Once depositories enable information on ISIN and client ids where unit balances are changing daily (free of cost), daily monitoring may be initiated.	As discussed in the meeting held with RTAs and depositories on July 08, 2025, daily monitoring of the minimum investment threshold shall be done.
6	Operationally, RTAs will use BENPOS information of previous week as the start point and monitor for transactions processed in non-demat mode till the next Benpos is made available. If the balance at any point in time is less than 10 lacs, account will be frozen for subsequent transactions. It is possible that a corresponding purchase could have happened on the exchange to meet the minimum requirement. However, since RTAs will come to know of the same only basis subsequent weekly BENPOS, the account will continue to be frozen till such time.	
7	30-day cooling period on instances where balance falls below Rs.10 lacs will start from the date of transaction / identification whichever is earlier.	The 30-day notice/rebalancing period shall commence from the date the AMC/RTA communicates the breach to the investor.
8	OTM mandates registered in MF, wherever the same is favouring MF, may also be extended to SIF of the same AMC, post sending a communication to investor and	Yes. OTM mandates registered in the name of Mutual Fund, may also be extended to SIF of the same Mutual Fund. However, appropriate consent may be sought from the investor for the same.

	seeking his consent (can be done in the form of taking negative consent)	
9	Agreement with channel Partners/ RIAs can be extended to SIF through an addendum provided channel Partners/ RIA is eligible to sell SIF i.e., has cleared NISM XIII	Yes.
10	RTA/AMC staff not involved in sales, the requirement of NISM XIII will not be applicable.	In line with Clause 10.1 of Annexure A of the SIF Circular, the requirement of obtaining NISM Series XIII certification is only applicable for entities involved in sale and/or distribution of SIF's investment strategies.

187. Clarification on the circular on Alignment of interest of the designated employees of the AMC

Reference: SEBI's letter ref. SEBI/HO/IMD/POD-1/OW/P/2025/20427/1 dated 30th July 2025

187.1. This has reference to the AMFI's email dated April 10, 2025 and subsequent correspondences on the captioned subject.

187.2. Regarding the submissions made by AMFI vide the aforementioned email, the following is clarified –

191.2.1. Change in slab during the year:

- a. In case of change in slab due to change in role or cost to company (CTC) of the designated employee during the year, the slab wise percentage computation shall be done on a prospective basis i.e. the new slab applicable to a designated employee, due to change in role or CTC of the designated employee during a particular month, shall be effective from the following month. The applicable slab at previous month-end may be considered for allocation of units for the month where the change in role or CTC of the designated employee occurred.
- b. However, AMC shall ensure compliance with the minimum investment amount required to be invested under the applicable slabs for each period. Accordingly, AMC shall be required to ensure that the suitable deductions are made in the subsequent months to compensate for the lower or higher contribution made in the month when slab change occurred.

191.2.2. Application of slabs:

- a. For designated employees, who do not fall under either Category A or Category B, slabs may be decided by the AMC based on the role of the employee.

- b. The slabs shall be read as under:
- i. Employees with Gross annual CTC less than or equal to INR 25 Lakhs, shall be considered under Slab 0.
 - ii. Employees with Gross annual CTC above INR 25 Lakhs but less than or equal to INR 50 Lakhs, shall be considered under Slab 1.
 - iii. Employees with Gross annual CTC above INR 50 Lakhs but less than or equal to INR 1 crore, shall be considered under Slab 2.
 - iv. Employees with Gross annual CTC above INR 1 crore, shall be considered under Slab-3.

