



Association of Mutual Funds in India

135/ BP/ 49/ 2014-15

July 30, 2014

To All Members

Dear Sir / Madam,

Sub: Change in fundamental attributes of a scheme in compliance with Regulation 18 (15A) of SEBI (Mutual Funds) Regulations, 1996

1. SEBI has observed that there is no uniform practice being followed by Asset Management Companies (AMCs) while carrying out changes in the fundamental attributes of schemes. Many AMCs are found to carry out changes in fundamental attributes without prior intimation to SEBI. And in some cases, SEBI has observed that the fundamental attribute changes carried have completely changed the scheme originally proposed in the draft SID reviewed by SEBI, defeating the purpose and spirit thereof.
2. As per SEBI (Mutual Funds) Regulations, a new scheme can be launched only after receiving final observations from SEBI. Change in fundamental attributes could result in creation of a new scheme and/or altering the terms of the scheme, both of which will significantly affect the interests of unit holders (present and future).
3. In light of the above, AMCs are advised to provide prior intimation to SEBI and await SEBI's final observations on the proposed changes, before effecting the changes in the fundamental attributes.

AMCs are advised to bring this circular to the notice of their Board and the Trustees and ensure that all future changes in fundamental attributes of a scheme is carried out only after receiving final observations from the SEBI.

With Regards,

Sincerely,

Balkrishna Kini
Executive Vice President