THE GAZETTE OF INDIA

EXTRAORDINARY

PART –III– SECTION 4

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SECURITIES AND EXCHANGE BOARD OF INDIA

NOTIFICATION

Mumbai, the 16th April, 2008

SECURITIES AND EXCHANGE BOARD OF INDIA

(MUTUAL FUNDS) (AMENDMENT) REGULATIONS, 2008

F. No. LAD-NRO/GN/2008/03/123042. - In exercise of the powers conferred by section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following Regulations to further amend the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, namely :-

1. These regulations may be called the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008.
2. They shall come into force on the date of their publication in the Official Gazette.
3. In the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996–

(i) in regulation 2 –

(a) for clause (q), the following shall be substituted, namely:-

"(q) "mutual fund" means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities including money market instruments or gold or gold related instruments or real estate assets;

(b) after clause (s), the following clause shall be inserted, namely:-

"(sa) "real estate mutual fund scheme" means a mutual fund scheme that invests directly or indirectly in real estate assets or other permissible assets in accordance with these regulations;"

(ii) in regulation 7, clause (g) shall be substituted with the following namely:-

"(g) appointment of custodian in order to keep custody of the securities or gold and gold related instrument or other assets of the mutual fund held in terms of these regulations, and provide such other custodial services as may be authorised by the trustees;"

(iii) in regulation 26, in sub-regulation (1), after the existing proviso, the following proviso shall be inserted, namely:-

"Provided further that in case of a real estate mutual fund scheme, the title deed of real estate assets held by it may be kept in the custody of a custodian registered with the Board."

(iv) in regulation 33, in sub-regulation 3, for clause (c), the following shall be substituted, namely:-

"(c) the initial issue expenses of the scheme launched prior to commencement of the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008 have been amortised fully in accordance with the Tenth Schedule."

(v) in regulation 43,

(a) in sub-regulation (1) –

(i) in clause (d), the word "or" occurring at the end shall be omitted;

(ii) in clause (e), for the full stop, the figure and word "; or" shall be substituted;

(iii) after clause (e), the following clause shall be inserted, namely:-

"(f) real estate assets as defined in clause (a) of regulation 49A."

(b) after sub-regulation (4), the following sub-regulation shall be inserted, namely:-

"(5) Moneys collected under a real estate mutual fund scheme shall be invested in accordance with regulation 49E."

(vi) in regulation 44, in sub-regulation (5), clause (a) shall be omitted.

(vii) in regulation 49 –

(a) in sub-regulation (3), third proviso shall be omitted;

(b) for sub-regulation (3B), the following shall be substituted, namely: –

"(3B) The conditions referred to in sub-regulation (3A) are the following:

(a) the scheme is launched after the commencement of the Securities and Exchange Board of India (Mutual Funds)(Second Amendment) Regulations, 2006 and prior to commencement of the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008;

(b) initial issue expenses in respect of the scheme are accounted in the books of accounts of the scheme in accordance with Tenth Schedule.".

(viii) after regulation 49, the following Chapter and regulations shall be inserted, namely:-

"CHAPTER VIA

REAL ESTATE MUTUAL FUND SCHEMES

Definitions

49A. For the purposes of this Chapter, unless the context otherwise requires-

(a) "real estate asset" means an identifiable immovable property-

(i) which is located within India in such city as may be specified by the Board from time to time or in a special economic zone within the meaning of clause (za) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);

(ii) on which construction is complete and which is usable;

(iii) which is evidenced by valid title documents;

(iv) which is legally transferable;

(v) which is free from all encumbrances;

(vi) which is not subject matter of any litigation;

but does not include-

I. a project under construction; or

II. vacant land; or

III. deserted property; or

IV. land specified for agricultural use; or

V. a property which is reserved or attached by any Government or other authority or pursuant to orders of a court of law or the acquisition of which is otherwise prohibited under any law for the time being in force;

(b) "real estate valuer" means a qualified valuer of real estate assets who has been accredited by a credit rating agency registered with the Board.

Applicability

49B. (1) The provisions of this Chapter shall apply to real estate mutual fund schemes.

(2) Unless the context otherwise requires, all other provisions of these regulations and the guidelines and circulars issues thereunder shall apply to real estate mutual fund schemes, and trustees and asset management companies in relation to such schemes, except where specific provisions are made in relation thereto under this Chapter.

Additional eligibility criteria

49C (1) A Certificate of registration may be granted under regulation 9 to an applicant proposing to launch only real estate mutual fund schemes if he;-

(a) has been carrying on business in real estate for a period of not less than five years;

(b) fulfills eligibility criteria provided in regulation 7, except that specified in item (i) of the Explanation to clause (a) thereof:

(2) A real estate mutual fund scheme of a mutual fund registered under sub-regulation (1) shall not invest in the securities mentioned in sub-clauses (ii) to (iii) of clause (a) or in clause (b) of sub-regulation (2) of regulation 49E unless it has key personnel having adequate professional experience in finance and financial services related field.

(3) An existing mutual fund may launch a real estate mutual fund scheme if it has an adequate number of key personnel and directors having adequate experience in real estate.

Other conditions for real estate mutual fund schemes

49D. (1) Every real estate mutual fund scheme shall be close-ended and its units shall be listed on a recognized stock exchange:

Provided that the redemption of a real estate mutual fund scheme may be done in a staggered manner.

(2) The units issued by a real estate mutual fund scheme shall not confer any right on the unit holders to use the real estate assets held by the scheme and any provision to the contrary in the trust deed or in the terms of issue shall be void.

(3) The title deeds pertaining to real estate assets held by a real estate mutual fund scheme shall be kept in safe custody with the custodian of the mutual fund.

(4) A real estate mutual fund scheme shall not undertake lending or housing finance activities.

(5) All financial transactions of a real estate mutual fund scheme shall be routed through banking channels and they shall not be cash or unaccounted transactions.

