NATIONAL INSTITUTE OF SECURITIES MARKETS
An Educational initiative by SEBI

NISM-SERIES-V-A: MUTUAL FUND DISTRIBUTORS CERTIFICATION EXAMINATION

CORRIGENDUM

Dated: 26 September, 2012

For workbook Version: July, 2011

Please refer to this corrigendum for examinations on or after November 5, 2012

Chapter 1 : Concept and Role of a Mutual Fund

1) In section 1.1.5 (Advantages of Mutual Funds for Investors), under the heading 'Tax benefits', second para should read as:

   Dividends received from mutual fund schemes are tax-free in the hands of the investors. **However, dividends from certain categories of schemes are subject to dividend distribution tax, which is paid by the scheme before the dividend is distributed to the investor. Long term capital gains arising out of sale of debt and liquid funds are subject to long term capital gains tax, which may be taxed at a different (and often lower) rate of tax.** Taxation is discussed in detail in Chapter 6.

2) In section 1.1.5 (Advantages of Mutual Funds for Investors), under the heading 'Convenient Options', the following line has been appended :

   There is also great transaction conveniences like the ability of withdraw only part of the money from the investment account, ability to invest additional amounts to the account, setting up systematic transactions, etc.

3) In section 1.1.5 (Advantages of Mutual Funds for Investors), under the heading 'Systematic Approach to Investments', the following line has been appended :

   SWPs allow the investor to structure a regular cash flow from the investment account.

4) In section 1.2.1 (Open-Ended Funds, Close-Ended Funds and Interval Funds), the following line has been added after the first para on 'Open end Funds':

   Note: SEBI has abolished entry load since 1st August 2009 from all mutual fund schemes. Prior to that date, the purchase transactions were happening at a price linked to the NAV.

5) In section 1.2.1 (Open-Ended Funds, Close-Ended Funds and Interval Funds), the following line has been appended to the first para on 'Interval Funds':

   However, between these intervals, the Units have to be compulsorily listed on stock exchanges to allow investors an exit route.

6) In section 1.2.3 (Debt, Equity and Hybrid Funds), the last para should read as:

   Hybrid funds have an investment charter that provides for investment in both debt and equity. **Of late, there have been funds that also invest in Gold along with either debt or equity or both**.

7) In section 1.2.5 (Types of Equity Funds), the para on 'Equity Linked Savings Schemes' should read as:

   Equity Linked Savings Schemes (ELSS), as seen earlier, offer tax benefits to investors. **However, the investment is subject to lock-in for a period of 3 years**.

8) The following line has been appended at the end of section 1.2.5 (Types of Equity Funds):

   Although these schemes invest in equity markets, the expected returns are in line with liquid funds

9) In section 1.2.7 (Types of Hybrid Funds), the following has been added after the second para:

   Another very popular category among the hybrid funds is the Balanced Fund category. These schemes were historically launched for the purpose of giving an investor exposure to both equity and debt simultaneously in one portfolio. The objective of these schemes was to provide growth and stability (or regular income), where equity had the potential to meet the former objective and debt the latter. The balanced funds can have fixed or flexible allocation between equity and debt. One can get the information about the allocation and investment style from the Scheme Information Document.

   Now that mutual funds are also allowed to invest in Gold, there have been launches of hybrid schemes that also invest in gold.

10) In section 1.2.7 (Types of Hybrid Funds), the following has been added after the last para:

   Some of these funds are also launched as Asset Allocation Funds. These schemes are not different from those under the Hybrid category. One should go through the Scheme Information Document to understand the unique characteristics of the individual scheme.

11) In section 1.2.10 (International Funds), at the end of the lat para, the following line has been added:

At the same time, appreciation in the respective currency will boost the portfolio performance.