191.2.3. Employee Stock Ownership Plan (ESOPs):

- a. In case where the AMC chooses to consider 'date of grant' for Employee Stock Option, in the computation of minimum investment amount, then:
 - i. such AMC may select Option B for the concerned Designated Employee in the financial year in which Employee Stock Options are granted.
 - ii. designated employee with no Employee Stock Options component as part of their CTC, i.e. when no Employee Stock Options are granted in the financial year, shall be covered under Option A.
- b. In case where the AMC chooses to consider 'date of exercise' for Employee Stock Options, in the computation of minimum investment amount, then:
 - i. such AMC may select Option B for the concerned Designated Employee in the financial year in which Employee Stock Options are exercised.
 - ii. designated employee with no Employee Stock Options component as part of their CTC, i.e. when no Employee Stock Options are exercised in the financial year, shall be covered under Option A.
- c. In case of exercise or grant of Employee Stock Options in the middle of the financial year, AMC shall ensure that the percentage contribution of the employee complies with the slabs applicable

based on the final gross CTC of the employee in the financial year, either under Option A or Option B.

- d. In terms of the Clause 6.10.1.1 of the Master Circular dated June 27, 2024 ('Master Circular'), Option B is meant for exclusion of only the Employee Stock Options component. Any other long term incentive plans including Stock Appreciation Rights ('SAR'), phantom shares, LTIPs, deferred payment etc. shall not be considered as ESOPs for the purpose of selecting options.

191.2.4. Liquid Fund Scheme:-

- a. For designated employees associated with other schemes in addition to liquid fund scheme, slabs based on the CTC of the employee shall be applicable in case the designated employee falls under the Category A in terms of Clause 6.10.1.1.b of the Master Circular. In case designated employees falling under Category B are associated with liquid fund scheme, Slab O or Slab 1 may be selected by AMC in terms of Clause 6.10.1.1.b of the Master Circular.
- b. Designated employees (i.e. CEO, CIO, COO, CRO, Investment Research team, CO, Sales Head, IRO, etc.) along with the fund manager if associated with liquid scheme, can invest up to 75 percent of the minimum investment amount required to be invested in liquid fund schemes, in schemes managed by the AMC, with higher risk as compared to liquid fund schemes.

191.2.5. Lock-in:

The lock-in period for the investments made under Clause 6.10 of the Master Circular, for the employees who resigned or retired from AMC before attaining the age of superannuation, as defined in AMC service rules before April 01, 2025, shall be one year from the end of the employment or completion date of 3 year lock-in period, whichever is earlier, except for the units in close ended schemes where the units shall remain locked in till the tenure of the scheme is over.

188. Capturing and publishing social media handles of market intermediaries

Reference: SEBI Letter SEBI/HO/IMD/IMD-TPD-1/P/OW/2025/0000021858/1 dated August 13, 2025

188.1. It has been observed that incidents of cyber fraud, particularly those involving impersonation of SEBI-registered intermediaries, have been increasing. In order to safeguard investors, it is imperative to raise awareness about the official social media handles of all SEBI registered Mutual Funds and AMFI registered distributors.

188.2. Further, SEBI is in the process of developing an application to detect attempts of cyber fraud perpetrated by malicious entities. For this initiative to be effective, it is essential to capture accurate and updated details of the social media handles used by registered entities.

188.3. In view of the above, you are hereby advised as follows:

a. **Development of Module:**

You are advised to develop a module, within three months from the date of this letter, to capture and maintain updated details of the social media handles used by all SEBI registered Mutual Funds and AMFI registered distributors. The specific data fields to be captured are provided in the annexure attached herewith. The entities may be advised to update the details of their official social media handles, including the social media handles of their KMPs, which shall be used for the promotion of their products and services, in this module.

b. **Advisory to Members:**

AMFI may advise all SEBI registered Mutual Funds and AMFI registered distributors to update their social media handle details promptly whenever any changes occur.

c. **Website Disclosure:**

The collected information should be made available on your website under two separate links:

- i. Details of Mobile Applications; and
- ii. Details of Social Media Handles.

d. **Interim Submission:**

In the interim, you are required to provide the details of the social media handles of all such entities in an Excel format within 15 days from the date of this letter.