Permissible investments

49E. (1) Every real state mutual fund scheme shall invest at least thirty five per cent. of the net assets of the scheme directly in real estate assets.

(2) Subject to sub-regulation (1), every real estate mutual fund scheme shall invest-

(a) at least seventy five per cent. of the net assets of the scheme in-

(i) real estate assets;

(ii) mortgage backed securities (but not directly in mortgages);

(iii) equity shares or debentures of companies engaged in dealing in real estate assets or in undertaking real estate development projects, whether listed on a recognized stock exchange in India or not;

(b) the balance in other securities;

(3) Unless otherwise disclosed in the offer document, no mutual fund shall, under all its real estate mutual fund schemes, invest more than thirty per cent. of its net assets in a single city.

(4) No mutual fund shall, under all its real estate mutual fund schemes, invest more than fifteen per cent. of its net assets in the real estate assets of any single real estate project.

Explanation: For the purposes of this regulation, "single real estate project" means a project by a builder in a single location within a city.

(5) No mutual fund shall, under all its real estate mutual fund schemes, invest more than twenty five per cent. of the total issued capital of any unlisted company.

(6) No mutual fund shall invest more than fifteen per cent of the net assets of any of its real estate mutual fund schemes in the equity shares or debentures of any unlisted company.

(7) No real estate mutual fund scheme shall invest in –

(a) any unlisted security of the sponsor or its associate or group company ;

(b) any listed security issued by way of preferential allotment by the sponsor or its associate or group company;

(c) any listed security of the sponsor or its associate or group company, in excess of twenty five per cent of the net assets of the scheme.

(8) No mutual fund shall transfer real estate assets amongst its schemes.

(9) No mutual fund shall invest in any real estate asset which was owned by the sponsor or the asset management company or any of its associates during the period of last five years or in which the sponsor or the asset management company or any of its associates hold tenancy or lease rights.

Valuation of real estates assets and declaration of net asset value

49F. (1) The real estate assets held by a real estate mutual fund scheme shall be valued –

(a) at cost price on the date of acquisition; and

(b) at fair price on every ninetieth day from the day of its purchase.

in accordance with the norms specified in Schedule IXB.

(2) The asset management company, its directors, the trustees and the real estate valuer shall ensure that the valuation of assets held by a real estate mutual fund scheme are done in good faith, in accordance with the norms specified in Schedule IX B and that the accounts of the scheme are prepared in accordance with accounting principles specified in Schedule XI.

(3) The net asset value of every real estate mutual fund scheme shall be calculated and declared at the close of each business day on the basis of the most current valuation of the real estate assets held by the scheme and accrued income thereon, if any.

Duties of asset management company

49G. (1) Without prejudice to the provisions of regulation 21, the asset management company of a mutual fund having real estate mutual fund schemes shall appoint suitable number of qualified key personnel with relevant experience, before undertaking investment management of real estate assets of a real estate mutual fund scheme.

(2) The asset management company may appoint advisors to advise it on acquisitions or proposed acquisitions of real estate assets.

(3) The asset management company shall exercise due care while appointing real estate valuers for valuing the real estate assets held by the real estate mutual fund scheme and shall ensure that there is no conflict of interest.

(4) The asset management company shall lay down an adequate system of internal controls and risk management.

(5) The asset management company shall put in place systems to ensure that all financial transactions are done through banking channels and exclude transactions in cash or unaccounted transactions.

(6) The asset management company shall exercise due diligence in maintenance of the assets of a real estate mutual fund scheme and shall ensure that there is no avoidable deterioration in their value.

(7) The asset management company shall ensure that the real estate assets held by a real estate mutual fund scheme are adequately insured against impair, damage or destruction.

(8) The asset management company shall ensure that the cost of maintenance and insurance of real estate assets is within reasonable limits and that no funds of the scheme are utilized towards development of such assets.

(9) The asset management company shall ensure that a real estate valuer certifies compliance with sub-regulation (8) on an annual basis.

(10) The asset management company shall ensure that no real estate valuer continues with valuation of particular real estate asset for more than two years and that no such valuer values the same asset for a period of at least three years thereafter.

(11) The asset management company shall record in writing, the details of its decision making process in buying or selling real estate assets together with the justifications for such decisions and forward the same periodically to trustees.

(12) The asset management company shall ensure that investment of funds of the real estate mutual fund scheme is not made contrary to provisions of this chapter and the trust deed.

Usage of real estate assets of a real estate mutual fund scheme

49H.(1)The asset management company may let out or lease out the real estate assets held by the real estate mutual fund scheme if the term of such lease or letting does not extend beyond the period of maturity of the scheme.

(2) Where real estate assets are let out or leased out, the asset management company shall diligently collect the rents or other income in a timely manner.

(3) Real estate assets held by a real estate mutual fund scheme may be let out to the sponsor, asset management company or any of their associates, at market price or otherwise on commercial terms:

Provided that not more than 25% of the total rental income of the scheme shall be derived from assets so let out.

Duties of trustees

49I.(1) The trustees shall ensure that the asset management company has the necessary expertise, internal control systems and risk management mechanism to invest in and manage investments in real estate assets on a continuous basis.

(2) The trustees shall monitor whether due diligence is exercised by the asset management company in managing the investments.

(3) The trustees shall review the market price of the units during the year and shall recommend proportionate buy back of units from unit holders, if the units are traded at steep discount to the net asset value.

(4) The magnitude of discount which shall amount to steep discount referred to in sub-regulation (3) shall be disclosed in the offer document.

(5) The trustees shall ensure that only permissible investments are made by the asset management company.

(6) The trustees shall ensure that all financial transactions of the real estate mutual fund scheme are made only through banking channels and that systems exist to exclude transactions in cash and unaccounted transactions.

(7) The trustees shall lay down the criteria for empanelment of real estate brokers.

(8) The trustees shall lay down the broad procedure to be followed by the assert management company while transacting in real estate assets.

