



**THE INSTITUTE OF  
Company Secretaries of India**  
IN PURSUIT OF PROFESSIONAL EXCELLENCE  
Statutory body under an Act of Parliament

'ICSI House', 22 Institutional Area, Lodi Road, New Delhi-110003, India.  
Phone-(011) 41504444, 45341000, Fax-(011)24626727, Email - info@icsi.edu

**CS UPDATE**

**July 30, 2010**

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Disclaimer: - CS Update contains government notifications, case laws and contributions received from the members. Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.

# Forthcoming Programmes

- 38th National Convention of Company Secretaries at Kolkata on 2-3-4 September, 2010

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## 38<sup>TH</sup> NATIONAL CONVENTION OF COMPANY SECRETARIES

*Principal Sponsor*  
**MCX<sup>2</sup>SX**  
India's New Stock Exchange

*Dates*  
September 2-3-4, 2010

*Venue*  
Swissotel Kolkata,  
City Centre, New Town, Rajarhat, Kolkata

*Co-Sponsor*  
**ESSAR**

**Theme : India Inc. and Inclusive Growth**

Dear Professional Colleague,

The **38<sup>th</sup> National Convention of Company Secretaries** is being held on Thursday, Friday and Saturday, September 2-3-4, 2010 at

Swissôtel Kolkata, City Centre New Town, Action Area 2, D. Plot No. 11/5, New Town, Rajarhat, Kolkata on the theme **"India Inc. and Inclusive Growth"**.

The Indian economy, which has over the last six decades passed through various phases of growth, is now all set to enter the area of 'inclusive growth'. There is no doubt that Corporates are the engines that drive inclusive growth through the fuel societal based strategies. Almost all successful India Inc., like Tatas, Infosys etc have linked their strategy with society for inclusive growth. The Company Secretaries being more closely associated with the decision making process in the companies should now assume the role of a leader – a driving force behind formulating business strategies towards inclusive growth.

### DELEGATE FEE

	Payment By Cash, Credit Card (HQ/RC), Demand Draft or Pay Order (Rs)
Members	5000
Non-Members	5500
Company Secretary in Practice	4500
Senior Members (60 years & above)	4500

Members admitted after 31.12.2007	4500
Students	4000
Foreign	US\$100
Spouse	4000
Licentiates	4500

The detailed brochure and delegate registration form for the Convention is available at the following link:

<http://www.icsi.edu/webmodules/LinksOfWeeks/38TH%20NATIONAL%20CONVENTION%20OF%20COMPANY%20SECRETARIES.pdf>

The registration form duly completed along with a crossed cheque (at par)/ demand draft / pay order drawn in favour of *The Institute of Company Secretaries of India* payable at **New Delhi** may please be sent to The Institute of Company Secretaries of India, C-37, Sector 62, Institutional Area, Noida - 201309.

I cordially invite you to participate in this annual mega event of the Institute.

I look forward to meet you at the National Convention at the City of Palaces.

Yours sincerely,

**CS N K JAIN**  
Secretary & CEO







# ANNUAL REGIONAL CONFERENCE – 2010

**PCH-8**

THEME: "EMERGING DIMENSIONS OF THE PROFESSION"

## DAY & DATE

Friday-Saturday  
6th and 7th August 2010

## VENUE

**Hotel Surya Palace,**  
Opp. Parsi Agyari, Sayajigunj,  
Vadodra (Gujarat)  
Tel. No. : 0265-2363366;  
Fax No. 0265-2363388

*Organized By:*



**THE INSTITUTE OF  
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Statutory body under an Act of Parliament

## **WESTERN INDIA REGIONAL COUNCIL (WIRC)**

13, Jolly Maker Chambers No.2, 1st & 5th Floor, Nariman Point,  
Mumbai – 400021

Tel Nos.: 22047569 / 22047580 Cell No.: 09909925800, 9223542195  
Email: wiro@icsi.edu; sudipto.pal@icsi.edu

## **CO - HOST**

### **VADODARA CHAPTER OF THE ICSI**

Office No.1 (2nd Floor), Stop N Shop Plaza (Offtel Towers II),  
R.C. Dutt Road, Vadodra – 390007

Tel. No. (0265) 2331498; Mobile : 09825028079/09909925800.  
Email: vadodara@icsi.edu / barodachapteroficsi@yahoo.com



Dear Members,

In the last one and half year or so, lot of turbulence was witnessed all over the world, and India was no exception to it. Yet, we survived mainly because the Indian Economy is fundamentally strong and has an impetus / current which steers it to the right direction and provides proper dimension.

