



**CIRCULAR**

**SEBI/HO/IMD/DF4/CIR/P/2020/100**

**June 12, 2020**

**All Mutual Funds (MFs)/Asset Management Companies (AMCs)/  
Trustee Companies/ Boards of Trustees of Mutual Funds/  
Association of Mutual Funds in India (AMFI)**

Sir / Madam,

**Subject: Investment by the sponsor or asset management company in the scheme**

1. In terms of Regulation 28 (4) of SEBI (Mutual Funds) (Amendment) Regulations, 2020, the sponsor or asset management company is required to invest not less than one percent of the amount which would be raised in the new fund offer or fifty lakh rupees, whichever is less in such option of the scheme, as may be specified by the Board.
2. In this regard, it has been decided that the above referred investment shall be made in growth option of the scheme. For such schemes where growth option is not available the investment shall be made in the dividend reinvestment option of the scheme. Further, for such schemes where growth option as well as dividend reinvestment option are not available the investment shall be made in the dividend option of the scheme.
3. This Circular shall come into force with immediate effect.
4. 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,**

**Lamber Singh**  
**Deputy General Manager**  
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