



CIRCULAR

CIR/IMD/DF/10/2014

May 22, 2014

**All Mutual Funds/Asset Management Companies (AMCs)/
Trustee Companies/Boards of Trustees of Mutual Funds**

Sir/ Madam,

Subject: Circular on Mutual Funds

A. Cash investments in Mutual Funds

1. SEBI, vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, had permitted cash transaction in mutual funds to the extent of ₹20,000/- per investor, per mutual fund, per financial year.
2. In partial modification to para I (1) of the aforesaid circular, it has been decided to increase the limit of cash transactions in mutual funds from the existing limit of ₹20,000/- per investor, per mutual fund, per financial year to ₹50,000/- per investor, per mutual fund, per financial year, subject to (i) compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under, the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines and (ii) sufficient systems and procedures in place.

B. Investment/Trading in Securities by Employees of Asset Management Companies and Trustees of Mutual Funds

1. Please refer to SEBI circular dated May 08, 2001 and circular dated July 11, 2003, on guidelines for Investment/Trading in Securities by Employees of Asset Management Companies (AMCs) and Trustees of Mutual Funds.
2. Considering that since the issuance of aforesaid guidelines, liquid schemes have emerged as a distinct category of Mutual Fund scheme having features similar to that offered by Money Market Mutual Fund (MMMMF) schemes, thus, in partial modification to aforesaid circulars, it has been decided that -



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Securities and Exchange Board of India

- a. In point 1.1 (iii) of the guidelines for Investment/Trading in Securities by Employees of Asset Management Companies (AMCs) and Trustees of Mutual Funds, along-with MMMF schemes, Liquid schemes shall be added in list of securities to which the aforesaid guidelines do not apply.
- b. In point 3 of the aforementioned guidelines, along-with MMMF schemes, transaction in Liquid schemes shall be exempted from being reported by employees to compliance officer within 7 calendar days from the date of transaction.
- c. In Point 3.2 of the aforesaid guidelines, which mentions various situations wherein employees of AMC & Trustees of Mutual Funds shall not purchase or sell units of any schemes, term 'liquid scheme' shall be included along-side MMMF schemes.

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 the provision 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,

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