It has been rightly said that "Handsome is what the handsome does" and if we see this in the professional paradigm, we need to be highly goal as well as performance oriented, mingled with proper appetite to adapt to the changes that are happening around. Change is a constant catalyst in the professional environment and it is the change that provides us a unique growth opportunity. In the past few years, lot of new avenues have become available to the profession of Company Secretaries and the role and positioning of the professional Company Secretary stand redefined.

Addition of new dimension to this profession calls for concerted efforts to keep oneself contemporary with the changes. Today, the Corporate World expects much bigger role from us as a Company Secretary and with this he has been looked at as the in-house Corporate think tank instead of his erstwhile role as a mere Compliance Officer.

With a view to further strengthen and consolidate this position, the Western India Regional Council of the ICSI is organizing its two days Residential Annual Regional Conference – 2010 on the theme of "Emerging Dimensions of the Profession" on Friday-Saturday, 6th and 7th August 2010 at Hotel Surya Palace, Vadodara (Gujarat).

The Conference is going to deliberate on the following subjects of vital professional interest:

1. Mergers and Acquisitions – Technical and Tax Aspects,
2. National Company Law Tribunal – How to excel.
3. SMEs' and their Listing – What is all about.
4. MCX – Commodity markets and derivatives – Role of CS.
5. New dimensions of CS Profession – What is there inside.

We as the hosts are confident that the deliberations proposed at the Conference shall be of enormous value to the participants and would help them to contribute in a long way for their growth as well as for the growth of our Profession.

#### Faculty:

Best in the class with the perfect the blend of theory and practice.

#### Who should attend:

The Conference is tailor made for Company Secretaries, Chartered Accountants, Cost Accountants, Advocates, Company Directors, Senior Executives in the Corporate Sector and other Professionals.

Delegate fees per person:

CATEGORY	NON RESIDENTIAL RS.*	RESIDENTIAL (TRIPLE SHARING BASIS) RS.*	RESIDENTIAL (Double SHARING BASIS) RS.*
Members of ICSI / ICAI / ICWAI	Rs.2,500/-	Rs.3,250/-	Rs.3,750/-
Others	Rs.3,250/-	Rs.3,750/-	Rs.4,250/-
Licentiate Company Secretary & Students of ICSI	Rs.2,250/-	Rs.3,000/-	Rs.3,750/-
Accompanying Spouse	-	-	Rs.2,000/-
Practising Company Secretary	Rs.2,250/-	Rs.3,250/-	Rs.3,750/-

*\*Early bird Rs.250/- for Registrations received on or before 25th July 2010.*

Residential option is limited based on the rooms blocked and hence it will be on first come first served basis. Members are requested to register well in advance to avoid disappointment later. The delegate fees would cover the kitbag, course material, souvenir, lodging and boarding from 6th August morning 6.00 AM to 7th August 11.00 AM, conference dinner at a resort on the outskirts of Vadodara, etc.



## Registration:

Registration can be done either at the office of ICSI-WIRC at Mumbai or at the Vadodara Chapter office of ICSI-WIRC, Vadodara. Cheques/ Demand Drafts payable at Vadodara and Mumbai drawn on WIRC of ICSI or Vadodara Chapter of WIRC of ICSI should accompany the registration forms.

We look forward and welcome you for your enrolment and participation as a delegate to the Annual Regional Conference - 2010.

**CS Vishvesh V. Vachhrajani**  
Chairman  
ICSI-WIRC

**CS Mahavir Lunawat**  
Secretary  
ICSI-WIRC

**CS Ragini Chokshi (Ms.)**  
Chairperson, PDC  
ICSI-WIRC

**CS Neeraj Trivedi**  
Chairman  
Vadodara Chapter of ICSI-WIRC

## DELEGATE REGISTRATION

The Joint Director  
ICSI-WIRC  
13, Jolly Maker Chambers No.2  
Nariman Point, Mumbai - 400021  
Tel Nos.: 022-22047569  
Or

Vadodara Chapter of The ICSI  
Office No.1 (2nd Floor)  
Stop N Shop Plaza (Offtel Towers II)  
R.C. Dutt Road, Vadodara - 390007,  
Tel. 0265-2331498.