(9) The trustees shall require the asset management company to set up such systems and submit such reports to trustees, as may be necessary for them to effectively monitor the performance and functioning of the real estate mutual fund schemes.

(10) The trustees shall include a confirmation on compliance with sub regulation (9) in their half yearly reports made to the Board.

Disclosures in offer document and other disclosures

49J. (1) The offer documents of real estate mutual fund schemes shall contain disclosures which are adequate for investors to make informed investment decisions and such further disclosures as may be specified by the Board.

(2) The portfolio disclosures and financial results in respect of a real estate mutual fund scheme shall contain such further disclosures as are specified by the Board.

(3) Advertisements in respect of real estate mutual fund schemes shall conform to such guidelines as may be specified by the Board.

Transactions by employees etc.

49K. (1) All transactions done by the trustees or the employees or directors of the asset management company or the trustee company in real estate assets shall be disclosed by them to the compliance officer within one month of the transaction.

(2) The compliance officer shall make a report thereon from the view point of possible conflict of interest and shall submit it to the trustees with his recommendations, if any.

(3)The persons covered in sub-regulation (1) may obtain the views of the trustees before entering into the transaction in real estate assets, by making a suitable request to them."

(ix) in regulation 52 -

(a) in sub-regulation (4)-

(1) clause (a) shall be omitted;

(2) in clause (b):-

(A) in sub-clause (xii-a) the word 'and' appearing at the end thereof, shall be omitted;

(B) after sub-clause (xii-a), the following sub-clause shall be inserted, namely:-

"(xii-b) in case of a real estate mutual fund scheme, insurance premia and costs of maintenance of the real estate assets (excluding costs of development of such assets) over and above the expenses specified in regulation 52 to the extent disclosed in the offer document; and";

(b) in sub-regulation (5), the provisos shall be omitted.

(x) in the Seventh Schedule, clause 5 shall be omitted.

(xi)in the Ninth Schedule -

(a) in the opening words , for the bracket, word and figures “[Regulations 50(3),55(4)(iii)]” the bracket , words and figures “[Regulations 49F(1) and (2), 50(3),55(4)(iii)]” shall be substituted;

(b) in the heading, after words “ACCOUNTING POLICIES AND STANDARDS’, the words “Part A: For Investment in Securities” shall be inserted;

(c) after clause l, the following shall be substituted, namely:-

“m. In case of real estate mutual fund scheme, investments in unlisted equity shares shall be valued as per the norms specified in this regard.”

(d) after clause m. the following shall be inserted, namely:-

“**Part B: For direct investment in real estate asset**

Definitions

1. In this Part, unless the context otherwise requires-:

(a) ‘fair value’ means the amount for which an asset could be exchanged between knowledgeable parties in an arm’s length transaction and certified by the real estate valuer;

(b) “‘knowledgeable’ means that both the buyer and the seller are reasonably informed about the nature and characteristics of the real estate asset, its actual and potential uses, and market conditions at the balance sheet date;

2. A real estate asset that is held by a real estate mutual fund scheme shall be valued at fair value.

3. Where a portion of the real estate asset is held to earn rentals or for capital appreciation and if the portions can be sold or leased separately, the real estate mutual fund scheme shall account for the portions separately.

Initial Recognition

4. A real estate mutual fund scheme shall recognise a real estate asset if :

(a) it is probable that the future economic benefits that are associated with the real estate asset will flow to the real estate mutual fund scheme; and

(b) the cost of the asset can be measured reliably.

5. A real estate mutual fund scheme shall evaluate all its real estate asset costs including those incurred initially to acquire a real estate asset and those incurred subsequently to add to, replace part of, or service a real estate asset, at the time they are incurred:

Provided that a real estate mutual fund scheme shall not recognise in the carrying amount of a real estate asset the costs of the day-to-day servicing of such an asset and such costs shall be recognised in the revenue account as incurred.

6. A real estate mutual fund scheme may acquire parts of real estate assets through replacement. For example, the interior walls may be replacements of original walls. Under the recognition principle, an real estate mutual fund scheme shall recognise in the carrying amount of a real estate asset, the cost of replacing part of an existing real estate asset at the time that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced shall be derecognised in accordance with the derecognition provisions given in later paragraphs.

7. The real estate asset shall be recognized on the date of completion of the process of transfer of ownership i.e. the date on which the real estate mutual fund scheme obtains an

enforceable right including all significant risks and rewards of ownership.

Measurement at initial recognition

8. A real estate asset shall be measured initially at cost. Such cost shall comprise purchase price and any other directly attributable expenditure such as professional fees for legal services, registration expenses and asset transfer taxes.

9. If the payment for a real estate asset is deferred, its cost is the cash price equivalent. An real estate mutual fund scheme shall recognise the difference between this amount and the total payments as interest expense over the period of credit.

10. A real estate mutual fund scheme may acquire one or more real estate assets in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The cost of such a real estate asset shall be measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired real estate asset shall be measured in this manner even if an real estate mutual fund scheme cannot immediately derecognise the asset given up. If the acquired real estate asset cannot be measured at fair value, its cost shall be measured at the carrying amount of the asset given up.

11. A real estate mutual fund scheme determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction

    Explanation: An exchange transaction has commercial substance if:

(a) the configuration (risk, timing and amount) of the cash flows of the asset received differs from the configuration of the cash flows of the asset transferred, or

(b) the real estate mutual fund scheme-specific value of the portion of the real estate mutual fund scheme's operations affected by the transaction changes as a result of the exchange, and

(c) the difference in (a) or (b) is significant relative to the fair value of the assets exchanged.

For the purpose of determining whether an exchange transaction has commercial substance, the real estate mutual fund scheme-specific value of the portion of the real estate mutual fund scheme's operations affected by the transaction should reflect post-tax cash flows. The result of these analyses may be clear without an real estate mutual fund scheme having to perform detailed calculations.