12) In section 1.3 (Key developments over the year), the table has been updated as:

AUM of the industry, as of **March 31, 2012** has touched **Rs 587,217** from **1309** schemes offered by **44** mutual funds. These were distributed as follows:

(Source: www.amfiindia.com)

	Open End	Closed End	Interval Fund	TOTAL	% to Total
Income	147,772	135,099	7,973	290,844	50
Equity	158,403	29	-	158,432	87
Balance	16,250	11	-	16,261	3
Liquid/ Money Market	80,354	-	-	80,354	14
Gilt	3,659	-	-	3,659	<1%
ELSS – Equity	21,149	2,495	-	23,644	4
Gold ETF	9,886	-	-	9,886	2
Other ETFs	1,607	-	-	1,607	<1%
Fund of funds investing overseas	2,530	-	-	2,530	<1%
Total	441,610	137,634	7,973	587,217	100

13) The first question at the end of Chapter 1 has been revised as:

1. Units of ____________________ must be listed on the stock exchange

   a. Sector funds

   b. Arbitrage funds

   c. **Close ended funds**

   d. Liquid funds

Chapter 3: Legal and Regulatory Environment

1) The following sections have been added:

3.1.6 Guidelines on Circulation of Unauthenticated News

SEBI has recently issued guidelines to all market intermediaries relating to circulation of unauthenticated news through various modes of communication. Following are the guidelines stipulated by SEBI:

- Proper internal code of conduct and controls should be put in place by market intermediaries registered with SEBI. Employees/temporary staff/voluntary workers etc. employed/working in the Offices of market intermediaries do not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other sources without verification.
- Access to Blogs/Chat forums/Messenger sites etc. should either be restricted under supervision or access should not be allowed.
- Logs for any usage of such Blogs/Chat forums/Messenger sites (called by any nomenclature) shall be treated as records and the same should be maintained as specified by the respective Regulations which govern the concerned intermediary.
- Employees should be directed that any market related news received by them either in their official mail/personal mail/blog or in any other manner, should be forwarded only after the same has been seen and approved by the concerned Intermediary's Compliance Officer. If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for action. The Compliance Officer shall also be held liable for breach of duty in this regard.

3.1.7. Due Diligence Process by AMCs for Distributors of Mutual Funds

SEBI has recently mandated AMCs to put in place a due diligence process to regulate distributors who qualify any one of the following criteria:

a. Multiple point presence (More than 20 locations)

b. AUM raised over Rs.100 Crore across industry in the non institutional category but including high networth individuals (HNIs)

c. Commission received of over Rs. 1 Crore p.a. across industry

d. Commission received of over Rs. 50 Lakh from a single Mutual Fund

At the time of empanelling distributors and during the period i.e. review process, Mutual Funds/AMCs shall undertake a due diligence process to satisfy 'fit and proper' criteria that incorporate, amongst others, the following factors:

a. Business model, experience and proficiency in the business.

b. Record of regulatory / statutory levies, fines and penalties, legal suits, customer compensations made; causes for these and resultant corrective actions taken.

c. Review of associates and subsidiaries on above factors.

d. Organizational controls to ensure that the following processes are delinked from sales and relationship management processes and personnel:

    i.) Customer risk / investment objective evaluation.

    ii.) MF scheme evaluation and defining its appropriateness to various customer risk categories.

    iii.) In this respect, customer relationship and transactions shall be categorized as:

        a. Advisory – where a distributor represents to offer advice while distributing the product, it will be subject to the principle of 'appropriateness' of products to that customer category. Appropriateness is defined as selling only that product categorization that is identified as best suited for investors within a defined upper ceiling of risk appetite. No exception shall be made.

        b. Execution Only – in case of transactions that are not booked as 'advisory', it shall still require:

            i. The distributor has information to believe that the transaction is not appropriate for the customer, a written communication be made to the investor regarding the unsuitability of the product. The communication shall have to be duly acknowledged and accepted by investor.

            ii. A customer confirmation to the effect that the transaction is 'execution only' notwithstanding the advice of in-appropriateness from that distributor be obtained prior to the execution of the transaction.

            iii. That on all such 'execution only' transactions, the customer is not required to pay the distributor anything other than the standard flat transaction charge.

        c. There shall be no third categorization of customer relationship / transaction.

        d. While selling Mutual Fund products of the distributors' group/affiliate/associates, the distributor shall make disclosure to the customer regarding the conflict of interest arising from the distributor selling of such products.

Compliance and risk management functions of the distributor shall include review of defined management processes for:

a. The criteria to be used in review of products and the periodicity of such review.

b. The factors to be included in determining the risk appetite of the customer and the investment categorization and periodicity of such review.

c. Review of transactions, exceptions identification, escalation and resolution process by internal audit.

d. Recruitment, training, certification and performance review of all personnel engaged in this business.

e. Customer on boarding and relationship management process, servicing standards, enquiry / grievance handling mechanism.

f. Internal / external audit processes, their comments / observations as it relates to MF distribution business.

g. Findings of ongoing review from sample survey of investors

Mutual Funds/AMCs may implement additional measures as deemed appropriate to help achieve greater investor protection.

