

**GENERAL MANAGER
MUTUAL FUNDS DEPARTMENT**

All Mutual Funds registered with SEBI/
Unit Trust of India

MFD/CIR/13/087/2001
March 28, 2001

Dear Sirs,

1. Copy of Gazette Notification dated January 23, 2001

We are enclosing a copy of the Gazette notification dated January 23, 2001 pertaining to valuation and provisioning of non-performing assets (NPAs) for your information. As you are aware, the guidelines in this respect were issued to all mutual funds vide our circular letters dated September 18, 2000 and October 3, 2000.

2. Publication of NAV of close ended schemes on Wednesday

After discussion in the meeting of Mutual Funds Advisory Committee and further with the Association of Mutual Funds in India, it has been decided that all mutual funds who declare the NAVs of their close ended schemes on weekly basis, shall publish the NAVs on Wednesday, so that there is uniformity in declaration of NAVs by all mutual funds. This guideline is issued in accordance with provisions of Regulation 77 of the SEBI (Mutual Funds) Regulations, 1996.

Yours faithfully,

P.K.NAGPAL

Encl .: as above

SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 23rd January, 2001

Securities and exchange Board of India

(Mutual Funds)(Amendment) Regulations, 2001

S.O. 69. (E) – In exercise of the powers conferred by sub-section (1) of Section 30 of the Securities and exchange Board of India Act, 1992(15 of 1992), the Securities and exchange Board of India hereby makes the following regulations, namely: -

- I. (1) These regulations may be called Securities and exchange Board of India (Mutual Funds)(Amendment) Regulations, 2001.

(2) They shall come into force on the date of their publication in the official Gazette.

- II. In the Securities and exchange Board of India (Mutual Funds)(Amendment) Regulations, 1996: -

(a)In Eighth schedule, in clause (1), in sub-clauses (v) and in clause (2) sub-clause

(j) for the word, "sixty", the word, "thirty" shall be substituted.

(b)After clause (5), the following clauses shall be inserted, namely: -

"clause (6) Thinly traded securities as defined in the guidelines shall be valued in the manner as specified in the guidelines issued by the Board.

Clause (7) the aggregate value of illiquid securities as defined in the guidelines shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be valued in the manner as specified in the guidelines issued by the Board. "

(2) In Ninth Schedule, for clause (g), the following shall be substituted, namely:

"(g) Where income receivable on investments has accrued but has not been received for the period specified in the guidelines issued by the Board, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by the Board"

(3) In Eleventh schedule, in clause 3, for sub-clause (iii) the following shall be substituted namely:-

"(III) The Balance sheet shall disclose under each type of investment(s) the aggregate carrying value and market value of non performing investments. An investment shall be regarded as non –performing if it has provided no returns in the form of dividend or interest for a period specified in the guidelines issued by the Board. "

[F.No. SEBI/LE/21861/01]

D.R. MEHTA,
Chairman

Foot notes:

1. The principal regulations, SEBI (Mutual Funds) Regulations, 1996 was issued under S.O. No 865 (E) dated December 6, 1996 published in the Gazette of India, Part II, Section 3(II), dated December 9, 1996.
 2. SEBI(Mutual Funds) Regulations,1996 was subsequently amended –
 - a. on April 15, 1997 by SEBI (Mutual Funds)(Amendment) Regulations, 1997 vide S.O. No 327(E).
 - b. on January 12,1998 by SEBI(Mutual Funds)(Amendment)Regulations,1998 vide S.O. No 32(E).
 - c. on December 08,1999 by SEBI(Mutual Funds)(Amendment) Regulations,1999 vide S.O. No 1223 (E).
 - d. on March 14, 2000 by SEBI (Mutual Funds)(Amendment) Regulations,2000 vide S.O. No 235(E).
 - e. on May 22, 2000 by SEBI (Mutual Funds)(Second Amendment)Regulations,2000 vide S.O. No 484(E).
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