



CIRCULAR

SEBI/HO/IMD/DF3/CIR/P/2020/086

May 20, 2020

To,

**All Mutual Funds (MFs) /
Asset Management Companies (AMCs)/
Trustee Companies/ Boards of Trustees of Mutual Funds
All Recognized Stock Exchanges**

Sir / Madam,

Subject: Listing of Mutual Fund schemes that are in the process of winding up

1. Presently, in terms Regulation 32 of SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") and SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2018/160 dated December 28, 2018, every close-ended scheme and units of segregated portfolio shall be listed on recognized stock exchanges.
2. As per MF Regulations, there are several steps envisaged with respect to winding up of Mutual Fund schemes before the scheme ceases to exist. During this process, such units can be listed and traded on a recognized stock exchange, which may provide an exit to investors.

In terms of Regulation 31B(1) of the MF Regulations, the units of Mutual Fund schemes can be listed in the recognized stock exchange. Accordingly, the units of Mutual Fund schemes which are in the process of winding-up in terms of Regulation 39(2)(a) of MF Regulations, shall be listed on recognized stock exchange, subject to compliance with listing formalities as stipulated by the stock exchange.

However, pursuant to listing, trading on stock exchange mechanism will not be mandatory for investors, rather, if they so desire, may avail an optional channel to exit provided to them.

3. Initially, trading in units of such a listed scheme that is under the process of winding up, shall be in dematerialised form.



4. AMCs shall enable transfer of such units which are held in form of Statement of Account (SoA) / unit certificates.
5. Detailed operational modalities for trading and settlement of units of MF schemes that are under the process of winding up, shall be finalized by the stock exchanges where units of such schemes are being listed, in consultation with SEBI. The operational modalities shall include the following:
 - a. Mechanism for order placement, execution, payment and settlement;
 - b. Enabling bulk orders to be placed for trading in units;
 - c. Issue related to suspension of trading, declaration of date for determining the eligibility of unitholders etc. in respect of payments to be made by the AMC as part of the winding up process;
 - d. Disclosures to be made by AMCs including disclosure of NAV on daily basis and scheme portfolio periodically etc.
6. The stock exchange shall develop a mechanism along with RTA for trading and settlement of such units held in the form of SoA/ Unit Certificate
7. The AMC, its sponsor, employees of AMC and Trustee shall not be permitted to transact (buy or sell) in the units of such schemes that are under the process of being wound up. The compliance of the same shall be monitored both by the Board of AMC and Trustee.
8. This Circular shall come into force with immediate effect. Stock exchanges desirous of offering this facility, shall submit the detailed operational modalities to SEBI, within 7 days from date of issuance of this Circular.
9. 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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