12. The fair value of an asset for which comparable market transactions do not exist is reliably measurable if (a) the variability in the range of reasonable fair value estimates is not significant for that asset or (b) the probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value. If the real estate mutual fund scheme is able to determine reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless the fair value of the asset received is more clearly evident.

Subsequent Measurement

13. After initial recognition, a real estate asset held by an real estate mutual fund scheme shall be measured at its fair value.

14. A gain or loss arising from a change in the fair value of the real estate asset shall be recognised in the Revenue Account for the period in which it arises. The gain that arises from the appreciation in the value of real estate asset is an unrealised gain and thus the same cannot be distributed.

Explanations

i. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale.

ii. The fair value of real estate asset shall reflect market conditions at the balance sheet date

iii. The fair value of real estate asset reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, any cash outflows that could be expected in respect of the asset.

iv. The best evidence of fair value is given by current prices in an active market for similar real estate asset in the same location and condition and subject to similar lease and other contracts. Care shall be taken to identify any differences in the nature, location or condition of the asset, or in the contractual terms of the leases and other contracts relating to the asset.

v. In the absence of current prices in an active market, information from a variety of sources shall be considered, including:

(a) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

vi. In some cases, the various sources listed in the previous paragraph may suggest different conclusions about the fair value of a real estate asset. The reasons for those differences shall be considered, in order to arrive at the most reliable estimate of fair value within a range of reasonable fair value estimates.

vii. (a)Where the fair value of the asset is not reliably determinable on a continuing basis, a real estate mutual fund scheme shall measure that real estate asset at cost as per Accounting Standard (AS) 10, Accounting for Fixed Assets. The residual value of the real estate asset shall be assumed to be zero. The real estate mutual fund scheme shall apply AS 10 until disposal of the investment asset.

(b) The fair value of the asset will be considered to not reliably determinable on a continuing basis if the variability in the range of reasonable fair value estimates is large , and the probabilities of the various outcomes difficult to assess, such that the usefulness of a single estimate of fair value is negated. This may be due to infrequent comparable market transactions and alternative reliable estimates of fair value (for example, based on discounted cash flow projections) being not available

viii. In determining the fair value of the real estate asset, it shall be ensured that there is no double-counting of assets or liabilities.

Explanation:

(a) equipment such as lifts or air-conditioning is often an integral part of a building and is generally included in the fair value of the real estate asset, rather than recognised separately as asset, plant and equipment.

(b) if an office is leased on a furnished basis, the fair value of the office generally includes the fair value of the furniture, because the rental income relates to the furnished office. When furniture is included in the fair value of real estate asset, an real estate mutual fund scheme shall not recognise that furniture as a separate asset.

(c) the fair value of real estate asset shall exclude prepaid or accrued operating lease income, because the real estate mutual fund scheme would recognise it as a separate liability or asset.

(d) The fair value of real estate asset held under a lease reflects expected cash flows (including contingent rent that is expected to become payable). Accordingly, if a valuation obtained for a asset is net of all payments expected to be made, it will be necessary to add back any recognised lease liability, to arrive at the fair value of the real estate asset for accounting purposes.

ix. The fair value of real estate asset does not reflect future capital expenditure that will improve or enhance the asset and does not reflect the related future benefits from this future expenditure.

x. Where a real estate mutual fund scheme expects that the present value of its payments relating to a real estate asset (other than payments relating to recognised liabilities) will exceed the present value of the related cash receipts it shall apply Accounting Standard (AS) 29, Provisions, Contingent Liabilities and Contingent Assets to determine whether to recognise a liability and, if so, how to measure it.

15. To determine the fair value of a real estate asset in accordance with the above-mentioned paragraphs, a real estate mutual fund scheme is required to use the services of two independent and approved valuers having recent experience in category of the real estate asset being valued and use the lower of the two valuations.

16. For accounting for rental income on real estate asset, Accounting Standard (AS) 19, *Leases,* shall be followed. Such income shall be accrued on a daily basis, till the currency of the lease agreements.

17. Where the rental income receivable by a real estate mutual fund scheme in respect of real estate asset, has accrued but has not been received for the period specified by the Board. Further, provision shall be made by debiting to the revenue account the income so accrued in the manner as may be specified by the Board.

Derecognition of Real Estate Asset

18. A real estate mutual fund scheme shall derecognise a real estate asset on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal.

19. In determining the date of disposal for real estate asset by way of sale, a real estate mutual fund scheme shall apply the criteria in Accounting Standard (AS) 9, Revenue Recognition, for recognising revenue from the sale of goods and considers the related guidance in the Appendix to AS 9.

20. Gains or losses arising from the disposal or retirement of real estate asset shall be determined as the difference between the net disposal proceeds and the carrying amount of the real estate asset and shall be

recognised in the Revenue Account in the period of the disposal or retirement.

21. The consideration receivable on disposal of a real estate asset is to be recognised initially at fair value. In particular, if payment for a real estate asset is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent should be recognised as interest revenue over the period of credit."

(xii) in the Tenth Schedule –

(a) in the heading, for brackets, words and figures "[Regulation 52(4)(a)]", the brackets, words and figures "[Regulation 49(3B)(b)]" shall be substituted;

(b) for clause (b) the following shall be substituted, namely:-

"(b) For a close-ended scheme floated on a 'load' basis prior to commencement of the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008, the initial issue expenses shall be amortised on a weekly basis over the period of the scheme:

Provided that in case such schemes provide for partial redemption during the life of the scheme, the amortisation shall take into account the number of outstanding units and the aggregate amount during the relevant periods."

(c) in clause (d), the following shall be substituted, namely:-

"(d) In case of close-ended schemes floated on a 'load' basis prior to commencement of the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008, the unamortised portion of the expenses shall be included in the calculation of the NAV. However, such portion shall not be included in the NAV for the purposes of determining the asset management company's investment management and advisory fees or for determining the limitation of expenses under regulation 52 of these regulations."