Dear Sir,

Please register the following person as delegate for attending Annual Regional Conference 2010 on the theme of "Emerging Dimensions of the Profession" on Friday-Saturday, 6th and 7th August 2010 at Hotel Surya Palace, Vadodara (Gujarat).

Name of the Delegate : Mr. / Ms. \_\_\_\_\_

Membership No.FCS / ACS \_\_\_\_\_ CP No. \_\_\_\_\_

Designation \_\_\_\_\_

Name of the Organization: \_\_\_\_\_

Residential/professional Address: \_\_\_\_\_

Tel. Nos. (Off.) \_\_\_\_\_ (Res.) \_\_\_\_\_ (Fax) \_\_\_\_\_

Email: \_\_\_\_\_ Cell: \_\_\_\_\_

\*Delegate fee of Rs. \_\_\_\_\_ (Residential / Non Residential) is sent herewith by Cash / Cheque / demand draft bearing No. \_\_\_\_\_ dated \_\_\_\_\_ drawn on \_\_\_\_\_ favoring "WIRC of ICSI" payable at Mumbai / Vadodara Chapter of WIRC of ICSI.

Yours faithfully,

Date:

(Sponsoring Authority / Delegate)

# UGC Updates



**CS Qualification for Appointment as Teaching Faculty in Universities and Colleges in the Area of Management / Business Administration**

University Grants Commission (UGC) has notified "UGC Regulations on Minimum Qualifications for Appointment of Teachers and Other Academic Staff in Universities and Colleges and Measures for the Maintenance of Standards in Higher Education (2010) vide File No. F.3-1/2009 dated 30th June 2010.

The Regulations prescribe the minimum qualification for appointment of teaching faculty in universities and colleges in the area of Management/Business Administration. The qualifications specified for appointment of Assistant Professor, Associate Professor and Professor in the above area and Principal/Director/Head of the Institution include **First Class Graduate** and professionally qualified **Company Secretary** among other qualifications and subject to other requirements including qualifying NET/SLET/SET as the minimum eligibility condition for recruitment and appointment of Assistant Professors.

The relevant extract of the notification is as follows:

**MINIMUM QUALIFICATIONS FOR APPOINTMENT OF TEACHING FACULTY IN UNIVERSITIES AND COLLEGES - MANAGEMENT/BUSINESS ADMINISTRATION:**

**1. Assistant Professor:**

(i) Essential:

1. First Class Masters Degree in Business Management/ Administration/in a relevant management related discipline or first class in two year full time PGDM declared equivalent by AIU/ accredited by the AICTE/UGC;

OR

2. First Class graduate and professionally qualified Chartered Accountant/Cost and Works Accountant/ **Company Secretary** of the concerned statutory bodies.

(ii) Desirable:

1. Teaching, research, industrial and/or professional experience in a reputed organization;

2. Papers presented at Conferences and/or published in refereed journals.

**2. Associate Professor:**

- (i) Consistently good academic record with at least 55% marks (or an equivalent grade in a point scale wherever grading system is followed) in Master's Degree in Business Management/Administration/in a relevant management related discipline or first class in two years full time PGDM declared equivalent by AIU/recognized by the AICTE/ UGC;

OR

First Class graduate and professionally qualified Chartered Accountant/Cost and Works Accountant/**Company Secretary** of the concerned statutory body.

- (ii) Ph.D. or Fellow of Indian Institute of Management or of an Institute recognized by AICTE and declared equivalent by the AIU.
- (iii) A minimum of eight years' experience of teaching/industry/ research/professional at managerial level excluding the period spent for obtaining the research degree.

OR

- (iv) In the event the candidate is from industry and the profession, the following requirements shall constitute as essential requirements :

1. Consistently good academic record with at least 55% marks (or an equivalent grade in a point scale wherever grading system is followed) in Master's Degree in Business Management/Administration/in a relevant management related discipline or first class in two years full time PGDM declared equivalent by AIU/recognized by AICTE/UGC,

OR

First Class graduate and professionally qualified Chartered Accountant/Cost and Works Accountant/**Company Secretary** of the concerned statutory body.

