



**CIRCULAR**

CIR/MRD/DSA/32/2013

October 04, 2013

**All Recognised Stock Exchanges,  
All Recognised Clearing Corporation,  
All Depositories.**

Sir / Madam,

**Subject : Facilitating transaction in Mutual Fund schemes through the Stock Exchange Infrastructure.**

1. SEBI vide circular SEBI /IMD / CIR No.11/183204/ 2009 dated November 13, 2009 and circular CIR/IMD/DF/17/2010 dated November 9, 2010, on captioned subject, facilitate purchasing and redeeming the permitted units of mutual fund schemes through stock exchange infrastructure. However, this facility was available for stock brokers and clearing members.
2. In order to enable the mutual fund distributors also to leverage the stock exchange platform so as to improve their reach and mutual fund distributions, it has been decided to allow mutual fund distributors to use recognised stock exchanges' infrastructure to purchases and redeem mutual fund units directly from Mutual Fund/Assets Management Companies on behalf of their clients. This would be in addition to the existing channels of mutual funds distribution.
3. For the aforesaid purpose, only a mutual fund Distributor registered with Association of Mutual Funds in India (AMFI) and who has been permitted by the concerned recognised stock exchange, (MF distributor) shall eligible to use recognised stock exchanges' infrastructure to purchases and redeem mutual fund units directly from Mutual Fund/Assets Management Companies.
4. The recognised stock exchange shall grant permission on a request made by a AMFI registered mutual fund distributor on the basis of criteria including fee, code of conduct, etc. as laid down by it.
5. The MF distributors shall not handle payout and pay in of funds as well as units on behalf of investor. The recognised stock exchange shall put necessary system in place to ensure that pay in will be directly received by recognised clearing corporation and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account of investors.



## **Securities and Exchange Board of India**

6. The respective recognised stock exchanges, recognised clearing corporations and depositories shall provide detailed operating guidelines for MF distributor to facilitate the above.
7. The recognised stock exchanges and recognised clearing corporations may make necessary amendment to their existing byelaws, rules and/or regulations, wherever required.
8. This circular is issued in exercise of powers conferred under section 11 of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. This Circular is also available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Sunil Kadam**  
**General Manager**  
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