188.4. **Details of social media handles used by SEBI registered Intermediaries**

Sr. No.	Particulars
1	Entity Name
2	Entity Type
3	Authority granting registration
4	SEBI/APMI/AMFI Registration ID
5	Website URL (main page)
6	Email ID Domain
7	Mobile Application Name (Android)
8	Link of Mobile Application (Android)

9	Mobile Application Name (iOS)
10	Link of Mobile Application (iOS)
11	Mobile Application Developer Name
12	Facebook Page/Business Account Name
13	Facebook Page/Business Account Link
14	Instagram Page/Business Account Name
15	Instagram Page/Business Account Link
16	YouTube Channel Name
17	YouTube Channel Link
18	Platform X Handle/Account Name
19	Platform X Handle/Account Link
20	LinkedIn Page/Business Account Name
21	LinkedIn Page/Business Account URL
22	Telegram Channel/Account Name
23	Telegram Channel/Account Link
24	Telegram Channel/Account Number
25	WhatsApp Channel/Group Name
26	WhatsApp Channel/Group Link
27	Threads Page/Business Account Name
28	Threads Page/Business Account Link
29	Other Social Media 1 Name
30	Other Social Media 1 Page/Business Account Name
31	Other Social Media 1 Page/Business Account Link
32	Other Social Media 2 Name
33	Other Social Media 2 Page/Business Account Name
34	Other Social Media 2 Page/Business Account Link
35	Other Social Media 3 Name
36	Other Social Media 3 Page/Business Account Name
37	Other Social Media 3 Page/Business Account Link

189. Mandatory Update of Official Social Media Handle Details on AMFI Portal – SEBI Requirement

Reference- AMFI email dated November 17, 2025

189.1. Please refer to the SEBI/HO/IMD/IMD-TPD-1/P/OW/2025/0000021858/1 dated August 13, 2025 (copy attached), all SEBI-registered Mutual Funds are required to furnish and maintain accurate details of their official social media handles and mobile applications.

189.2. Accordingly, AMCs are requested to update these details on the AMFI Portal (Operations >> AMC Details >> Social Media Details). The information provided will be displayed on the AMFI website as per SEBI's directions.

189.3. The following data points (as specified by SEBI) are to be captured:

- Official social media handles (Facebook, Instagram, LinkedIn,

- YouTube, X, Telegram, WhatsApp, Threads, etc.)
- Links to official mobile applications (Android/iOS)
- Related details such as website URLs and registered email domains

189.4. Once uploaded by all AMCs, these details will be published on the AMFI Website in the “About AMFI” section under AMFI Member Details.

189.5. This initiative aims to safeguard investors against potential cyber fraud and enhance transparency by ensuring that investors are aware of the official social media channels of SEBI-registered entities.

189.6. Please ensure any future changes to the social media handles or other related data are promptly reflected on the portal to maintain accuracy and compliance.

190. Streamlining of Mutual Fund Reports / Filings

Reference - SEBI Email dated 19th August 2025

190.1. SEBI as its part of ease of doing business and simplification of compliance processes has reviewed the submissions of reports/filings made by Mutual Funds as mandated under SEBI (Mutual Fund) Regulations/circulars/advisories issued from time to time. Upon analysis of the same, SEBI has decided to discontinue certain reports/filings made by Mutual Funds.

190.2. In this regard, list of reports and notices/addendums that are not required to be filed with SEBI is enclosed at **Annexure A**. Further, other existing reports/filings/addendums as mandated under various circulars/guidelines will continued to be filed with SEBI.

190.3. The discontinuation of the identified reports/filings shall be applicable with effect from August 20, 2025. Notices/addendums, as referred in the trailing email, need not be filed with SEBI. However, the same shall continue to be published for the information of unit holders as per applicable requirements.