2. A minimum of ten years experience of teaching/ industry/research/ profession, out of which five years must be at the level of Assistant Professor or equivalent excluding the period spent for obtaining research degree. The candidate should have Professional work experience, which is significant and can be recognized at national / international level as equivalent to Ph.D. and ten years managerial experience in industry/profession of which at least five years should be at the level comparable to that of lecturer/assistant professor.

(v) Without prejudice to the above, the following conditions may be considered desirable:

- (a) Teaching, research, industrial and/or professional experience in a reputed organization;
- (b) Published work, such as research papers, patents filed/obtained, books and/or technical reports; and
- (c) Experience of guiding the project work/dissertation of PG/Research Students or supervising R&D projects in industry.

### 3. Professor:

- (i) Consistently good academic record with at least 55% marks (or an equivalent grade in a point scale wherever grading system is followed) in Master's Degree in Business Management/Administration/ in a relevant discipline or consistently good academic record with at least 55% marks (or an equivalent grade in a point scale wherever grading system is followed) in two year full time PGDM declared equivalent by AIU/recognized by the AICTE/UGC;

OR

First Class graduate and professionally qualified Chartered Accountant/Cost and Works Accountant/**Company Secretary** of the concerned statutory body.

- (ii) Ph. D. or Fellow of Indian Institute of Management or of an Institute recognized by AICTE and declared equivalent by the AIU.
- (iii) A minimum of ten years' experience of teaching/industry/research/ professional out of which five years must be at the level of Reader or equivalent



excluding the period spent for obtaining the research degree.

OR

(iv) In the event the candidate is from industry and the profession, the following shall constitute as essential:

1. Consistently good academic record with at least 55% marks (or an equivalent grade in a point scale wherever grading system is followed) in Master's Degree in Business Management/Administration/ in a relevant management related discipline or consistently good academic record with at least 55% marks (or an equivalent grade in a point scale wherever grading system is followed) in two years full time PGDM declared equivalent by AIU/recognized by the AICTE/UGC.

OR

First Class graduate and professionally qualified Chartered Accountant Cost and Works Accountant/**Company Secretary** of the concerned statutory body.

2. The candidate should have professional work experience which is significant and can be recognized at national/International level as equivalent to Ph. D. and twelve years' managerial experience in industry/profession of which at least eight years should be at least at a level comparable to that of Reader/Assistant Professor.

(v) Without prejudice to the above, the following conditions may be considered desirable:

- (i) Teaching, research, and/or professional experience in a reputed organization;
- (ii) Published work, such as research papers, patents filed/obtained, books and/or technical reports;
- (iii) Experience of guiding the project work/dissertation of PG/research students or supervising R&D projects in industry;

- (iv) Demonstrated leadership in planning and organizing academic, research, industrial and/or professional activities; and
- (v) Capacity to undertake/lead sponsored R&D consultancy and related activities.

#### **4. Principal/Director/Head of Institution**

- (i) Qualification same as those prescribed for the post of professor in the relevant discipline with a minimum of fifteen years' experience of postgraduate teaching/industry/research.

OR

- (ii) For candidates from Industry/Profession:

Qualification same as those prescribed for the post of Professor from industry/profession stream with fifteen years' experience of postgraduate teaching/research out of which five years must be at the level of Professor in the relevant discipline.

- (iii) Without prejudice to the above, the following conditions may be considered desirable:

1. Administrative experience in senior level responsible position in the Industry/Professional Institution.

For full text of the notification please visit the url:

[http://www.ugc.ac.in/policy/revised\\_finalugcregulationfinal10.pdf](http://www.ugc.ac.in/policy/revised_finalugcregulationfinal10.pdf)

# SEBI Updates



**“Views solicited on Report of the Takeover Regulations  
Advisory Committee”**

SEBI has placed on its website Report of the Takeover Regulations Advisory Committee

We seek your views/suggestions on the same and would appreciate to receive the same in the format given below on [sonia.baijal@icsi.edu](mailto:sonia.baijal@icsi.edu) by August 20, 2010 for sending to SEBI.

