



## SEBI CIRCULAR ON GO GREEN INITIATIVE IN MUTUAL FUNDS

A. A copy of the Gazette Notification No. SEBI/LAD-NRO/GN/2018/14 dated May 30, 2018 on Amendments to SEBI (Mutual Funds) Regulations, 1996 is available at [https://www.sebi.gov.in/sebi\\_data/attachdocs/jun-2018/1528106867273.pdf](https://www.sebi.gov.in/sebi_data/attachdocs/jun-2018/1528106867273.pdf) for implementation.

### B. Go Green initiative in Mutual Funds

In order to bring cost effectiveness in disclosing and providing information to unitholders and as a green initiative measure, the following shall be adhered:

#### 1. Disclosure of Net Asset Value (NAV) and sale / repurchase prices:

- a. Mutual Funds/AMCs shall prominently disclose the NAVs of all schemes under a separate head on their respective website and on the website of Association of Mutual Funds in India (AMFI). Further, Mutual Funds/ AMCs shall extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.
- b. In partial modification to SEBI Circular No. MFD/CIR No.11/171/01 dated February 09, 2001; all references to the term "and sale/repurchase prices" stands deleted.
- c. Pursuant to the amendment to Regulation 48 (2) of SEBI (Mutual Funds) Regulations, 1996; paragraph 3 regarding publication of NAVs in newspapers, of SEBI Circular No. SEBI/IMD/CIRNo.5/96576/2007 dated June 25, 2007 stands deleted.
- d. Pursuant to amendment to Regulation 49(2) of SEBI (Mutual Funds) Regulations, 1996 regarding providing the methodology of calculating the sale and repurchase price of units, Mutual Funds/ AMCs shall explain the methodology with the help of a simple numerical example at all relevant places such as on their respective website, AMFI website and Scheme Information Documents, etc.

#### 2. Providing Annual Report or Abridged Summary:

In light of the amendment to Regulation 56 (1) of SEBI (Mutual Funds) Regulations, 1996; paragraph 2 (ii) of SEBI Circular No. Cir/ IMD/DF/16/2011 dated September 08, 2011 regarding mailing of scheme wise annual report or abridged summary thereof shall now read as follows:

For providing annual report or abridged summary thereof, the following shall be adhered:

- a. The scheme wise annual report shall be hosted on the website of the Mutual Funds/AMCs and on the website of AMFI. The Mutual Funds/ AMCs shall display the link prominently on their websites and make the physical copies available to the unit-holders, at their registered offices at all times.
- b. Mutual Funds/ AMCs shall e-mail the scheme annual reports or abridged summary thereof to those unit-holders, whose email addresses are registered with the Mutual Fund.
- c. In case of unitholders whose email addresses are not registered with the Mutual Fund, the Mutual Funds / AMCs shall undertake an exercise of communicating to the unitholders, through a letter enclosing self-addressed envelope enabling unitholders

to 'opt-in' within 30 days, to continue receiving a physical copy of the scheme-wise annual report or abridged summary thereof.

- d. To ensure that unitholders get sufficient opportunity to communicate their preference of 'opt-in' or 'opt-out' with respect to receiving the annual report or abridged summary thereof in physical copy, Mutual Funds / AMCs shall conduct one more round of similar exercise for those unitholders who have not responded to the 'opt-in' communication as stated at paragraph c above, after a period of not less than 30 days from the date of issuance of the first communication. Further, a period of 15 days from the date of issuances of the second communication may be given to unit holders to exercise their option of 'opt-in' or 'opt-out'.
  - e. Mutual Funds / AMCs shall publish an advertisement every year disclosing the hosting of the scheme wise annual report on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter), etc. through which unitholders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.
  - f. Mutual Funds / AMCs shall provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unit-holder.
  - g. The 'opt-in' facility to receive physical copy of the scheme-wise annual report or abridged summary thereof shall be provided in the application form for new subscribers.
3. Portfolio Disclosures:

Pursuant to amendment to Regulation 59(A) of SEBI (Mutual Funds) Regulations, 1996; the reference of "Monthly" is deleted from the title of paragraph H of SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 and paragraph H (1) of the aforementioned circular will be replaced with the following:

- (a) Mutual Funds / AMCs shall disclose portfolio (along with ISIN) as on the last day of the month / half-year for all their schemes on their respective website and on the website of AMFI within 10 days from the close of each month / half-year respectively in a user-friendly and downloadable spreadsheet format.
  - (b) In case of unitholders whose e-mail addresses are registered, the Mutual Funds / AMCs shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month / half-year respectively.
  - (c) Mutual Funds / AMCs shall publish an advertisement every half-year disclosing the hosting of the half-yearly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.
  - (d) Mutual Funds/ AMCs shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.
4. Mutual Funds/ AMCs shall make continuous efforts to update email ID and mobile number of all unitholders. The said contact details shall be used for sending e-mails and SMS as envisaged in the circular.

**C. Applicability of the Circular:**

- i.** All provisions in the circular except paragraph B (2)(d) shall be complied within a period of 30 days from the date of issuance of this circular.

**D.** 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.

***Team ICSI***

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