2) In section 3.3.1 (Service Standards Mandated for a Mutual Fund towards its Investors), the 6th bullet point should read as:

   Units of all mutual fund schemes held in demat form are freely transferable. **Investors have the option to receive allotment of Mutual Fund units of open ended and closed end schemes in their demat account.**

3) In section 3.3.1 (Service Standards Mandated for a Mutual Fund towards its Investors), the 9th bullet point should read as:

   NAV has to be published daily, in at least 2 **daily** newspapers **having circulation all over India**

Chapter 4: Offer Document

In Appendix 3 the following changes have been made.

1) In section III (Units and Offer), under subsection C, under Annual report, the following has been added:

Mailing of Annual Report or Abridged Summary:

The scheme wise annual report or an abridged summary thereof hereinafter shall be sent by AMCs as under:

- only by e-mail to the Unit holders whose e-mail address is available
- in physical form to the Unit holders whose e-mail address is not available with the Fund and/or to those Unit holders who have opted / requested for the same
- A physical copy of the scheme wise annual report or abridged summary thereof shall be made available to the investors. Additionally, a link of the scheme wise annual report and abridged summary thereof shall be displayed on the website

In Appendix 4 the following changes have been made.

1) The following has been added at the end of the annexure:

Additional Disclosures for close ended debt oriented schemes:

In order to enable investors to make a more informed decision with regards to the quality of securities and risk associated with different close ended debt oriented schemes, Mutual Funds/ AMCs shall make following additional disclosures in the SID/SAI and KIM without indicating the portfolio or yield, directly or indirectly:

a. Credit evaluation policy for the investments in debt securities.

b. List of sectors the AMC would not be investing for the particular scheme.

c. The type of instruments which the schemes propose to invest viz. CPs, CDs, Treasury bills etc.

d. The floors and ceilings within a range of 5%of the intended allocation (in %) against each sub asset class/credit rating.

After the closure of NFO, the AMCs will report in the next meeting of AMCs and Trustees the publicized percentage allocation and the final portfolio. Variations between indicative portfolio allocation and final portfolio will not be permissible.

Further, as per SEBI circular CIR/IMD/DF/21/2012 dated September 13, 2012, mutual funds must ensure that total exposure of debt schemes of mutual funds in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) do not exceed 30% of the net assets of the scheme. Schemes were the above condition is not being met, must meet the same within a year’s time. Disclosures regarding the same should be made in both SID and KIM.

Chapter 5: Fund Distribution and Channel Management Practices

1) In section 5.2.1 (Commission Structure) the following para has been appended:

Commission Disclosure

SEBI has mandated Mutual Funds / AMCs to disclose on their respective websites the total commission and expenses paid to distributors who satisfy one or more of the following conditions with respect to non-institutional (retail and HNI) investors:

i. **Multiple point of presence (More than 20 locations)**

ii. **AUM raised over Rs.100 crore across industry in the non institutional category but including high networth individuals (HNIs).**

iii. **Commission received of over Rs. 1 crore p.a. across industry**

iv. **Commission received of over Rs. 50 lakh from a single Mutual Fund/AMC.**

Mutual Funds / AMCs shall also submit the above data to AMFI. AMFI shall disclose the consolidated data in this regard on its website.

In partial modification to SEBI circular no. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, SEBI vide circular CIR/IMD/DF/21/2012 dated September 13, 2012, has mandated that Mutual Funds/AMCs shall, in addition to the total commission and expenses paid to distributors, make additional disclosures regarding distributor-wise gross inflows (indicating whether the distributor is an associate or group company of the sponsor(s) of the mutual fund), net inflows, average assets under management and ratio of AUM to gross inflows on their respective website on an yearly basis.

In case from the data mentioned it appears that a distributor has an excessive portfolio turnover ratio, i.e. more than two times the industry average, AMCs shall conduct additional due-diligence of such distributors.

Mutual Funds/ AMCs are required to submit the above data to AMFI and a consolidated data with respect to the same will be disclosed on AMFI website.