Sl. No.	Draft Provision / Recommendation of the Committee	Comment	Rationale
1.	Insert reference to the draft provision / paragraph in the Committee's Report	Provide your comment here	Specify your reasons / rationale for the comment

**NOTE:** The [report of the Committee](#) .

## **Portfolio Managers – Proposal on Regulation of Fees and Charges**

**July 26, 2010**

### **CONSULTATIVE PAPER**

#### **Portfolio Managers – Proposal on Regulation of Fees and Charges**

##### **A. Background**

1. Portfolio Managers are registered and regulated under the SEBI (Portfolio Managers) Regulations 1993.
2. As per the aforesaid regulations, the *inter se* relationship between the portfolio manager and client, mutual rights, liabilities and obligations relating to management of funds or portfolio of securities are specified in the agreement signed between the portfolio manager and the client. The contents of the portfolio manager-client agreement are laid out in Regulation 14 to be read with Schedule IV of the SEBI (Portfolio Manager) Regulations 1993.
3. SEBI has been receiving complaints from clients relating to fees and charges being levied by portfolio managers. Upon scrutiny of the complaints, it has come to the notice of SEBI that the clauses relating to fees and charges in the portfolio manager-client agreement do not always clearly reflect the fees and charges payable by the client and the manner of computation of the same.

##### **B. Proposal**

4. In order to bring about greater uniformity, clarity and transparency with regard to fees and charges, it is proposed to advise portfolio managers to take the following measures in respect of all client agreements:

##### **Fees and Charges**

- a) Profit sharing / performance related fees are usually charged by portfolio managers upon exceeding a hurdle rate as specified in the agreement. It is proposed to be advised that, henceforth, profit

sharing / performance related fees shall be charged on the basis of high water mark principle over the life of the investment.

**High Water Mark Principle:** The high water mark principle means that if the portfolio value goes down and then recovers, the manager does not earn fees till all losses have been made up. High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly. The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

*Illustration:* Consider that frequency of charging of performance fees is annual. A client's initial contribution is Rs.10,00,000, which then rises to Rs.12,00,000 in its first year, a performance fee/ profit sharing would be payable on the Rs.2,00,000 return. In the next year the portfolio value dropped to Rs.11,00,000, hence no performance fee would be payable. If in the third year the Portfolio rises to Rs.13,00,000, a performance fee/profit sharing would be payable only on the Rs1,00,000 profit which is portfolio value in excess of the previously achieved high water mark of Rs.12,00,000, rather than on the full return during that year from Rs.11,00,000 to Rs.13,00,000.

b) All fees and charges shall be charged on the actual amount of clients' funds under management.

c) In the event of partial withdrawal of funds by investors, all fees and charges shall be proportionately charged based on the time after which withdrawal is made and the value of funds withdrawn, and the high watermark shall be accordingly adjusted.

### **Maximum Liability**

d) Regulation 14(1)(b)(xiii) of the SEBI (Portfolio Managers) Regulations, 1993 provides that the agreement between the portfolio manager and the client shall, *alia*, contain, in case of a discretionary portfolio manager, a condition that the liability of a client shall not exceed his investment with the portfolio manager.

e) Portfolio managers shall strictly comply with the aforesaid Regulation.



### **Disclosure of fees and charges**

f) To ensure transparency and adequate disclosure regarding fees and charges, the client agreement shall contain a separate Annexure which shall list all fees and charges payable to the portfolio manager. The Annexure shall contain details of levy of all applicable charges on a sample portfolio of Rs.10 lacs over a period of one year. The fees and charges shall be shown for 3 scenarios viz. when the portfolio value increases by 10%, decreases by 10% or remains unchanged. An illustration of the same is enclosed as Annexure-1

g) All text and figures in the Annexure on fees and charges shall be in size 12 font.

h) The client shall be required to separately sign the Annexure on fees and charges and add in his own handwriting that he has understood the charge structure.

### **Disputes**

i) Regulation 14(1) read with clause 18 of Schedule IV of the SEBI (Portfolio Managers) Regulations, 1993 provides for settlement of grievances/disputes and provision for arbitration in the portfolio manager – client agreement.

j) In case of any dispute regarding fees and charges, the same shall be referred to arbitration for settlement as per the terms of the agreement, under the Arbitration and Conciliation Act, 1996.

