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**EXTRAORDINARY**

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**SECURITIES AND EXCHANGE BOARD OF INDIA**

**NOTIFICATION**

**Mumbai, the 16<sup>th</sup> April, 2013**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**MUTUAL FUNDS (AMENDMENT) REGULATIONS, 2013**

**No. LAD-NRO/GN/2013-14/03/5652** - 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, 2013.
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) in sub-regulation (q), -
      - (I) for the symbol ";" the symbol ":" shall be substituted;
      - (II) the following new proviso shall be inserted, namely,-

"Provided that infrastructure debt fund schemes may raise monies through private placement of units, subject to the conditions specified in these regulations; "

(B) sub-regulation (sa) shall be numbered as sub-regulation (sb) and any reference thereto in any regulation framed or any circular or guideline issued by the Board, shall be read accordingly;

(C) after sub-regulation (s), the following new sub-regulation shall be inserted, namely-

"(sa) "private placement" means any offer of units of a mutual fund scheme or invitation to subscribe such units to a select group of persons, by a mutual fund (other than by way of public offer) through issue of a placement memorandum and which is not being calculated to result, directly or indirectly in the units becoming available for subscription or purchase by persons other than those receiving the offer or invitation;"

(ii) in regulation 49L, in clause (3), after sub clause (iii), the following new sub-clauses shall be inserted, namely,-

"(iv) Systemically Important Non Banking Financial Companies registered with Reserve Bank of India;

(v) Foreign Institutional Investors registered with the Board, subject to their applicable investment limits, which are long term investors in terms of the norms specified by SEBI."

(iii) after regulation 49N, the following new regulation shall be inserted, namely-

**"Offering period.**

**49NA.** No scheme of an infrastructure debt fund, in the case of a public offer, shall be open for subscription for more than forty five days."

(iv) in regulation 49-O, in sub-regulation (1), -

(A) the words "interval period not longer than one month" shall be substituted with the words "specified transaction period of not more than forty five days";

(B) the full stop shall be substituted with the symbol ":" ;

(C) the following proviso shall be inserted, namely-

"Provided that the tenure of the scheme may be extended to two years subject to approval of two-thirds of the unitholders by value of their investment in the scheme."

(v) after regulation 49-O, a new sub-regulation shall be inserted, namely-

**"Private Placement.**

**49-OA.** (1) The units of an infrastructure debt fund scheme may be offered through private placement to less than fifty persons , subject to approval by the trustees and the board of the asset management company.

(2) The offer made under sub-regulation (1), shall be subject to the following:

- (a) A placement memorandum, in the manner as specified by the Board, shall be filed by the mutual fund with the Board at least seven days prior to the launch of the scheme; and
- (b) the mutual fund shall pay to the Board, filing fee as specified in the Second Schedule."

(vi) in regulation 49P, -

(A) in sub- regulation (1) -

(I) for the full stop, the symbol ":" shall be substituted;

(II) the following new provisos shall be inserted, namely-

" Provided that the funds received on account of re-payment of principal, whether by way of pre-payment or otherwise, with respect to the underlying assets of the scheme, shall be invested as specified in this sub-regulation:

Provided further that if the investments specified in this sub-regulation are not available, such funds may be invested in bonds of Public Financial Institutions and Infrastructure Finance Companies."

(B) in sub-regulation (5), -

(I) after the words "or project or special purpose vehicle", a full stop shall be inserted;

(II) the symbols and words ",which are rated below investment grade or unrated:" shall be omitted;

(III) the proviso shall be omitted;

(C) after sub-regulation (5), the following new sub-regulation and proviso shall be inserted, namely, -

"(5A) The overall investments by an infrastructure debt fund scheme in debt instruments or assets of infrastructure companies or projects or special purpose vehicles, which are created for the purpose of facilitating or promoting investment in infrastructure or bank loans in respect of completed and revenue generating projects of infrastructure companies or projects or special purpose vehicles, which are rated below investment grade or are unrated, shall not exceed 30% of the net assets of the scheme:

Provided that the overall investment limit may increase upto 50% of the net assets of the scheme with the prior approval of the trustees and the board of the asset management company."

(D) in sub-regulation (6), for clause (iv), the following shall be substituted, namely, -

"(iv) any asset or securities owned by the sponsor or asset management company or their associates in excess of 30% of the net assets of the scheme, provided that-

(a) such investment is in assets or securities not below investment grade;

(b) the sponsor or its associates retains atleast 30% of the assets or securities, in which investment is made by the scheme, till the assets or securities are held in the scheme portfolio; and

(c) approval for such investment is granted by the trustees and full disclosures are made to the investors regarding such investment."

(vii) in Second Schedule, in paragraph I, in item D, -

(A) after the words "Filing fees for offer documents" the words "and placement memoranda" shall be inserted;

(B) after the words "amount raised in the new fund offer" and before the symbol and words ", subject to a minimum of", the words and symbol "or by way of private placement, as the case may be" shall be inserted.

**U.K. SINHA**  
**CHAIRMAN**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**Footnote:**

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.

(z) on April 16, 2008 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2008 vide F. No. LADNRO/ GN/2008/03/123042.

(za) on May 22, 2008 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2008 vide No. LADNRO/GN/2008/09/126202.

(zb) on September 29, 2008 by the Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2008 vide No. LADNRO/ GN/2008/24/139426.

(zc) on April 8, 2009 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2009 vide No. LAD-NRO/GN/2009-10/01/159601.

(zd) on June 5, 2009 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2009 vide No. LAD- NRO/GN/2009-10/07/165404.

(ze) on July 29, 2010 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2010 vide No. LAD-NRO/GN/2010-11/13/13945.

(zf) on August 30, 2011 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011 vide No. LAD-NRO/GN/2011-12/27668.

(zg) on February 21, 2012 by the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2012 vide No. LAD-NRO/GN/2011-12/38/4290.

(zh) on 26th September, 2012 by the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012 vide No. LAD-NRO/GN/2012-13/17/21502.