190.4. AMFI is hereby advised to communicate the above to all Mutual Funds.

Annexure A

List of discontinued reports/filings

S.No.	Reports
1.	Daily Data in respect of Open Ended Debt Schemes
2.	Data on Bank’s Contribution in AUM
3.	Data on Branches, Investor Education and Cash Investments
4.	Deployment of Funds Mobilised (Equity and Debt)
5.	Monthly Status Report (MSR)
6.	Offshore Fund Report

7.	Data on SIP / STP /retail investors and commission paid
8.	Ageing Analysis of Assets by AUM
9.	Investments by Sponsors / Associates/ Group Companies
10.	Data on Number of Branches
11.	Percentage of Assets Under Management (AUM) from City Clusters

List of discontinued notice/addendums

S.No.	Notices/addendums
1.	Change in risk-o-meter
2.	Change in benchmark
3.	Change in address of OPAT/ISC/branch of AMC
4.	Introduction of new OPAT/ISC/branch of AMC
5.	Change in exit load of mutual fund scheme
6.	Change in TER
7.	Notice for Modification in SIP/STP/other facility (as disclosed in SID)
8.	Notice for investment in CDMDF
9.	Change in fund manager of the scheme/change in designation of KMP/change in fund management responsibilities
10.	Change in frequency of IDCW/record date of IDCW
11.	Change in minimum redemption amount under different facilities
12.	Change/ Delay in NAV declaration timing
13.	Change in custodians/fund accountant for scheme
14.	IDCW declaration
15.	Change in scheme code
16.	Change in subscription limit
17.	Change in valuation policy
18.	Change in index methodology
19.	Notice for business/ non-business day
20.	Addendum - Online Dispute Resolution Portal
21.	Acceptance/discontinuation of subscription in the scheme
22.	Discontinuation of payment of transaction charges to distributors.
23.	Change in investor relation officer/change in email id
24.	Updation of 'Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations for which action may have been taken or is in the process of being taken by any regulatory authority' section in the SID of all the schemes of the Fund.
25.	Modification in Provisions of charging of Brokerage and Transaction Cost to the Scheme
26.	Direct transactions in ETFs with AMC
27.	Discontinuation/Addition in Market Maker for ETFs
28.	Intimation of procedures for dematerialisation or re materialisation of Mutual Fund units
29.	Creation of Segregated Portfolio in case of Credit Event
30.	Acceptance Of Investments From NRI/ PIO
31.	Treatment of the Folios without KYC/PAN/PEKRN
32.	Addendum on modification in Default Plan/Option
33.	Cautionary Notices to Investors

34.	Intimation of Half-yearly Portfolio hosted on website
35.	Intimation of Half-yearly unaudited financial results hosted on website
36.	Intimation of hosting of Annual Report and Abridged Annual Report on the website
37.	Annual updation of SAI
38.	Half yearly updation of KIM
39.	Amendment to SAI for bi- monthly updation of List of Associates and Investors' Complaints History
40.	Creation of unit size
41.	Investor Awareness Program Notice

Note: AMCs shall continue to issue above notices/addendums to the unitholders

191. Regarding SEBI Circular on Development of Passive Funds

Reference- SEBI Letter No. SEBI/ HO/IMD- POD- 2/P/OW/2025/22818/1 dated 26th August 2025

191.1. This is in reference to clause 3.6.2 of SEBI Master Circular for Mutual Funds dated June 27, 2024 and SEBI Letter SEBI/ HO/IMD- POD- 2/P/OW/2024/644/1 dated 28th February 2025.

191.2. In this context, it has been decided that the clause 3.6.2.1 and clause 3.6.2.2 of the master circular shall not be applicable for the below investors till February 28, 2026.

- a. Schemes managed by Employee Provident Fund Organisation, India
- b. Recognised Provident Funds, Approved gratuity funds and approved superannuation funds under Income Tax Act, 1961

191.3. You are advised to issue appropriate communication to all AMCs to this effect.

192. Alignment of interest of the Designated Employees of the Asset Management Company (AMC) with the interest of the unitholders - Format of disclosure

Reference- SEBI and AMFI email dated September 17, 2025

192.1. AMC's shall make disclosure pursuant to para 6.10.8.3 of SEBI Master Circular of Mutual Funds in the following format on the Stock Exchanges:

192.2. Disclosure pursuant to para 6.10.8.3 of SEBI Master Circular of Mutual Funds - Alignment of Interest for the quarter ended ____.

