



CIRCULAR

Cir/ IMD/ DF/ 16 / 2011
September 08, 2011

All Registered Mutual Funds/ Approved Asset Management Companies (AMCs)

Sir/Madam,

Sub: Amendments to SEBI (Mutual Funds) Regulations, 1996

1. We are enclosing a copy of the Gazette Notification No. LAD-NRO/GN/2011-12/27668 on Amendments to SEBI (Mutual Funds) Regulations, 1996 dated August 30, 2011 for your information and implementation.
2. **Mailing of Annual Report or Abridged Summary:**
 - (i) Please refer to the SEBI Circular No. IMD/CIR No.8/132968/2008 dated July 24, 2008 on Abridged Schemewise Annual Report Format and periodic disclosures to the unitholders and proviso to Regulation 56 (1) of SEBI (Mutual Funds) Regulations, 1996 regarding mailing of scheme wise annual report or abridged summary thereof.
 - (ii) In order to bring cost effectiveness in printing and dispatching the annual reports or abridged summary and as a green initiative measure, the following shall be adhered:
 - a. In case of unitholders whose email addresses are available with the Mutual Fund, the AMCs shall communicate to them stating that henceforth, the scheme annual reports or abridged summary would only be sent by email.
 - b. In case of unitholders whose email addresses are not available with the Mutual Fund, the AMCs shall communicate to the unitholders to obtain their email addresses for registration of the same in their database.
 - c. The communication in both the above cases shall clearly mention that the scheme annual accounts or abridged summary would henceforth be sent to these email addresses and not as physical copies and the communication shall also have an option for the investors stating that those who still wish to receive the reports as physical copies may indicate as such.
 - d. In case of any request from these unitholders as detailed above for physical copies notwithstanding their registration of email addresses, AMCs shall provide the same without demur.
 - e. For the rest of the investors, i.e. whose email addresses are not available with the mutual fund, the AMCs shall continue to send physical copies of scheme annual reports or abridged summary.
 - f. The AMCs shall display the link of the scheme annual reports or abridged summary prominently on their websites and make the physical copies available to the investors at their registered offices at all times.



- (iii) The aforesaid circular stands modified to the said extent.

3. **Consolidated Account Statement:**

- (i) As per sub-regulation 1 and 2 of regulation 36 of SEBI (Mutual Funds) Regulations, 1996, AMCs are required to allot the units to the applicant, whose application has been accepted and send confirmation regarding the same as soon as possible but not later than five working days from the date of closure of the initial subscription list and/or from the date of receipt of the request from the unitholders shall be issued.
- (ii) As per the newly inserted sub-regulation 4 of regulation 36 of SEBI (Mutual Funds) Regulations, 1996, AMCs shall ensure that consolidated account statement for each calendar month is issued to the investors in whose folios transactions has taken place during that month.
- (iii) It is clarified that in view of the aforesaid, as per sub-regulation 1 and 2 of regulation 36 of SEBI (Mutual Funds) Regulations, 1996, AMCs shall continue to allot the units to the applicant whose application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS's to the applicant's registered email address and/or mobile number as soon as possible but not later than five working days from the date of closure of the initial subscription list and/or from the date of receipt of the request from the unitholders.

Further, as per sub-regulation 4 of regulation 36 of SEBI (Mutual Funds) Regulations, 1996, AMCs shall issue consolidated account statement for each calendar month to the investors in whose folios transaction(s) has/have taken place during that month.

- (iv) The provisions of sub-regulation 4 of regulation 36 of SEBI (Mutual Funds) Regulations, 1996 regarding dispatching of consolidated account statement shall be applicable from October 1, 2011.
- (v) SEBI Circular No. IMD/CIR/12/80083/2006 dated November 20, 2006 stands modified to the said extent.
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,

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