(xiii) for the Eleventh Schedule, the following shall be substituted, namely:–

"ELEVENTH SCHEDULE

ANNUAL REPORT

1. Annual Report

The annual report shall contain—

(ii) Report of the Board of Trustees on the operations of the various schemes of the fund and the fund as a whole during the year and the future outlook of the fund;

(iii) Balance Sheet and Revenue Account in accordance with paras 2, 3 and 4, respectively of this Schedule;

(iv) Auditor's Report in accordance with paragraph 5 of this Schedule;

(v) Brief statement of the Board of Trustees on the following aspects, namely:-

(*a*) Liabilities and responsibilities of the Trustees and the Settlor; (*b*) Investment objective of each scheme;

(*c*) Basis and policy of investment underlying the scheme;

(*d*) If the scheme permits investment partly or wholly in shares, bonds, debentures, real estate asset and other scrips or securities whose value can fluctuate, a statement on the following lines:

"The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments in securities or fair value in underlying real estate asset, as the case may be;"

(*e*) Comments of the Trustees on the performance of the scheme, with full justification.

(*v*) Statement giving relevant perspective historical 'per unit' statistics in accordance with paragraph 6 of this Schedule;

(*vi*) Statement on the following lines:

"On written request, present and prospective unitholder/investors can obtain copy of the trust deed, the annual report at a price and the text of the relevant scheme."

2. Accounting Policies

(a) For investments in securities- Following accounting policies shall be followed by Mutual Funds for investments in securities for the preparation of accounts:

i. The realised gains or losses on sale or redemption of investment, as well as unrealised appreciation or depreciation shall be recognised in all financial statements. For the purpose of all financial statements, all investments shall be marked to market and investments shall be carried out in the balance sheet at market value. However, till necessary guidance notes are issued by the Institute of Chartered Accountants of India to their members, in the above matter, investments may be continued to be valued at cost, with the market value shown separately and the reconciliation statement for the changes in investments valued in the two different ways shall be provided.

Where the financial statements are prepared on a marked to market basis, there need not be a separate provision for depreciation. Since unrealised gain arising out of appreciation on investments cannot be distributed, provision has to be made for its exclusion and for calculating distributable income.

ii. Non-traded investments shall be valued in good faith in accordance with the norms specified in Seventh Schedule.

Provided that in the case of real estate mutual funds schemes, investments in unlisted equity shares shall be valued as per the norms specified by the Board in this regard.

iii. For quoted shares, the dividend income earned by the scheme shall be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments in shares which are not quoted on the stock exchanges, the dividend income must be recognised on the date of declaration.

iv. In respect of all interest-bearing investments, income shall be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase, shall not be treated as a cost of purchase, but shall be treated to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date upto the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

v. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.

vi. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction shall be recorded, in the event of a purchase, as of the date on which the scheme obtains in enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

vii. Bonus shares to which the scheme becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

viii. Where income receivable on investments has been accrued and has not been received for a period of 12 months beyond the due date, provision shall be made by debit to the revenue account for the income so accrued and no further accrual of income should be made in respect of such investment.

ix. When the units of an open-ended scheme are sold, the difference between the sale price and the face value of the unit, if positive, shall be credited to Reserves and if negative is debited to reserve, the face value being credited to Capital Account. Similarly, when units of an open-ended scheme are repurchased, the difference between the purchase price and face value of the unit, if positive should be debited to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account.

x. (*a*) In the case of an open-ended scheme, when units are sold an appropriate part of the sale proceeds shall be credited to an Equalisation Account and when units are repurchased an appropriate amount shall be debited to Equalisation Account. The net balance on this Account should be credited or debited to the revenue account. The balance on equalisation account debited or credited to the Revenue Account shall not decrease or increase the net income of the fund but is only an adjustment to the distributable surplus. It shall, therefore, be reflected in the Revenue Account only after the net income of the fund is determined.

(*b*) The Trustees of the Board of the Trustee Company may, if necessary, transfer a portion of the distributable profits to a dividend equalisation reserve. Such a transfer would be independent of the requirement to operate an Equalisation Account as provided in (*x*)(*a*).

xi. In a close-ended scheme which provides to the unitholders the option for an early redemption or repurchase their own units, the par value of the unit shall be debited to Capital Account and the difference between the purchase price and the par value, if positive, should be debited to reserves and, if negative, should be credited to reserves. In case of such schemes launched prior to the commencement of the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008 a proportionate part of the unamortised initial issue expenses shall also be transferred to the reserves so that the balance carried forward on that account is proportional to the number of units remaining outstanding.

xii. The cost of investments acquired or purchased shall, *inter alia,* include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.

xiii. Underwriting commission shall be recognised as revenue only when there is no devolvement on the scheme. Where there is devolvement on the scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

(b) For investments in real estate assets- Following accounting policies shall be followed by real estate mutual fund schemes for the preparation of accounts:

i. The accounting policies given in paragraph 2(a) in respect of investment in securities;

ii. The accounting policies given in Part B of the Ninth Schedule in respect of real estate assets; and

iii. In a real estate mutual fund scheme which provides to the unit holders the option for an early redemption or repurchase their own units the par value of the unit shall be debited to Capital Account and the difference between the purchase price and the par value, if positive, should be debited to reserves and, if negative, shall be credited to reserves.

3. Contents of Balance Sheet

(*i*) The Balance Sheet shall give scheme wise particulars of its assets and liabilities. These particulars shall contain information enumerated in Annexures 1A and 1B hereto. It shall also disclose, *inter alia,* accounting policies relating to valuation of investments including real estate investment asset and other important areas.

(ii) If investments in securities are carried at costs or written down cost, their aggregate market value shall be stated separately in respect of each type of investment, such as equity shares, preference shares, convertible debentures listed on recognised stock exchange, non-convertible debentures or bonds further differentiating between those listed on recognised stock exchange and those privately placed.

(*iii*)*(A)* The balance-sheet shall disclose under each type of investment(s) in securities 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.