Name of the Mutual Fund	Name of the Scheme	Scheme [ISIN]	Code	Value (INR)

192.3. AMCs and Stock Exchanges shall create the required infrastructure for disclosures in the above-mentioned format and ensure that the infrastructure is ready before January 01, 2026 for accepting disclosures

in XBRL format. Stock Exchanges can accept submissions for quarter ending on September 30, 2025 in PDF format.

192.4. Further, AMCs and Stock Exchanges shall convert the disclosures accepted for the quarter ended on June 30, 2025 and September 30, 2025 to XBRL in the above-mentioned format and disclose the same at one place, once the infrastructure is put in places.

193. Scheme Code - For scheme of mutual fund launched under the Specialized Investment Fund

Reference- SEBI email October 1, 2025

193.1. W.e.f April 1st, 2022, all MFs/AMCs have been mandated to obtain scheme code prior to submission of final Scheme Information Document (SID) with SEBI by making a request to NSDL in the format as prescribed.

193.2. In line with the same, it has been decided that a SIF scheme, proposed to be launched by a MF, will also be required to have a scheme code.

193.3. Accordingly, w.e.f October 01, 2025, all Mutual Funds/AMCs prior to submission of final Investment Strategy Information Documents (iSIF) with SEBI shall obtain the scheme code by making request to NSDL in **Annexure A**.

193.4. MF/AMC shall submit the final iSIF to SEBI after incorporating the scheme code allocated by NSDL.

193.5. AMFI is hereby advised to communicate the above to all Mutual Funds.

Annexure A

REQUEST FORM FOR SPECIALISED INVESTMENT FUND SCHEME CODE

To:

**National Securities Depository Limited
3rd Floor, Naman Chamber, Plot C-32, G-Block,
Bandra Kurla Complex, Bandra East, Mumbai, - 400 051**

We request you to generate/assign scheme code for the below mentioned scheme.

Name of the Specialised Investment Fund	
Name of the Mutual Fund/ Asset Management Company	

Name of Scheme	
Type of Scheme *	
Category of Scheme *	
Investment Strategy of Scheme *	
Date SEBI final observation letter/confirmation (DD-MMM-YYYY)	
Date of Scheme Launch (DD-MMM-YYYY)	

*** Mutual Fund/AMCs may refer to SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/107 dated July 29, 2025 for Specialized Investment Funds.**

We hereby certify that scheme code for the aforesaid Scheme has not been obtained and we have obtained all the necessary approvals for launch of the aforesaid Scheme. (Enclosures attached).

Date:

Signature:

Name:

Designation:

Enclosure

1. SEBI final observation letter/confirmation

194. Reporting requirements for Specialized Investment Funds (SIF)

Reference: SEBI letter no. SEBI/HO /IMD /IMD-RAC-4 /P 10W /2025/27667/1 dated October 30, 2025

194.1. SEBI vide Circulars dated February 27, 2025 ('SIF Circular') and April 09, 2025 has specified the Regulatory Framework for Specialized Investment Funds (SIFs) and investment strategies that are permitted to be launched under SIFs.

194.2. In this regard, it is informed that AMCs are required to report the following data w.r.t investment strategies launched by SIFs:

- a. Monthly Cumulative Report for SIFs (MCR- SIFs): AMCs are required to submit the report by 3m working day of each month in the format placed at **Annexure A** at following email id - **mfddata@sebi.gov.in**
- b. New Scheme Report for the New Investment Strategies Launched: AMCs are required to submit NSR within 10 working days from the date of allotment in the current format specified for Mutual Fund Schemes.

For the New Fund Offers o/SIFs completed during the month of October, AMCs shall file NSR by November 10, 2025.