2) In section 5.2.5 (SEBI Advertising Code), the following has been added:

SEBI, vide circular dated August 22, 2011, has made changes in guidelines for performance advertisements. Key highlights of these changes are as under:

- **When the mutual fund scheme has been in existence for more than three years:**
  - **Point-to-point returns on a standard investment of Rs. 10,000/ – shall also be shown in addition to CAGR for a scheme in order to provide ease of understanding to retail investors.**
  - **Performance advertisement shall be provided since inception and for as many twelve month periods as possible for the last 3 years, such periods being counted from the last day of the calendar quarter preceding the date of advertisement, along with benchmark index performance for the same periods.**
  - **Where scheme has been in existence for more than one year but less than three years, performance advertisement of scheme(s) shall be provided for as many as twelve month periods as possible, such periods being counted from the last day of the calendar quarter preceding the date of advertisement, along with benchmark index performance for the same periods.**
  - **Where the scheme has been in existence for less than one year, past performance shall not be provided.**
  - **For the sake of standardization, a similar return in INR and by way of CAGR must be shown for the following apart from the scheme benchmarks:**

Scheme Type	Benchmark
Equity scheme	Sensex or Nifty
long term debt scheme	10 year dated GoI security
short-term debt fund	1 year T-Bill

  - **These disclosures shall form a part of the Statement of Additional Information and all advertisements of Mutual Funds. Any disclosure regarding quarterly/half yearly/yearly performance shall pertain to respective calendar quarterly/half yearly/yearly only.**
  - **When the performance of a particular Mutual Fund scheme is advertised, the advertisement shall also include the performance data of all the other schemes managed by the fund manager of that particular scheme.**

- **In case the number of schemes managed by a fund manager is more than six, then the AMC may disclose the total number of schemes managed by that fund manager along with the performance data of top 3 and bottom 3 schemes (in addition to the performance data of the scheme for which the advertisement is being made) managed by that fund manager in all performance related advertisement. However, in such cases AMCs shall ensure that true and fair view of the performance of the fund manager is communicated by providing additional disclosures, if required.**

Chapter 6: Accounting, Valuation and Taxation

1) In section 6.1.4 (Sale Price, Re-purchase Price and Loads), the last para should read as:

However, the position effective since August 1, 2009 is that:

- SEBI has banned entry loads. So, the Sale Price needs to be the same as NAV **(subject to deduction of applicable transaction charges, if any)**.
- Exit loads / CDSC in excess of 1% of the redemption proceeds have to be credited back to the scheme immediately i.e. they are not available for the AMC to bear selling expenses.
- **Upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.**
- Exit load structure needs to be the same for all unit-holders representing a portfolio.

Usage of Load Balances:

SEBI has issued the following guidelines regarding usage of balance in the load account collected before August 1 2009 and thereafter:

- **The load collected on July 31, 2009 and that accretions since August 1, 2009 shall be segregated into two accounts in the books of accounts of the scheme.**
- **The load balances can be used for marketing and selling expenses including distributor's/agent's commissions.**
- **However, not more than one – third of load balance as on July 31, 2009 shall be used in any financial year including the financial year 2010-11. The unutilized balances can be carried forward, yet in no financial year the total spending can be more than one third of the load balances on July 31, 2009.**
- **The accretions after July 31, 2009 can be used by mutual funds for marketing and selling expenses including distributor's/agent's commissions without any restrictions.**

2) A new section on Transaction charges have been added as Section 6.1.5. Other sections have been accordingly renumbered.

6.1.5 Transaction Charges

In order to enable people with small saving potential and to increase reach of Mutual Fund products in urban areas and smaller towns, SEBI has allowed a transaction charge per subscription of Rs. 10,000/ – and above to be paid to distributors of the Mutual Fund products. However, there shall be no transaction charges on direct investments. The transaction charge, if any, shall be deducted by the AMC from the subscription amount and paid to the distributor; and the balance shall be invested.

Type of Investor	Transaction Charges (Rs.) (for purchase/subscription of Rs. 10,000 and above)
First time mutual fund investor	Rs. 150/-
Investor other than first time mutual fund investor	Rs. 100/-

In case of investments through SIP, Transaction Charge(s) shall be deducted only if the total commitment (i.e. amount per SIP instalment x Number of instalments) amounts to Rs. 10,000 or more. The Transaction Charge(s) will be deducted in four equal instalments.