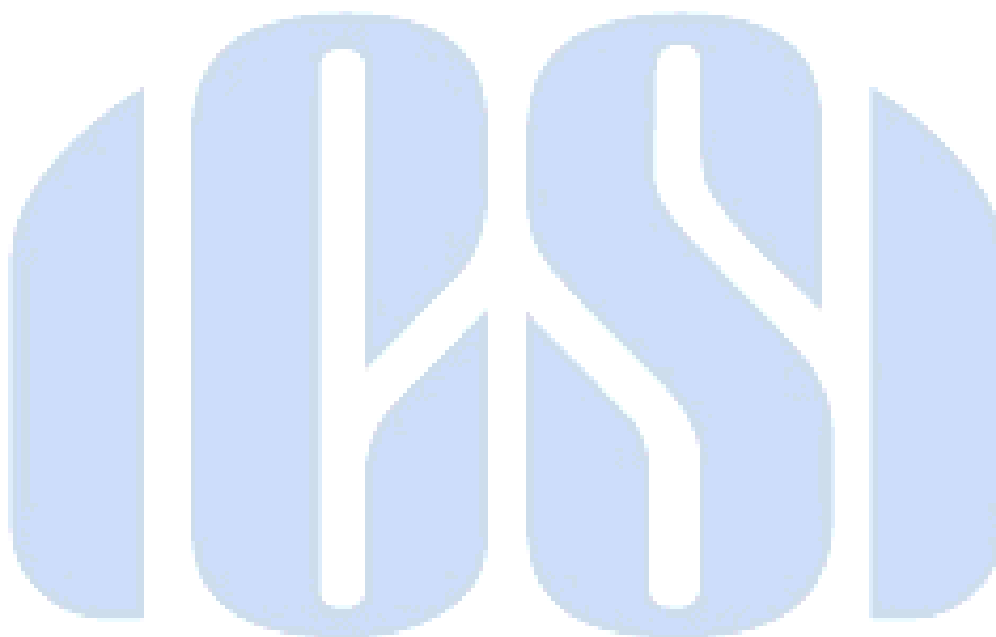
5. While these measures are proposed to be made applicable for all fresh client agreements with effect from the date of issue of proposed circular, for existing clients, it is proposed that revised client agreements incorporating these terms may be implemented by 01 October 2010.

### **C. Public Comments**

6. Comments are invited from the public on the above proposal. The comments may be sent up to August 09, 2010 by e-mail at [manisht@sebi.gov.in](mailto:manisht@sebi.gov.in). A hard copy may also be sent at the address given below with the subject line indicating "Comments on proposed policy for Portfolio Managers –Regulation of Fees and Charges" so as to reach the SEBI office latest by August 09, 2010:

The Deputy General Manager  
Division of Funds- 1  
Investment Management Department  
Securities and Exchange Board of India  
SEBI Bhavan, Plot No: C – 4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400 051

**NOTE:** For more details log on to: [www.sebi.gov.in](http://www.sebi.gov.in)



**Additional mode of payment through Applications Supported by Blocked Amount (hereinafter referred to as "ASBA") in Mutual Funds**

**CIRCULAR**

Cir / IMD / DF / 6 / 2010

July 28, 2010

**All Mutual Funds, Asset Management Companies (AMCs)**

Sir/Madam,

**Sub: Additional mode of payment through Applications Supported by Blocked Amount (hereinafter referred to as "ASBA") in Mutual Funds**

1. Please refer to circular SEBI / IMD / Cir / No 18 / 198647 / 2010 dated March 15, 2010 regarding additional mode of payments through ASBA in Mutual Funds. The circular indicated that the Mutual Funds/AMCs have to compulsorily provide ASBA facility to the investors for all NFOs launched on or after July 01, 2010.
2. In partial modification of the above circular, it has been decided that Mutual Funds / AMCs shall provide ASBA facility to investors for all NFOs launched on or after October 1, 2010.
3. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (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,

**Asha Shetty**  
**Deputy General Manager**  
Tel no. 022-26449258  
Email-ashas@sebi.gov.in



**Mandatory requirement of Permanent Account Number  
(PAN)**

**CIRCULAR**

CIR/MRD/DP/ 22 /2010

July 29, 2010

To,

The Depositories

Dear Sir/Madam,

**Sub: Mandatory requirement of Permanent Account Number  
(PAN)**

1. Please refer to SEBI circular No.MRD/DoP/Cir-05/2007 dated April 27, 2007 making PAN mandatory for all transactions in the securities market.