194.3. AMFI is advised to communicate to the same to all the Asset Management Companies.

Annexure A

Name of the SIF: _____										
Name of the AMC: _____										
MCR- SIF for the month of _____										
Sr. No.	Scheme Category	No. of strategies as on _____	No. of folios as on _____	Funds mobilised for the period (since April 01, 20XX to _____) in Rs. cr	Repurchase /redemption for the period (since April 01, 20XX to _____) in Rs. cr	Net Inflow[ve] / Outflow[ve] for the period (since April 01, 20XX to _____) in Rs. cr	Net Asset under management as on _____ in Rs. cr	Average assets under management for the month _____ in Rs. cr	No. of segregated portfolio created as on _____	Net assets under management in segregated portfolios
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
A	Equity Oriented Investment Strategies									
i.	Equity Long-Short Fund									
ii.	Equity Ex-Top 100 Long-Short Fund									
iii.	Sector Rotation Long-Short Fund									
	Sub total - A									
B	Debt Oriented Investment Strategies									
i.	Debt Long-Short Fund									
ii.	Sectoral Debt Long-Short Fund									
	Sub total - B									
C	Hybrid Investment Strategies									
i.	Active Asset Allocator Long-Short Fund									
ii.	Hybrid Long-Short Fund									
	Sub total - C									
	Grand Total (A+B+C)									

195. Additional data points under MF data structure to capture data for SIF Reference- SEBI email dated December 10, 2025

195.1. AMCs will be required to upload data of SIF schemes along with MF schemes on SEBI portal under existing offsite reports.

195.2. RTA level data requirement was communicated to kfintech and CAMS which is as indicated below:

- a. Data already shared since October 2025 has to be updated with additional data for SIF. RTAs are requested to discuss the same with SEBI ITD to provide additional data.
- b. In case of any clarification, RTAs may revert on the email. (Further, AMCs will be clarified to keep FA scheme code for SIF and MF schemes different as discussed earlier)

196. Cybersecurity and Cyber Resilience Framework (CSCRF) Reference- SEBI email dated 11 December 2025

196.1. SEBI has issued 'Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)' vide circular SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024.

196.2. It is clarified that all CSCRF reports pertaining to only AMCs may be submitted to SEBI.

196.3. The above may please be brought to the notice of all AMCs. Those AMCs who have already submitted the CSCRF report may not resubmit their responses for this submission cycle.

197. Institutional mechanism for Prevention of market abuse - Phase II and III
Reference- SEBI email dated 22 December 2025

197.1. This has reference to AMFI emails dated November 28, 2025 and December 02, 2025 regarding implementation of phase II and phase III of institutional mechanism for identification and deterrence of potential market abuse ('Institutional Mechanism').

197.2. In this regard, based on submissions of AMFI Working Group and various meetings held between AMFI and SEBI in last two months, the following alert generation process has been decided based on approval of the Competent Authority:

Category of assets	Alert generation criteria/thresholds
Overseas securities	All trades to undergo Level-3 (L3) checks as per existing alert generation process applicable for equity and equity related instruments.
Units of REITs/InvITs and Exchange Traded Commodity Derivatives (ETCDs)	Same methodology as per existing alert generation process applicable for equity and equity-related instruments.
Passive schemes (Index Funds & ETFs)	Same methodology as per existing alert generation process applicable for equity and equity-related instruments. VWAP/PV thresholds may be checked separately for passive and active scheme trades.
Debt securities	AA–AAA rated maturity ≤ 1 year: ±25 bps deviation between traded yield vs day end valuation yield

	AA–AAA rated, maturity > 1 year: ±15 bps deviation between traded yield vs day end valuation yield Below AA, any tenor: ±25 bps deviation between traded yield vs day end valuation yield Trades breaching above thresholds shall be subjected to detailed examination under Level-3 (L3) checks as per existing alert generation process applicable for equity and equity-related instruments.
Arbitrage trades	Exempted from Institutional Mechanism.