However, Transaction Charge(s) will not be deducted for the following:-

- **Purchase/Subscription submitted by investor at the designated collection centres or through AMC's website and which are not routed through any distributor.**
- **Purchase/Subscription through a distributor for an amount less than Rs. 10,000;**
- **Transactions such as Switches, STP i.e. all such transactions wherein there is no additional cash flow at a Mutual Fund level similar to Purchase/Subscription.**
- **Purchase/Subscriptions through any stock exchange.**

Opt – out Option

Distributors shall be able to choose to opt out of charging the transaction charge based on type of the product. However, the 'opt-out' shall be at distributor level and not investor level i.e. a distributor shall not charge one investor and choose not to charge another investor.

3) The following has been appended at the end of the Section 6.1.7 (Recurring Expense Limits)

Further, SEBI vide circular CIR/IMD/DF/21/2012 dated September 13, 2012 has laid down the following, with respect to calculation and charging of total expense ratio:

If the new inflows from beyond top 15 cities[5] are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the average assets under management (year to date) of the scheme, whichever is higher, funds can charge additional expense of up to 30 basis points on daily net assets of the scheme.

In case inflows from beyond top 15 cities is less than the higher of (a) or (b) above, additional total expense on daily net assets of the scheme shall be charged as follows:

$$\frac{\textbf{Daily net assets X 30 basis points X New inflows from beyond top 15 cities}}{\textbf{365* X Higher of (a) or (b) above}}$$

The additional TER on account of inflows from beyond top 15 cities so charged shall be clawed back in case the same is redeemed within a period of 1 year from the date of investment. The additional TER charged must be utilised for distribution expenses incurred for bringing inflows from such cities.

Mutual funds/AMCs shall launch new schemes under a single plan and ensure that all new investors are subject to single expense structure. Investors, who have already invested as per earlier expense structures based on amount of investment, will be subject to single expense structure for all fresh subscription.

Further, there will be direct plans wef January 1, 2013, with lower expense ratio.

Footnote: [5] Top 15 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography – Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

4) The following has been appended at the end of the Section 6.3.6 (Taxability of Mutual Fund Investor)

Further, SEBI vide circular CIR/IMD/DF/21/2012 dated September 13, 2012 has laid down the following, with respect to service tax.

- **Mutual funds /AMCs may charge service tax on investment and advisory fees to the scheme in addition to the maximum limit of total expense allowed for the scheme**
- **Service tax on other than investment and advisory fees, if any, is to be borne by the scheme within the maximum limit of total expense allowed for the scheme.**
- **Service tax on exit load, if any, is to be paid out of the exit load proceeds and exit load net of service tax, if any, is to be credited to the scheme.**
- **Service tax on brokerage and transaction cost paid for asset purchases, if any, must be within the prescribed limit for the scheme.**

Chapter 7: Investor Services

1) In section 7.1.1. (Eligibility to Invest) the following has been appended at the end:

SEBI and RBI circulars dated August 9, 2011 have allowed Qualified Foreign Investors (QFIs) who meet KYC requirements can invest in equity and debt schemes of Mutual Funds through two routes:

- **Direct route – Holding MF units in demat account through a SEBI registered depository participant (DP).**
- **Indirect route – Holding MF units via Unit Confirmation Receipt (UCR)**

However, implementation of the above routes for investment by QFIs is pending operational guidelines from the Regulators.

2) In section 7.2 (KYC Requirements for Mutual Fund Investors), the following has been appended at the end:

Uniform Know Your Client (KYC) requirements for the Securities Markets

SEBI has recently simplified the account opening process for investors in case of Stock Brokers, prescribing a KYC form for capturing basic details about the client and another form for obtaining additional details specific to dealing in the stock exchange. In order to bring uniformity securities markets, it has also been decided that the same KYC form and supporting documents shall also be used by SEBI registered intermediaries like Depository Participants, Mutual Funds, Portfolio Managers, Collective Investment Schemes and Venture Capital Funds.

Any additional information that was being collected by the market intermediaries will continue to be collected in Part II of the form that shall be prescribed by Depositories for their depository participants and by Association of Mutual Funds in India (AMFI) for all mutual funds. The Portfolio Managers, Venture Capital Funds, and Collective Investment Schemes shall capture the additional information specific to their area of activities, as considered appropriate by them. This change is effective since January 1, 2012.

These new norms have introduced a concept of In-Person Verification (IPV), which has become mandatory for mutual fund investments.

