CIRCULAR

Cir / IMD / DF / 15/ 2010 October 22, 2010

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

Dear Sir/Madam,

Sub: Consolidation or Merger of Schemes

Please refer to SEBI Circular No. SEBI/MFD/CIR No. 05 /12031/03 dated June 23, 2003 regarding consolidation or merger of schemes which mandates that the consolidations shall be viewed as changes in fundamental attributes of the related schemes and the mutual funds shall comply with the requirements laid down in the SEBI (Mutual Funds) Regulations, 1996, for the purpose.

In order to facilitate merger of schemes, it has been decided that merger or consolidation shall not be seen as change in fundamental attribute of the surviving scheme if the following conditions are met:

1. Fundamental attributes of the surviving scheme as per SEBI Circular No-IIMARP/MF/CIR/01/294/98 dated February 4, 1998 do not change. For the purpose of this circular the surviving scheme means the scheme which remains in existence after the merger.
2. Mutual Funds are able to demonstrate that the circumstances merit merger or consolidation of schemes and the interest of the unitholders of surviving scheme is not adversely affected.

After approval by the Boards of AMCs and Trustees, the mutual funds shall file such proposal with SEBI. SEBI would communicate its observations on the proposal within the time period prescribed under Regulation 29(3) of SEBI (Mutual Funds) Regulations, 1996. The letter to unitholders shall be issued only after the final observations communicated by SEBI have been incorporated and final copies of the same have been filed with SEBI.

SEBI circular No. SEBI/MFD/CIR No. 05 /12031/03 dated June 23, 2003 stands modified to the aforesaid extent.

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,

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