



## SEBI Constitutes Working Groups for Mutual Funds

### Constitution of Working Group to review the Role and Eligibility of a Sponsor of a Mutual Fund to facilitate growth and innovation in the industry

Considering the changing dynamics of the Mutual Fund industry, a need has been felt that in addition to the existing eligibility requirements to sponsor a Mutual Fund, an alternative set of eligibility requirements may be introduced to enable new players, who otherwise may not have been eligible, to act as sponsor. This is expected to not only foster competition in the mutual fund industry but also facilitate consolidation in the industry through mergers and acquisitions so as to reap economies of scale and scope. This is also expected to facilitate fresh flow of capital into the industry and to foster innovation.

Accordingly, SEBI has constituted a Working Group under the Chairmanship of Mr. A. Balasubramanian, Managing Director & Chief Executive Officer of Aditya Birla Sun Life AMC Limited and Chairman, AMFI. The terms of reference of the Working Group, *inter-alia*, are to recommend an alternative set of eligibility criteria for entities to act as Sponsor; to review the existing eligibility requirements for being a Sponsor; to recommend mechanisms for addressing conflict of interest that may arise if pooled investment vehicles/ private equity act as Sponsor; and to examine the need for sponsor to dilute its stake in asset management company from the existing requirement of holding at least 40% of the net worth and the alternative pathways that may be adopted by the sponsors in this regard.

Members of the Working Group are:

- i. Shri. A. Balasubramanian, Managing Director & Chief Executive Officer of Aditya Birla Sun Life AMC Limited and Chairman, AMFI (Chairperson of the Working Group)
- ii. Shri. J. Ranganayakulu, Ex-Executive Director, SEBI and Consultant, Cyril Amarchand Mangaldas
- iii. Shri. Nilesh Vikamsey, Khimji Kunverji & Co LLP Chartered Accountants
- iv. Shri. D. P. Singh, Chief Business Officer, SBI Funds Management Ltd.
- v. Shri. Alok Mundra, Partner, EY India.

### **Constitution of Working Group to streamline the role and obligations of Trustees of Mutual Funds**

It has also been decided to review the role and obligations cast on Trustees of Mutual Fund with a view to streamlining the responsibilities at the level of Trustees and Asset Management Companies so as to ensure that Trustees can devote attention to the fiduciary obligations and supervisory role cast upon them, rather than being burdened with operational responsibilities. Further, a need has also been felt to provide financial independence and suitable mechanisms to Trustees to perform their role more effectively and in an unbiased manner. In order to examine these aspects, SEBI has constituted a Working Group under the Chairmanship of Dr. Manoj Vaish, Independent Trustee, Mirae Mutual Fund. The terms of reference of the Working Group, *inter-alia*, are to examine the obligations cast on Trustees by various provisions of SEBI (Mutual Fund) Regulations, 1996 and circulars issued thereunder so as to determine whether certain obligations of operational nature can be delegated to AMC; to identify those responsibilities for which Trustees can avail the services of professional assurance agencies; and to recommend required financial resources to be made available to Trustees to independently discharge their obligations.

Members of the Working Group are:

- i. Dr. Manoj Vaish, Independent Trustee, Mirae Mutual Fund, Chairperson of the Working Group
- ii. Shri. Sunil Gulati, Independent Trustee, SBI Mutual Fund
- iii. Shri. Ramamoorthy Rajagopal, Chief Operating Officer, DSP Mutual Fund

- iv. Ms. Supriya Sapre, Chief Compliance Officer, HDFC Mutual Fund
- v. Ms. Padmaja Shirke, Compliance Officer, Union Mutual Fund

**Mumbai**  
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