(*iii)(B)* The balance-sheet shall disclose under each category of real estate asset the aggregate carrying amount of non-performing investment properties. A real estate asset shall be regarded as non-performing if it has provided no returns in the form of rental income for a period specified by the Board.

(*iv*) The Balance Sheet shall indicate the extent of provision made in the Revenue Account for the depreciation/loss in the value of non-performing investments in securities. However, if the investments in securities are valued at marked to market, provisions for depreciation shall not be necessary.

(v) The Balance Sheet shall disclose the per-unit net asset value (NAV) as at the end of the accounting year.

(*vi*) As in case of companies, the Balance Sheet shall give against each item, the corresponding figures as at the end of the preceding accounting year.

(*vii)(A)* The notes to the balance sheet should disclose the following information regarding investments:—

(*a*)all investments shall be grouped under the major classification given in the balance sheet;

(*b*) under each major classification, the total value of investments falling under each major industry group (which constitutes not less than 5% of the total investment in the major classification) shall be disclosed together with the percentage thereof in relation to the total investment within the classification;

(c) a full list of investments of the scheme shall be made available for inspection with the Asset Management Company;

(d) the basis on which management fees have been paid to the Asset Management Company and the computation thereof;

(e) if brokerage, custodial fees or any other payment for services are paid to or payable to any entity in which the Asset Management Company or its major shareholders have a substantial interest (being not less than 10% of the equity capital), the amounts debited to the revenue account or amounts treated as cost of investments in respect of such services shall be separately disclosed together with details of the interest of the Asset Management Company or its major shareholders;

(f) aggregate value of purchases and sales of investments during the year and expressed as a percentage of average weekly net asset value;

(g) where the non-traded investments which have been valued "in good faith" exceed 5% of the NAV at the end of the year, the aggregate value of such investments; and

(h) movement in unit capital should be stated.

An example of the manner in which the movement in unit capital may be disclosed is given below :

	No. of units	*(Rs. in lakhs)*
Balance as on 1st April, 1994	12,50,00,000	12,500.00
Units sold during	1,27,50,000	1,275.00

the year		
Units repurchased during the year	(15,40,000)	(154.00)
	13,62,10,000	13,621.00

(i) the name of the company including the amount of investment made in each company of the group by each scheme and the aggregate investments made by all schemes in the group companies of the sponsor;

(j) if the investments are marked to market, the total income of the scheme shall include unrealised depreciation or appreciation on investment. There should be disclosure and unrealised appreciation deducted before arriving at the distributable income in the following manner, *e.g.*

	Rs. in lakh	*Rs. in lakh*
Net income as per Revenue Account		100
Add : Balance of undistributed income		
as at 1st April, 1994		
brought forward		20
		120
Less : Unrealised appreciation on investments		
As on 31st March, 1995		30
As on 1st April, 1994	15	(15)
		105
Less : Distributed to unitholders	80	
Transfer to reserve	5	(85)
		20

*(vii)(B)*In respect of real estate asset, the following additional disclosures shall be made in the balance sheet:

(a). a reconciliation between the carrying amounts of real estate investment properties at the beginning and end of the period, showing the following:

1. Additions resulting from purchase during the period;
2. Additions resulting from acquisitions through business combinations;
3. Deletions resulting from sales during the period;
4. Deletions resulting from disposal through business combinations;
5. Net gain or loss from fair value adjustments;
6. Other changes.

(b) the method and significant assumptions applied in determining the fair value of each real estate investment asset including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the real estate mutual fund scheme should disclose) because of the nature of the asset and lack of comparable data.

(c) the use of two approved valuers and the extent to which the fair value determined is based on the lower of the two valuations done by the approved valuers having recent experience in the category of the real estate asset being valued.

(d) the existence and amounts of restrictions on the realisability of real estate asset or the remittance of income and proceeds of disposal.

(e) When the lower valuation obtained from the two approved valuers is adjusted significantly for the purpose of the balance sheet, for example to avoid double-counting of assets or liabilities that are recognised as separate assets or liabilities, the real estate mutual fund scheme should disclose the reconciliation between the so selected lower valuation and the adjusted valuation shown in the balance sheet.

(f) In case where a real estate mutual fund scheme measures a real estate asset using the cost model [as mentioned in paragraph (vii) of

Explanation in Part B of the Ninth Schedule], the reconciliation required as per item *(a)* this paragraph shall disclose amounts relating to that real estate asset separately from the amounts relating to other real estate assets. In addition, an real estate mutual fund scheme shall disclose:

1. a description of the real estate asset;
2. an explanation of why fair value cannot be determined reliably;
3. if possible, the range of estimates within which fair value is highly likely to lie; and
4. on disposal of investment of the real estate asset not carried at fair value:
   - the fact that the real estate mutual fund scheme has disposed of the real estate investment asset not carried at fair value;
   - the carrying amount of that real estate investment asset at the time of sale; and
   - the amount of gain or loss recognised.

(*viii*) Provisions for doubtful deposits, doubtful debts and for doubtful outstandings and accrued income shall not be included under provisions on the liability side of the balance sheet, but shall be shown as a deduction from the aggregate value of its relevant asset.

(*ix*) Disclosure shall be made of all contingent liabilities showing separately underwriting commitments, uncalled liability on partly paid shares and other commitments with specifying details.

4. Contents of Revenue Account

(*i*) The Revenue Account shall give schemewise particulars of the income, expenditure and surplus of the mutual fund. These particulars shall contain information enumerated in Annexure 2 of this Schedule.

(*ii*) If profit on sale of investments including real estate asset shown in the Revenue Account includes profit/loss on inter-scheme transfer of investments including real estate asset within the same mutual fund the aggregate of such profit recognised as realised, shall be disclosed separately without being clubbed with the profit/loss on sale of investments to third parties.