3) In section 7.6.3 (Online Transactions), the following has been added as the last para:

For investors directly investing into mutual funds without routing through a distributor, Mutual funds/ AMCs will provide a separate plan which will have lower expense ratio and will have a separate NAV. [6]

[6] As per SEBI vide circular CIR/IMD/DF/21/2012 dated September 13, 2012 this is to be implemented by January 1, 2013.

4) In section 7.6.4 (Payment Mechanism for Purchase / Additional purchase) the first para has been modified as:

Mutual funds **usually** do not accept cash**. However, on September 13, 2012, SEBI vide circular CIR/IMD/DF/21/2012 SEBI, in order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, has allowed cash transactions in mutual funds to the extent of Rs 20,000/ – per investor, per mutual fund, per financial year; subject to compliance with Prevention of Money Laundering Act, 2002 and SEBI Circulars on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines.**

Repayment in form of redemptions, dividends, etc. with respect to aforementioned investments shall be paid only through banking channel.

In all other cases, application moneys need to come through normal banking channels, as detailed below.

5) In section 7.6.5 (Allotment of Units to the Investor) the following has been added after first para:

However, in case of subscription/purchase above Rs. 10,000/ – for application sourced from a distributor, in case the distributor has opted to receive transaction charges, a transaction charge of Rs. 100 (in case of an existing investor) or Rs. 150 (in case of an investor other than an existing investor) shall be deducted from the investment amount.

6) In section 7.6.8 (Cut-off Time), the table on cut-off time has been modified as:

Type of Scheme	Transaction	Cut off time	Applicable NAV
Equity oriented funds and debt funds (except liquid funds) in respect of purchases less than Rs. 2 lacs	Purchases	3.00 pm	Same day NAV if received before cut off time.
	Switch in		Next business day NAV for applications received after cut off time.
Liquid fund	Purchases	2.00 pm	Previous day NAV if received before cut off time and funds are realised.
	Switch ins		If received after cut off time, NAV of the day previous to funds realisation.
Equity Oriented Funds, Debt funds, Liquid funds	Redemptions	3.00pm	Same day NAV if received before cut off time.
	Switch out		Next business day NAV for applications received after cut off time.
Equity oriented funds and debt funds (except liquid funds) in respect of transaction more than Rs. 2 lacs	Purchases	3.00 pm	Irrespective of the time of receipt of application,
	Switch – in		NAV of the business day on which the funds are available for utilisation before the cut-off time of that day is applicable.

7) In section 7.8.1 (Dividend Payout, Growth and Dividend Re-Investment Options), the summary table has been modified as:

Parameter	Dividend Payout Option	Dividend Re-Investment Option	Growth Option
Dividend received in bank account	Yes	No	No
Income Distribution Tax	Yes, for **non-equity** schemes	Yes, for **non-equity** schemes	**N.A.**
Increase in number of units on account of re-investment of dividend	No	Yes	No
NAV change	NAV declines to the extent of dividend and income distribution tax	NAV declines to the extent of dividend and income distribution tax	NAV captures the portfolio change entirely

8) At the end of section 7.8.6 (Statement of Account and Investment Certificate), the following has been added:

Annual Account Statement:

The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement.

The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.

Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

Consolidated Account Statement (CAS) :

Within 5 business days of any financial transactions, a email and/or SMS shall be sent confirming the transaction with basic details like allotment date, Units allotted and NAV.

A Consolidated Account Statement (CAS) for each calendar month will be sent by post/email on or before 10th of the succeeding month.

If an email id is registered with the AMC, only a CAS via email will be sent. For the purpose of sending CAS, investors will be identified across mutual funds by their Permanent Account Number (PAN). Where PAN is not available, the account statement shall be sent to the Unit holder

Further, where there are no transactions in a folio during any six month period, a CAS detailing holding across all schemes of all mutual funds at the end of every such six month period (i.e. September/March), shall be sent by post/e-mail by the 10th day of the month following that half year, to all such Unit holders.

9) Appendix 5 and 6 have been updated as per revised format available at www.amfiindia.com

10) Second question at the end of chapter 7, has been revised as:

2) PAN Card is not required for mutual fund investments below Rs 20,000, where payment is in cash.

   a. **True**

   b. False

Chapter 8: Return, Risk& Performance of Funds

1) In section 8.5.3 (Benchmarks for Debt Schemes), under topic Scheme Type, as per revised regulations, liquid funds can invest in securities having less than 61 days of maturity (instead of 91 days).