



CIRCULAR

CIR/IMD/DF/11/2015

December 31, 2015

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

Sir/ Madam,

Subject: Investment by Gold ETFs in Gold Monetisation Scheme of Banks

1. Please refer to SEBI circular dated February 15, 2013 read with circular dated October 18, 2013 on investment by Gold ETFs in Gold Deposit Scheme of Banks.
2. As per RBI notification dated October 22, 2015, the Gold Monetisation Scheme, 2015 (GMS) will replace the Gold Deposit Scheme, 1999 (GDS). However, the deposits outstanding under the GDS will be allowed to run till maturity unless these are withdrawn by the depositors prematurely.
3. Considering the above, in partial modification to point 2 of SEBI circular dated February 15, 2013 read with circular dated October 18, 2013, it has been decided that GMS will also be designated as a gold related instrument, in line with GDS of Banks. Investment in GMS by Gold ETFs of Mutual Funds will be subject to following conditions:
 - a. The cumulative investment by Gold ETF in GDS and GMS will not exceed 20% of total AUM of such schemes.
 - b. All other conditions applicable to investments in GDS of banks will also be applicable to investments by Gold ETFs in GMS.
4. Existing investments by Gold ETFs of Mutual Funds under the GDS will be allowed to run till maturity unless these are withdrawn prematurely.

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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