



CIRCULAR

SEBI/HO/IMD/DF2/CIR/P/2019/155

December 16, 2019

All Mutual Funds (MFs)/

Asset Management Companies (AMCs)/

Trustee Companies/ Boards of Trustees of Mutual Funds

Sir / Madam,

**Subject: Management and advisory services by AMCs to Foreign Portfolio Investors**

1. Consequent to the notification of SEBI (Foreign Portfolio Investors) Regulations, 2019 (hereinafter referred as "FPI Regulations"), Regulation 24 (b) of SEBI (Mutual Funds) Regulations, 1996 (hereinafter referred as "MF Regulations") pertaining to "Restrictions on business activities of the asset management company" was amended and notified in the Gazette having no. [SEBI/LAD-NRO/GN/2019/37](#) dated September 23, 2019.
2. In this regard, the following has been decided:
  - i. AMCs may provide management and advisory services in terms of Regulation 24(b) of MF Regulations to FPIs falling under the following categories of FPIs as specified in FPI Regulations:
    - a. Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies including entities controlled or at least 75% directly or indirectly owned by such Government and Government related investor(s);
    - b. Appropriately regulated entities such as pension funds, insurance or reinsurance entities, banks and mutual funds;
    - c. Appropriately regulated FPIs wherein (a) or (b) above hold more than 50% of shares/ units.



- Further, for agreements entered into by the AMCs on or before the date of this Circular, to provide management and advisory services to such FPIs which are not falling under the above categories, the AMCs may continue to provide the services, for the period as mentioned in the agreement or one year from the date of this Circular, whichever is earlier.
- ii. The proviso to clause (vi) of regulation 24(b) of MF Regulations shall be applicable for the categories of FPIs as mentioned under paragraph (i) above.
  - iii. The aforesaid provisions shall be effective from the date of this circular.
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 regulations 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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