

**ADDENDUM No. 09/2012****Notification of new rules applicable**

SEBI vide circular Ref no: CIR/IMD/DF/21/2012 dated September 13, 2012 and notification dated September 26, 2012 had announced certain modifications in the regulations applicable to the schemes launched by Mutual Fund. Accordingly, the following rules will be applicable to all schemes launched by IDBI Mutual Fund with effect from the date of publication of this notification unless otherwise specified.

**I) Fees and Expenses including Exit Load**

- 1) With effect from October 1, 2012, the exit load, if any, charged by all schemes of IDBI Mutual Fund shall be credited to the respective scheme after debiting applicable service tax, if any.
- 2) The indicative annual scheme recurring expense structure( including investment and advisory fees) mentioned under different headings in the scheme information documents of all schemes launched by IDBI Mutual Fund till date shall stand cancelled. The asset management company may charge the scheme with investment and advisory fees which shall not exceed the total recurring expense mentioned in each scheme information document and the additional fees as narrated below. In addition to the total recurring expense mentioned in the scheme information document the AMC may charge following additional fees/expense. All the expense shall be charged on a daily net asset of the scheme.
  - a) brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions;
  - b) expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities as specified by the Board from time to time are at least -
    - (i) 30 per cent of gross new inflows in the scheme, or;
    - (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis by using the following formula.

Daily net assets X 30 basis points X New inflows from beyond top 15 cities

365\* X Higher of (a) or (b) above

\* 366, wherever applicable.

Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities:

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment;

The top 15 cities shall mean 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.

- c) Additional expenses, incurred towards different heads mentioned under sub-regulations (2) and (4) of regulation 52 of Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2012 (herein after referred as regulations), not exceeding 0.20 per cent of daily net assets of the scheme.
- d) Mutual funds /AMCs may charge service tax on investment and advisory fees to the scheme in addition to the maximum limit of TER as prescribed in regulation 52 of the Regulations.
- e) Service tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per regulation 52 of the Regulations
- f) Service tax on brokerage and transaction cost paid for asset purchases, if any, shall be within the limit prescribed under regulation 52 of the Regulations.
- g) Mutual Funds/AMCs shall annually set apart at least 2 basis points on daily net assets within the maximum limit of TER as per regulation 52 of the Regulations for investor education and awareness initiatives

**II) Harmonizing applicability of NAV across schemes- cut off time**

- 1) With effect from October 1, 2012, the following cut-off timings shall be observed by a mutual fund for application amount equal to or more than 2 lakh in respect of purchase of units in all schemes and their plans except liquid fund schemes, where the following NAVs shall be applied for such purchase:
  - i. where the application is received upto 3.00 p.m. on a day and funds are available for utilization before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day of receipt of application;
  - ii. where the application is received after 3.00 p.m. on a day and funds are available for utilization on the same day without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the next business day ; and
  - iii. irrespective of the time of receipt of application, where the funds are not available for utilization before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day on which the funds are available for utilization.

All multiple applications for investment (at the first holder's PAN level) in a particular scheme (irrespective of the plan / option / sub-option) received on the same Business Day, will be treated as a single application for the purpose of computing total application amount for determining applicable NAV.

For investments of an amount equal to or more than Rs. 2 lakh through systematic investment routes such as Systematic Investment Plans (SIP), Systematic Transfer Plans (STP) the units will be allotted as per the Closing NAV of the day on which the funds are available for utilization by the Scheme.

In case of switch-in transactions also the aforesaid cutoff time for receipt of application shall be applicable.

**III) Cash investments in mutual funds**

- 1) 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, cash transactions in mutual funds to the extent of 20,000/- per investor, per mutual fund, per financial year shall be allowed subject to (i) compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines and (ii) sufficient systems and procedures in place.
- 2) Repayment in the form of redemptions, dividend, etc. with respect to aforementioned investments shall be paid only through banking channel.

The Fund / AMC is in the process of setting up appropriate systems and procedures for the said purpose. Appropriate notice shall be displayed on its website viz. [www.idbimutual.co.in](http://www.idbimutual.co.in) as well as at the Investor Service Centres, once the facility is made available to the investors.

**IV) Disclosure with respect to Half Yearly Financial Results**

- 1) The mutual fund and Asset management company shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website:

Provided that the half-yearly unaudited report referred to in this sub regulation shall contain details as specified in Twelfth Schedule and such other details as are necessary for the purpose of providing a true and fair view of the operations of the mutual fund.
- 2) A mutual fund and asset management company, shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated.

**V) Monthly Portfolio Disclosures**

- 1) With effect from October 1, 2012 Mutual funds/AMCs shall disclose portfolio (along with ISIN) as on the last day of the month for all their schemes on their respective website on or before the tenth day of the succeeding month in a user-friendly and downloadable format (preferably in a spreadsheet).

The format for monthly portfolio disclosure shall be same as that of half yearly portfolio disclosures.
- 2) Mutual funds/AMCs may disclose additional information (such as ratios, etc.) subject to compliance with the Advertisement Code.

**VI) Prudential limits and disclosures on portfolio concentration risk in debt-oriented mutual fund schemes**

- 1) The 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) shall not exceed 30% of the net assets of the scheme. All existing debt schemes shall comply with the aforesaid sector limit requirement by September 12, 2013. However, the total exposure of existing debt schemes of mutual funds in a particular sector should not increase from the levels existing (if above 30%) as on September 13, 2012. All the existing debt schemes of IDBI Mutual Fund will ensure compliance with the aforesaid sector limit requirement and any additional specific sector exposure limit SEBI may prescribe in this regard on or before September 12, 2013.

The Addendum shall form an integral part of the Scheme Information Document / Key Information Memorandum of all the relevant schemes of IDBI Mutual Fund as amended from time to time.

**For IDBI Asset Management Ltd.**  
(Investment Manager for IDBI Mutual Fund)

Place : Mumbai  
Date : 11th October, 2012

Sd/-  
Compliance Officer

**Statutory Details:** IDBI Mutual Fund has been set up as a trust sponsored by IDBI Bank Ltd. with IDBI MF Trustee Company Ltd. as the Trustee (Trustee under the Indian Trusts Act, 1882) and with IDBI Asset Management Ltd. as the Investment Manager. Risk Factors: Mutual fund investments are subject to market risks, read all scheme related documents carefully. AMC/MF/Trustee/Sponsor are not liable or responsible for any loss or shortfall resulting from the operations of the scheme.

For further information please contact: IDBI Asset Management Ltd., 5th Floor, Mafatlal Centre, Nariman Point, Mumbai - 400 021.