



CIRCULAR

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June 20, 2014

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

Sir/Madam,

Sub: Minimum Assets under Management (AUM) of Debt Oriented Schemes

1. It has been observed that many debt oriented schemes are operating with a very low AUM. In the interest of investors, it is important that debt oriented schemes have an adequate corpus to ensure adherence to the investment objectives as stated in Scheme Information Document and compliance with investment restrictions specified under SEBI (Mutual Funds) Regulations, 1996.
2. In this regard, it has been decided that:
 - a) The minimum subscription amount of debt oriented and balanced schemes at the time of new fund offer shall be at least ₹20 crore and that of other schemes shall be at least ₹10 crore.
 - b) An average AUM of ₹20 crore on half yearly rolling basis shall be maintained for open ended debt oriented schemes.
 - c) The existing open ended debt oriented schemes shall comply with point (b) stated above within one year from the date of issue of this circular.
 - d) In case of breach of points (b) and (c) above, the AMC shall scale up the AUM of such scheme within a period of six months so as to comply with point (b) stated above, failing which the provisions of Regulation 39 (2) (c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable.
 - e) The confirmation on compliance of the above shall be reported to SEBI in the Half Yearly Trustee Reports.
3. 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



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Securities and Exchange Board of India

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,

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