

## **SEBI brings slew of protocols under tough new investment norms for MF staff**

Updated at October 29, 2021 00:58 IST

The Securities and Exchange Board of India (Sebi) on Thursday modified norms for investments in securities by employees, board members and trustees of asset management companies (AMCs). The regulator also stated that the board of the AMC and Trustees shall ensure compliance on a continuous basis and shall report any violations and remedial action taken by them in the periodical reports submitted to the board.

Sebi has expanded the ambit of 'access persons' and said such entities shall not take undue advantage of any sensitive information that they may have about any company or its securities or about the AMC's schemes or its units.

Earlier, only heads of AMCs (MD, CEOs or Presidents) along with fund managers, dealers, research among others were indicated as access persons. But now non-executive directors of the AMC/trustee company or trustees who are in possession of or have access to any non-public information which could materially impact the price of the securities, net asset value (NAC) of the schemes or interest of the unitholders shall also be deemed as access persons.

The earlier guidelines did not apply to investments made by the employees in government securities, money market instruments, money market MF schemes, liquid schemes and schemes floated by other MFs.

But now Sebi says that investments not covered under the guidelines will be in government securities, overnight schemes and schemes of other MF.

"These guidelines shall be applicable to all employees of AMC(s) and trustees and shall form a part of the Code of Conduct for employees adopted by the AMC(s) and/or Trustees. New employees shall be bound by these guidelines from the date of joining the AMC(s) and/or Trustees," said Sebi.

Access persons as well as other employees do not require prior clearance of the compliance officer for purchase or sale of units of MF schemes. However, details of each such transaction, excluding transactions in overnight schemes, shall be reported by them to the compliance officer within seven calendar days from the date of transaction.

The circular will be applicable from December 1, 2021.