



Central Depository Services (India) Limited

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COMMUNIQUÉ TO REGISTRAR & TRANSFER AGENTS

CDSL/OPS/RTA/588

August 18, 2010

SEBI CIRCULAR DATED AUGUST 18, 2010 TRANSFERABILITY OF MUTUAL FUND UNITS

SEBI has issued Circular no. **CIR/IMD/DF/10/2010** dated August 18, 2010, a copy of which is attached [see **Annexure-A**].

The abovementioned circular states that *in order to facilitate transferability of units of mutual funds held in one demat account to another demat account, it has been decided that all AMCs shall clarify by way of an addendum that units of all mutual fund schemes held in demat form shall be freely transferable from the date of the issue of said addendum which shall be not later than October 01, 2010. However, restrictions on transfer of units of ELSS schemes during the lock-in period shall continue to be applicable as per the ELSS Guidelines.*

Issuers/RTAs are advised to take note of the contents of the said circular in its entirety.

Queries regarding this communiqué may be addressed to **CDSL – Helpdesk** on (022) 2272-8642, 2272-8427, 2272-8624, 2272-8693, 2272-8625, 2272-8639, 2272-8663, 2272-1261 or 2272-2075. Emails may be sent to: helpdesk@cdslindia.com.

sd/-

Ramkumar K.
Vice President – Operations



CIRCULAR

CIR/IMD/DF/10/2010

August 18, 2010

**All Mutual Funds/Asset Management Companies/
Trustee Companies/Boards of Trustees of Mutual Funds/All registered Stock
Exchanges/NSDL/CDSL/All registered Registrars and Share transfer Agents/AMFI**

Sir/Madam,

Sub: Transferability of Mutual Fund units

1. Regulation 37(1) of SEBI (Mutual Fund) Regulations, 1996 states that *“a unit unless otherwise restricted or prohibited under the scheme, shall be freely transferable by act of parties or by operation of law.”* The spirit and intention of this regulation is not to prohibit transferability of units as a general rule or practice. However, it is noticed that mutual fund schemes prohibit transfer on a regular basis instead of on an exceptional basis.
2. In order to facilitate transferability of units of mutual funds held in one demat account to another demat account, it has been decided that all AMCs shall clarify by way of an addendum that units of all mutual fund schemes held in demat form shall be freely transferable from the date of the issue of said addendum which shall be not later than October 1, 2010. However, restrictions on transfer of units of ELSS schemes during the lock-in period shall continue to be applicable as per the ELSS Guidelines.
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 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,

S.Ravindran
Chief General Manager
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