(*iii*) Unprovided depreciation in value of investments in securities representing the difference between their aggregate market value and their carrying cost shall be disclosed by way of a note forming part of the Revenue Account. Conversely, unrealised profit on investment representing the difference between their aggregate market value and carrying cost, shall be disclosed by way of note to accounts. However, if investments are marked to market, depreciation may not be provided.

(*iv*) The Revenue Account shall indicate the appropriation of surplus by way of transfer to reserves and dividend distributed.

(*v)(A)* The following disclosures shall also be made in the revenue account:

(*a*) provision for aggregate value of doubtful deposits, debts and outstanding and accrued income;

(*b*) profit or loss in sale and redemption of investment may be shown on a net basis;

(*c*) custodian and registrar fees;

(*d*) total income and expenditure expressed as a percentage of average net assets, calculated on a weekly basis.

(v)(B) In respect of real estate asset, the following additional disclosures shall be made:

(a) rental income from real estate asset;

(b) direct operating expense (including repairs and maintenance) arising from real estate asset that generated rental income during the period; and

(c) direct operating expenses (including repairs and maintenance) arising from real estate asset that did not generate rental income during the period.

5. Auditor's Report

(*i*) All mutual funds shall be required to get their accounts audited in terms of a provision to that effect in their trust deeds. The Auditor's Report shall form a part of the Annual Report. It should accompany the Abridged Balance Sheet and Revenue Account. The auditor shall report to the Board of Trustees and not to the unitholders.

(*ii*) The auditor shall state whether:

(1) he has obtained all information and explanations which, to the best of his knowledge and belief, were necessary for the purpose of his audit,

(2) the Balance Sheet and the Revenue Account are in agreement with the books of account of the fund.

(*iii*) The auditor shall give his opinion as to whether:

1. the Balance Sheet gives a true and fair view of the schemewise state of affairs of the fund as at the balance sheet date, and
2. the Revenue Account gives a true and fair view of the schemewise surplus/deficit of the fund for the year/period ended at the balance sheet date.

6. Perspective historical per unit statistics

(1) This statement shall disclose the following schemewise per unit statistics for the past 3 years:

(*a*) net assets value, per unit;

(*b*) gross income per-unit broken up into the following components:

(*i*) income other than profit on sale of investment, per unit;

(*ii*) income from profit on inter-scheme sales/transfer of investment, per unit;

(*iii*)income from profit on sale of investment to third party, per unit;

(*iv*) transfer to revenue account from past year's reserve, per unit.

(*c*) aggregate of expenses, write off, amortisation and charges, per unit;

(*d*) net income, per unit;

(*e*) unrealised appreciation/depreciation in value of investments, per unit;

(*f*) if the units are traded or repurchased/resold, the highest and the lowest prices per unit during the year and the price-earning ratio ;

(*g*) per unit, ratio of expenses to average net assets by percentage;

(*h*) per unit, ratio of gross income to average net assets by percentage (excluding transfer to revenue account from past year's reserve but including unrealised appreciation on investments) ;

(*i*) per unit NAV.

ANNEXURE 1A

[*Refer* para 3]

Contents of schemewise Balance Sheet

ASSETS SIDE OF THE BALANCE SHEET:

I. The assets of the balance sheet shall be grouped into the following categories:

- Investments
- Deposits
- Other Current Assets
- Fixed Assets

II. INVESTMENTS:

(a) The following types of investment in securities shall be separately disclosed:

(*i*) Equity shares;

(*ii*) Preference shares;

(*iii*) Privately placed debentures/bonds;

(*iv*) Debentures and Bonds listed/awaiting listing on the recognised stock exchange;

(*v*) Calls paid in advance;

(*vi*) Term Loans;

(*vii*) Central and State Government Securities (including treasury bills);

(viii) Commercial Paper;

(ix) Others.

(b) Real estate assets shall be separately classified into (1) major classes of residential and commercial properties and (2) sub-classified on the basis of developers, location and project. Particulars shall include area, cost, fair value, basis of fair value, and legal disputes, etc.

Accounting policy of valuation of investments shall be disclosed.

III. DEPOSITS

Distinguishing between :

- Deposits with scheduled banks;
- Deposits with Companies/Institutions;
- Others.

IV. OTHER CURRENT ASSETS

Distinguishing between:

- Balances with banks in current account;
- Cash on hand;
- Sundry Debtors;
- Contracts for sale of investments in securities;
- Outstanding and accrued income;
- Advance, Deposits, etc.;

- Bridge Finance;
- Shares/debentures application money, pending allotment;
- Others.

V. FIXED ASSETS

- Depreciated cost of the fixed assets as a whole or net block may be disclosed.

ANNEXURE 1B

[*Refer* para 3]

Contents of schemewise balance sheet

LIABILITIES SIDE OF THE BALANCE SHEET

I. Liabilities side of the balance sheet be divided into the following groups :

(*i*) Unit Capital;

(*ii*) Reserves & Surplus;

(*iii*) Loans;

(*iv*) Current Liabilities and Provisions.

II. Unit Capital:

Distinguishing between:

- Initial capital;
- Unit capital (including number of units and face value per unit).

III. Reserves & surplus

Distinguishing between:

- Unit premium reserve; (optional)
- General reserve;
- Dividend equalisation reserve; (optional) (Equalisation Account, as per 2(*x*) of the Schedule);
- Any other reserve (disclosing its nature);
- Appropriation account;

- Opening balance, transfer from/to reserve, closing balance shall be separately disclosed for each above type of reserve.

IV. Loans

Distinguishing between:

- Loan from Reserve Bank of India;
- From Settlor;
- From Other Commercial Banks;
- From others;
- If the above loans are secured, the nature and extent of security should be disclosed;
- Borrowings by the scheme with amount, rate of borrowings, rate of interest, source and other terms shown separately, source-wise.

V. Current liabilities and provisions

Distinguishing between the following current liabilities and provisions

Current liabilities:

- Sundry creditors;
- Interest payable on loans;
- Contract for purchase of investments in securities;
- Bank account overdrawn as per books;
- Unclaimed distributed income;
- Others.

