



CIRCULAR

SEBI/HO/IMD/DF4/CIR/P/2020/0000000151

August 10, 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,

Sub: Resources for Trustees of Mutual Funds

1. Regulation 18 (25) (B) (i) of SEBI (Mutual Funds) Regulations, 1996 states that the Trustees shall obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
2. Further, SEBI vide Circular No. MFD/CIR/09/014/2000 dated January 05, 2000 has dealt with the issue of providing administrative support including appointment of independent auditors for the Trustees to effectively discharge various responsibilities as cast upon them in the SEBI (Mutual Funds) Regulations, 1996.
3. However, SEBI, in its interactions with the Trustees had received feedback for providing administrative assistance to Trustees in monitoring various activities of the AMCs.
4. In view of the above, in addition to the above mentioned provisions, it has been decided that –
 - 4.1. Trustees shall appoint a dedicated officer having professional qualification and minimum 5 years of experience in finance and financial services related field.



- 4.1.1. The officer so appointed, shall be employee of the Trustees and directly report to the Trustees.
- 4.1.2. The scope of work for the said officer shall be specified by Trustees from time to time to support the role and responsibilities of the Trustees. The officer shall accordingly assist the Trustees and discharge the activities assigned to him.
- 4.1.3. The said officer shall be treated as access person in terms of SEBI Circular No. MFD/CIR No.4/216/2001 dated May 08, 2001.
- 4.2. Further, Trustees shall have standing arrangements with independent firms for special purpose audit and/or to seek legal advice in case of any requirement as identified and whenever considered necessary.
- 4.3. The expenditure incurred for the above shall be charged under the clause 52(b)(iv) "fees and expenses of trustees" of SEBI (Mutual Funds) Regulations, 1996.
5. Notwithstanding the above, the Trustees shall however continue to be liable for discharge of various fiduciary responsibilities as cast upon them in the SEBI (Mutual Funds) Regulations, 1996.
6. The circular shall be applicable with effect from October 01, 2020.
7. 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,

Lamber Singh
Deputy General Manager
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