



CIRCULAR

SEBI/HO/IMD/DF3/CIR/P/2020/47

March 23, 2020

All Mutual Funds (MFs)/
Asset Management Companies (AMCs)/
Trustee Companies/ Board of Trustees of Mutual Funds/
Association of Mutual Funds in India (AMFI)

Sir / Madam,

Subject: Relaxation in compliance with requirements pertaining to Mutual Funds

1. In light of the recent market events pursuant to COVID 19, a need has been felt for temporary relaxations with respect to compliance requirements for Mutual Funds. Accordingly, SEBI has decided to grant the following relaxations specified in SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder:

1.1. All schemes (NFO) where observation letter was issued by SEBI and yet to be launched shall have a validity period of one year from the date of SEBI letter. All new schemes (NFO) where final observation letter will be issued shall have validity period of one year from the date of SEBI letter.

1.2. The timelines for certain disclosures are extended, as follows:

| Sr. No. | Regulation / Circular and associated disclosure | Filing | | Timelines | |
|---------|---|-------------|--|----------------|---------------|
| | | Frequency | Due within | Due Date | Extended Date |
| 1 | Half yearly disclosures of unaudited financial results as required under Regulation 59 of SEBI (Mutual Funds) Regulations, 1996 | Half yearly | One month from the close of half year, i.e March 31, 2020. | April 30, 2020 | May 31, 2020 |



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| Sr. No. | Regulation / Circular and associated disclosure | Filing | | Timelines | |
|---------|---|-------------|--|----------------|---------------|
| | | Frequency | Due within | Due Date | Extended Date |
| 2 | Disclosure of commission paid to distributors as required under Point 2 (a) of SEBI circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016 | Half yearly | Within ten days from the half year end i.e March 31, 2020. | April 10, 2020 | May 10, 2020 |
| 3 | Yearly disclosure of investor complaints with respect to Mutual Funds as required under Point 4 (b) of SEBI circular No. Cir / IMD / DF / 2 / 2010 dated May 13, 2010 | Yearly | Within 2 months of the close of the financial year i.e March 31, 2020. | May 31, 2020 | June 30, 2020 |

2. The effective date of implementation of certain policy initiatives have been extended as under:

| Sr. No. | Circular Name | Particulars | Due Date | Extended Date |
|---------|---|---|----------------------|----------------------|
| 1. | Risk management framework for liquid and overnight funds and norms governing investment in short term deposits dated Sept. 20, 2019 | Liquid funds shall hold at least 20% of its net assets in liquid assets. | April 1, 2020 | May 1, 2020 |
| 2. | Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated October 1, 2019 | Existing open ended mutual fund schemes shall comply with the revised limits for sector exposure. | April 1, 2020 | May 1, 2020 |
| 3. | Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated October 1, 2019 | Maximum investment in unlisted NCDs as % of the debt portfolio of the scheme. | 15% - March 31, 2020 | 15% - April 30, 2020 |
| 4. | Valuation of money market and debt securities dated September 24, 2019 | Amortization based valuation shall be dispensed | April 1, 2020 | May 1, 2020 |



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| Sr. No. | Circular Name | Particulars | Due Date | Extended Date |
|---------|---------------|--|----------|---------------|
| | | with and irrespective of residual maturity, all money market and debt securities shall be valued in terms of paragraph 1.1.2.2 of the Circular | | |

- Further, in light of difficulties expressed by AMC's, the access control presently exercised in the AMC's dealing room including call recording of deals is temporarily relaxed subject to checks and balances including electronic confirmation by way of email or other system having audit trail are in place.
- This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (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,

Deena Venu Sarangadharan

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