2. As you are aware, the demat accounts for which PAN details have not been verified are "suspended for debit" until the same is verified with the Depository Participant (DP). However, it has come to our notice that despite follow up, investors are not furnishing the PAN details.

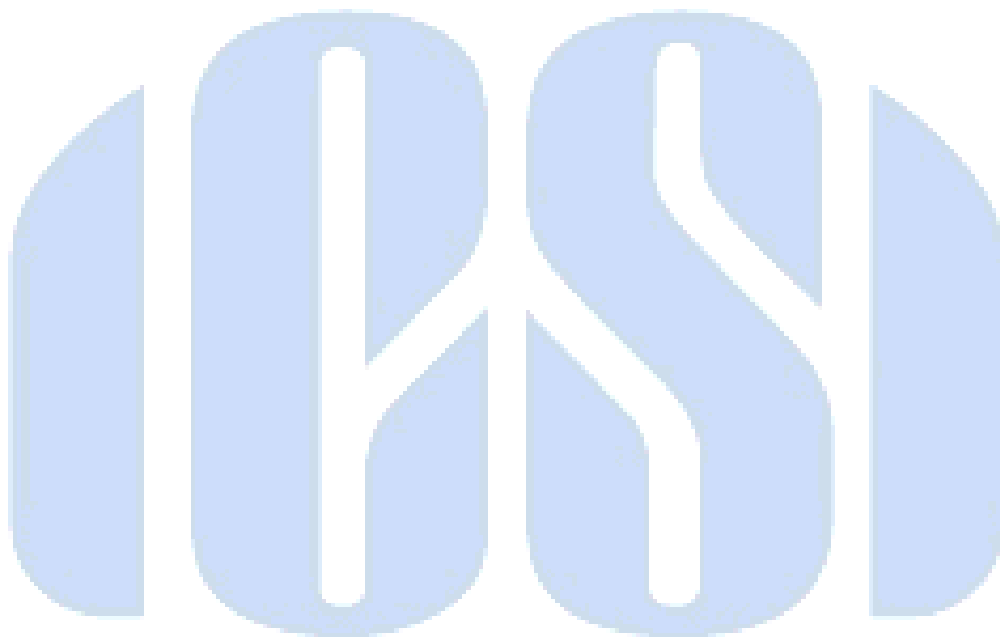
3. In order to ensure better compliance with the Know Your Client (KYC) norms it has been decided that with effect from August 16, 2010 such PAN non-compliant demat accounts shall also be "suspended for credit" other than the credits arising out of automatic corporate actions. It is clarified that other credits including credits from IPO/FPO/Rights issue, off-market transactions or any secondary market transactions shall not be allowed into such accounts.

4. The Depositories are advised to:-

- a) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;
- b) bring the provisions of this circular to the notice of their DPs and advising them to also communicate the same to all the Beneficial Owners (BOs); and
- c) disseminate the same on the website.

5. This circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market.

**Harini Balaji**  
**Deputy General Manager**  
**022-26449372**  
email: [harinib@sebi.gov.in](mailto:harinib@sebi.gov.in)



**THE GAZETTE OF INDIA  
EXTRAORDINARY  
PART –III– SECTION 4  
PUBLISHED BY AUTHORITY  
NEW DELHI, JULY 29, 2010  
SECURITIES AND EXCHANGE BOARD OF INDIA  
NOTIFICATION  
Mumbai, the 29th July, 2010**

**SECURITIES AND EXCHANGE BOARD OF INDIA  
(MUTUAL FUNDS) (AMENDMENT) REGULATIONS, 2010**

**No. LAD-NRO/GN/2010-11/13/13945.** – 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, 2010.

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 34, for the figure and word "45 days" the words "fifteen days" shall be substituted;

(ii) in regulation 35, -

(a) in sub-regulation (3), for the words "six weeks", the words "five working days" shall be substituted;

(b) in sub-regulation (4), for the words "six weeks", the words "five working days" shall be substituted.