197.3. Accordingly, AMFI is advised to update the implementation standards on institutional mechanism to incorporate the above processes

198. Offsite Monitoring of Qualitative TORs through Compliance Monitoring Module (CMM)

Reference- SEBI email dated 23 December 2025

198.1. This is in reference to the request raised by AMFI to review of requirement prescribed vide SEBI's letter dated March 27, 2025 regarding offsite monitoring of qualitative Terms of Reference (TORs) through Compliance Monitoring Module (CMM) via PARAS Portal vide email dated July 04, 2025, November 25, 2025 and December 05, 2025.

198.2. Considering the concerns raised by AMFI, implementation of CMM has been extended for a period of 3 months. AMFI is advised to submit a detailed proposal on effective implementation of CMM based on industry consultation which may include but not limited to points highlighted vide email dated December 05, 2025 within a period of 45 days. Based on feedback and consultation with AMFI, necessary modification may be carried out in CMM and implementation glide-path will be communicated in due course.

199. Mandatory Leave for Fund Managers

Reference- SEBI email to AMFI dated February 06, 2026

199.1. This has reference to the trailing email dated November 19, 2025 from the AMFI Working Group regarding the provision of mandatory leave for fund managers and dealers as part of the 'Implementation Standards' on Institutional Mechanism for market abuse.

199.2. In this regard, the recommendation of the AMFI Working Group on the mandatory leave has been noted. However, the alternate suggestion of the AMFI Working Group regarding permitting AMCs to waive mandatory leave

requirement has not been accepted.

199.3. Accordingly, AMFI is advised to suitably update the Implementation Standards on Institutional Mechanism for market abuse and communicate the same to all AMCs.

200. KYC Remediation of Non-KYC Compliant Mutual Fund Investors - Engagement of India Post

Reference- SEBI letter no. HO/24/11/24(13)2026-IMD-RAC1/ 1/3841/2026 dated February 02, 2026

200.1. This is with reference to AMFI's email dated January 08, 2026, submitting a revised proposal with respect to reimbursement of expenses towards KYC remediation of non-KYC compliant mutual fund investors through the Department of Post (DOP) wherein all expenses towards KYC remediation arising out of the Department of Post's initiative are proposed to be borne directly by the AMCs and neither the scheme nor the Investor Education Fund will bear such expenses.

200.2. It is informed that the approval is hereby being accorded to the revised proposal.

200.3. It is reiterated that the AMCs shall submit quarterly progress reports to SEBI, detailing efforts made and results achieved in KYC remediation of non-compliant folios.

200.4. AMFI is advised to communicate the above procedure to all AMCs with respect to captioned matter.

201. Compliance with Digital Personal Data Protection Act and Rules by Mutual Funds/AMCs/MF-RTAs

Reference- SEBI email February 06, 2026 and AMFI email dated February 06, 2026

201.1. The Digital Personal Data Protection Act, 2023 (DPDP Act 2023) and the Digital Personal Data Protection Rules, 2025 (DPDP Rules 2025) have been notified by the Government of India. The same are attached with this email for ready reference.

201.2. The DPDP Rules provide for staggered implementation, with provisions becoming applicable within eighteen months from the date of notification i.e. till May 2027.

201.3. In this context, all MFs/AMCs/MF-RTAs shall review and align their existing personal data processing and data sharing practices/processes, in accordance with the DPDP Act, 2023 and DPDP Rules, 2025.

201.4. Additionally, AMFI is advised to:

- a. inform the AMCs to update their systems/processes to comply with DPDP Act and rules, guidelines, etc. issued thereunder, for processing and sharing of personal data, including for the purpose of generation of Consolidated Account Statement (CAS).
- b. appropriately incorporate provisions for obtaining client consent, related to processing and sharing of personal data, in client onboarding forms issued by AMCs.
- c. take necessary steps including issuance/update of Standard Operating Procedures (SOP), Operational Guidelines etc. to ensure time bound and uniform compliance with the DPDP framework.

201.5. AMFI is advised to bring this email to the notice of all AMCs, MF-RTAs and other relevant stakeholders.
