



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

**CIR/IMD/DF/9/2011**

May 19, 2011

**All Mutual Funds/Asset Management Companies**

Sir/Madam,

**Sub: Option to hold units in demat form.**

1. In terms of SEBI Circular CIR/IMD/DF/10/2010, dated August 18, 2010, on transferability of Mutual Fund units, all AMCs were advised to clarify by way of an addendum that units of all Mutual Fund schemes held in demat form shall be fully transferable. It has been observed that in their close ended schemes, many mutual funds provide an option to hold units either in physical or in demat form, but offer no such option in case of open ended schemes. In order to facilitate investors, Mutual Funds should provide an option to the investors to receive allotment of Mutual Fund units in their demat account while subscribing to any scheme (open ended/close ended/Interval). Therefore Mutual Funds/AMCs are advised to invariably provide an option to the investors to mention demat account details in the subscription form, in case they desire to hold units in demat form.
2. Mutual Funds/AMCs shall ensure that above mentioned option is provided to the investors in all their schemes (existing and new) from October 01, 2011 onwards.

3. It has also been observed that often investors' request for dematerialising their units is rejected as Depository Participants are not having/ or having incorrect ISIN of each option of the scheme. In this regard, Mutual Funds/AMCs are advised to obtain ISIN for each option of the scheme and quote the respective ISIN along with the name of the scheme, in all Statement of Account/Common Account Statement (CAS) issued to the investors from October 01, 2011 onwards.
  
4. This circular is issued in exercise of powers conferred under section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of regulation 77 of SEBI (Mutual Funds) Regulations, 1996 to protect the interests of Investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

**RAKESH BHANOT**  
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