Provisions:

- Provisions for loss/depreciation in value of investments in securities (separately with reference to each type of investment in securities) (optional, if marked to market);
- Provision for doubtful deposits;
- Provision for outstanding any accrued income considered doubtful;
- Provision for gratuity;

- Provision for staff welfare fund;
- Proposed income distributed on initial capital and unit-capital;
- Other provisions.

VI. Contingent liabilities

- Disclosure should be made of all contingent liabilities, showing separately :—
  (*i*) Underwriting commitments;
  (*ii*) Uncalled liability on partly paid shares;
  (*iii*) Other commitments; and
  (*iv*) Others (specifying details).

ANNEXURE 2

[*Refer* para 4]

Contents of revenue account

- Dividend;
  Interest;
  Rental (lease) income
- Profit on sale/redemption of investments in securities (other than inter-scheme transfer/sale);
  Profit on sale of real estate assets (other than inter-scheme transfer/sale)
- Profit on inter-scheme transfer/sale of investments;
- Other income (indicating nature).

Expenses and losses:

- Provision for depreciation in value of investments in securities;
- Provision for outstanding accrued income considered doubtful;
- Provision for doubtful deposits and current assets;
- Loss on sale/redemption of investments in securities (other than inter-scheme transfer/sale);

Loss on sale of real estate investment properties (other than inter-scheme transfer/sale);

- Loss on inter-scheme transfer/sale of investments;
- Management fees;
- Trusteeship fees;
- Staff cost including salaries, allowances, contributions to provident fund, gratuity, etc.;
- Office and administrative expenses;
- Registration and local charges;
- Commission to Agents;
- Publicity expenses;
- Audit fees;
- Legal & Title Search Fee;
- Insurance & security expenses;
- Advisory fee in respect of real estate investment asset;
- Other operating expenses;
- Depreciation of fixed assets;
- Custodian fees;
- Registration fees;
- Repairs and maintenance in case of real estate asset.

Less: Amount recovered on sale of units on account of management expenses.

Note:

(*i*) Accounting policy in respect of recognition of revenue and income from investments (including dividend and interest in case of securities and rental income in case of real estate asset) shall be disclosed by way of a note.

(*ii*) Unprovided depreciation and unrealised appreciation in value of investments in securities representing the difference between their aggregate market value and their carrying cost shall be disclosed by way of note.

(*iii*) Provision for doubtful deposits, debts and outstanding accrued income need not be separately shown but can be aggregated.

(*iv*) Profit on sale/redemption of investments and loss on sale/redemption of investments need not be shown on a gross basis but only the net profit or loss need be shown.

(*v*) The total income and expenditure expressed as a percentage of average net assets, calculated on a weekly basis should be indicated.

(*vi*) Appropriation of the surplus by way of transfer to reserves and dividends distributed shall be disclosed in the Abridged Revenue Account itself.

(*vii*) The Balance Sheet and the Revenue Account shall be signed by the schemewise fund manager/s and the Board of Trustees, and reported upon by the Auditors. The financial statements of the scheme should be approved at a meeting of the Board of Directors of the Asset Management Company and also at a meeting of the trustees or in the case of a trustee company by the Board of Directors of the trustee company."

C. B. BHAVE
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADVT III/IV/69-ZB/2008/Exty.]

Footnotes:

(1) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Principal Regulations were published in the Gazette of India on December 9, 1996 vide S.O. No. 856(E).

(2) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 were subsequently amended –

(a) on April 15, 1997 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 1997 vide S.O. No.327(E).

(b) on January 12, 1998 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 1998 vide S.O. No.32(E).

(c) on December 08, 1999 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 1999 vide S.O. No.1223(E).

(d) on March 14, 2000 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2000 vide S.O. No.235 (E).

(e) on March 28, 2000 by the Securities and Exchange Board of India (Appeal to the Securities Appellate Tribunal) (Amendment) Regulations, 2000 vide S.O. No.278(E).

(f) on May 22, 2000 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2000 vide S.O. No.484 (E).

(g) on January 23, 2001 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2001 vide S.O. No.69 (E).

(h) on May 29, 2001 by the Securities and Exchange Board of India (Investment Advice by Intermediaries) (Amendment) Regulations, 2001 vide S.O. No.476(E).

(i) on July 23, 2001 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2001 vide S.O. No.698(E).

(j) on February 20, 2002 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2002 vide S.O. No.219 (E).

(k) on June 11, 2002 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2002 vide S.O. No.625 (E).

(l) on July 30, 2002 by the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2002 vide S.O. No.809(E).

(m) on September 9, 2002 by the Securities and Exchange Board of India (Mutual Funds) (Fourth Amendment) Regulations, 2002 vide S.O. No.956(E).

(n) on September 27, 2002 by the Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 vide S.O. No.1045(E).

(o) on May 29, 2003 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2003 vide S.O.No. 632(E).

(p) on January 12, 2004 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2004 vide F.No. SEBI/LAD/DOP/4/2004.

(q) on March 10, 2004 by the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulations, 2004 vide S.O. No. 398(E).

(r) on January 12, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2006 vide S.O.No. 38(E).

(s) on May 22, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2006 vide S.O.No. 783(E).

(t) on August 3, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2006 vide S.O.No. 1254(E).

(u) on December 27, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Fourth Amendment) Regulations, 2006 vide F. No. SEBI/LAD/DOP/82534/2006.

(v) on December 27, 2006 by the Securities and Exchange Board of India (Mutual Funds) (Fifth Amendment) Regulations, 2006 vide F. No. SEBI/LAD/DOP/83065/2006.

(w) on May 28, 2007 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2007 vide F. No. 11/LC/GN/2007/2518.

(x) on October 31, 2007 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2007 vide F. No. 11/LC/GN/2007/4646.

(y) On March 31, 2008 by the Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2008 vide F. No. 11/LC/GN/2008/21669.