(iii) in regulation 36, -

(a) in sub-regulation (1), for the words "thirty days", the words "five working days" shall be substituted;

(b) in the proviso to sub-regulation (1), for the words "thirty days", the words "five working days" shall be substituted;

(c) in sub-regulation (2), for the words "thirty days", the words "five working days" shall be substituted.

(iv) in regulation 52, -

(a) sub-regulation (3) shall be omitted;

(b) for sub-regulation (6), the following sub-regulation shall be substituted, namely: -

"(6) The total expenses of the scheme excluding issue or redemption expenses, whether initially borne by the mutual fund or by the asset management company, but including the investment management and advisory fee shall be subject to the following limits:—

(a) in case of a fund of funds scheme, the total expenses of the scheme including the management fees shall be either: -

(i) not exceeding 0.75% of the daily or weekly average net assets, depending upon whether the NAV of the scheme is calculated on daily or weekly basis; or

(ii) it may consist of -

(A) management fees for the scheme not exceeding 0.75% of the daily or weekly average net assets depending upon whether the NAV of the scheme is calculated on daily or weekly basis;

(B) other expenses relating to administration of the scheme; and

(C) charges levied by the underlying schemes:

Provided that the sum total of (A), (B) and the weighted average of the total expense ratio of the underlying schemes shall not exceed 2.50% of the daily or weekly average net assets (depending upon whether the NAV of the scheme is calculated on daily or weekly basis) of the scheme.

(b) in case of an index fund scheme or exchange traded fund, the total expenses of the scheme including the investment and advisory fees shall not exceed one and one half percent (1.5%) of the weekly average net assets;

(c) in case of any other scheme-

(i) on the first Rs.100 crores of the daily or average weekly net assets 2.5%;

(ii) on the next Rs.300 crores of the daily or average weekly net assets 2.25%;

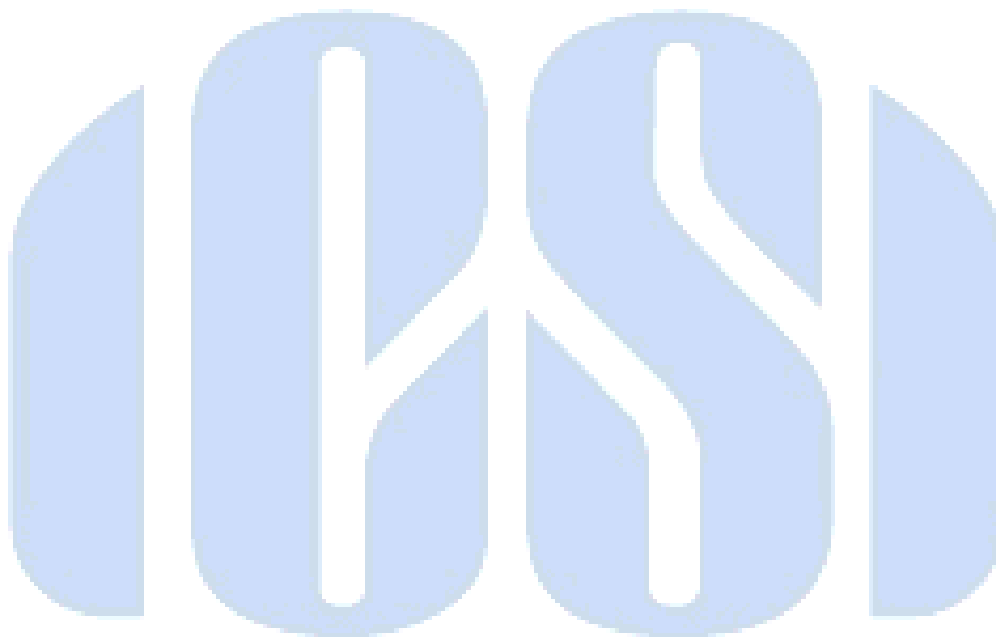
(iii) on the next Rs.300 crores of the daily or average weekly net assets 2.0%;

(iv) on the balance of the assets 1.75%:

Provided that in respect of a scheme investing in bonds such recurring expenses shall be lesser by at least 0.25% of the daily or weekly average net assets outstanding in each financial year."

(v) in the Tenth Schedule, clause (e) shall be omitted.

**C. B. BHAVE**  
**CHAIRMAN**





**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.

(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.