



CIRCULAR

SEBI/HO/IMD/DF3/CIR/P/2020/228

November 06, 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,

Subject: Introduction of “Flexi Cap Fund” as a new category under Equity Schemes

1. SEBI vide circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017, has issued guidelines regarding categorization and rationalization of Mutual Fund Schemes.
2. In order to give more flexibility to the mutual funds and taking into account the recommendations of Mutual Fund Advisory Committee (MFAC), a new category named “Flexi Cap Fund” under Equity Schemes will be available with the following scheme characteristics.

Category of Scheme	Scheme Characteristics	Type of scheme (uniform description of scheme)
Flexi Cap Fund	Minimum investment in equity & equity related instruments - 65% of total assets	An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks

3. The AMC shall ensure that a suitable benchmark is adopted for the Flexi Cap Fund.



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Securities and Exchange Board of India

4. For easy identification by investors and in order to bring uniformity in names of schemes for a particular category across Mutual Funds, the scheme name shall be the same as the scheme category.
5. Mutual Funds have the option to convert an existing scheme into a Flexi Cap Fund subject to compliance with the requirement for change in fundamental attributes of the scheme in terms of Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996.
6. Scheme under the aforesaid mentioned new category can be launched with effect from the date of this circular.
7. 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 Regulation 77 of the Securities and Exchange Board of India (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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