CIRCULAR

Cir/ IMD/ DF/20/2010 December 06, 2010

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

Dear Sir/Madam,

Sub: Half yearly report by Trustees

1. Gold Exchange Traded mutual fund schemes (Gold ETFs) can invest in gold as per circular SEBI/IMD/CIR No. 4/58422/06 dated January 24, 2006.
2. It has been decided that physical verification of gold underlying the Gold ETF units shall be carried out by statutory auditors of mutual fund schemes and reported to trustees on half yearly basis.
3. The confirmation on physical verification of gold as above shall also form part of half yearly report by trustees to SEBI. Accordingly, the following is added to Annexure II of the circular MFD/CIR/09/014/2000 dated January 5, 2000:
   a. 'Whether the assets of Gold ETF are invested in gold as per the asset allocation mentioned in the Scheme Information document ?, and
   b. Whether physical verification of gold was conducted by statutory auditor?'
4. This shall come into effect from the half yearly report ending April 2011 by trustees to SEBI.
5. The said circular stands modified to this extent. All other conditions in the said circular remain unchanged.
6. 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 provisions of regulation 77 of SEBI (Mutual Funds) Regulations, 1996 to protect the interests of the investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

ASHA SHETTY
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