



CIRCULAR

SEBI/HO/IMD/DF2/CIR/P/2018/91

June 05, 2018

**All Mutual Funds/Asset Management Companies (AMCs)/
Trustee Companies/Boards of Trustees of Mutual Funds**

Sir/ Madam,

Subject: Total Expense Ratio for Mutual Funds

- A. A copy of the Gazette Notification [No.SEBI/LAD-NRO/GN/2018/14](#) dated May 30, 2018 on Amendments to SEBI (Mutual Funds) Regulations, 1996 is enclosed for implementation.
- B. Charging of additional expenses in terms of Regulation 52 (6A) (c) of SEBI (Mutual Funds) Regulations, 1996**

Pursuant to amendment to Regulation 52 (6A) (c) of SEBI (Mutual Funds) Regulations, 1996; the reference of "0.20" in all applicable circulars previously issued shall be substituted by "0.05".

C. Total Expense Ratio – Change and Disclosure

SEBI Circular No.SEBI/HO/IMD/DF2/CIR/P/2018/18 dated February 05, 2018 on 'Total Expense Ratio – Change and Disclosure', has been modified as under:

- i. Paragraph 1(a) of the aforementioned circular shall read as:

*'AMCs shall prominently disclose on a daily basis, the TER (scheme-wise, date-wise) of all schemes under a separate head – "Total Expense Ratio of Mutual Fund Schemes" on their website and on the website of AMFI in downloadable spreadsheet format as per **Annexure A.**'*

- ii.Paragraph 1(b) of the aforementioned circular shall read as:

'Any change in the base TER (i.e. TER excluding additional expenses provided in Regulation 52(6A)(b), 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods and Services Tax on investment and advisory fees) in comparison to previous base TER charged to any scheme/plan shall be communicated to investors of the scheme/plan



through notice via email or SMS at least three working days prior to effecting such change. (For example, if changed TER is to be effective from January 8, 2018, then notice shall be given latest by January 2, 2018, considering at least three working days prior to effective date). Further, the notice of change in base TER shall be updated in the aforesaid section of website at least three working days prior to effecting such change.

Provided that any decrease in TER in a mutual fund scheme due to various regulatory requirements, would not require issuance of any prior notice to the investors.'

D. Applicability

i. Paragraph B will be applicable with effect from the date of the aforementioned notification on amendment to SEBI (Mutual Funds) Regulations, 1996.

ii. Paragraph C will be applicable with immediate effect.

E. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision 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,

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Deputy General Manager

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Annexure A

Format for disclosure of TER of mutual fund schemes.

Total Expense Ratio (TER) for Mutual Fund Schemes

Name of Scheme: XYZ										
Date (DD/MM/ YYYY)	Regular Plan					Direct Plan				
	Base TER (%) ¹	Additional expense as per Regulation 52(6A)(b) (%) ²	Additional expense as per Regulation 52(6A)(c) (%) ³	GST (%) ⁴	Total TER (%)	Base TER (%) ¹	Additional expense as per Regulation 52(6A)(b) (%) ²	Additional expense as per Regulation 52(6A)(c) (%) ³	GST (%) ⁴	Total TER (%)

1. Base TER excludes additional expenses provided in Regulation 52(6A)(b) and 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996 and Goods and Services Tax (GST) on investment and advisory fees as per applicable rate.
2. Additional Expenses not exceeding 0.30% in terms of Regulation 52(6A)(b) of SEBI (Mutual Funds) Regulations, 1996.
3. Additional Expenses not exceeding 0.05% in terms of Regulation 52(6A)(c) of SEBI (Mutual Funds) Regulations, 1996.
4. Present GST rate is XX %.
5. Percentages mentioned above are annualized.
6. Base TER of direct plan shall have a lower expense ratio excluding distribution expenses, commission, etc., and no commission shall be paid from such plans.