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June 9, 2016
Mumbai

Ms. Sonia Shah
Manager
Securities and Exchange Board of India
Investment Management Department
Mutual Funds Division, 3rd Floor,
SEBI Bhavan,
Bandra (East)
Mumbai- 400 051



SEBI/IW/P/20160613/0000046944

Madam,

Subject: Request for Informal Guidance by way of an interpretive letter under SEBI (Informal Guidance) Scheme, 2003

Kindly refer to SEBI's letter dated March 28, 2016 in response to our request for approval to modify clause 21 of our Trust Deed, via our letters dated September 15, 2015 and March 02, 2016 (copies attached). In this connection we request for an informal guidance in the subject matter for which our submissions are as under:

STATEMENT OF FACTS :

1. Schedule III of SEBI MF Regulation provides for the particulars which should be part of Trust Deed. Clause 16 and Clause 17 of the said schedule are as follows :

"16. Trusteeship fee, if any, payable to trustees shall be provided in the Trust Deed." ✓

17. The Trust Deed shall provide that no amendment to the Trust Deed shall be carried out without the prior approval of the board and unit holders is obtained" ✓

2. Clause 21 of the Trust Deed provides the following :

"Remuneration:

21. Each of Trustees for the time being, shall, during the continuance of this Trust and until the Trust hereof is finally wound up and whether or not the Trust is in the course of administration by or under the order or direction of any court, be paid as under:

- a) *Trusteeship fee calculated at a rate not exceeding 0.01% per annum on the net asset value of the Trust Property to be ascertained in the manner set out in the scheme/s to be framed for the issue of units as may be agreed between the Settlor and the Trustee from time to time.*

✓

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- b) *A fee of Rs. 10,000 (Rs. Ten Thousand Only) for attending each meeting of the Trustees.*
 - c) *Reimbursement of out-of-pocket expenses including boarding, lodging, traveling, for attending meeting of the Trust.*
 - d) *Fees for attending to any business of the Mutual Fund (such fees for attending business of the Mutual Fund to be determined by the Settlor) and reimbursement of all out-of-pocket expenses including boarding, lodging, traveling, expenses for attending to such business."*
3. Sub clause (a) under Clause 21 of Trust Deed fulfils the requirements of Clause 16 of the Schedule III. The expenses under sub clauses (b), (c), (d) above are borne by Trustee Company and out of the same cash flow as specified in sub clause (a). These are not additional payments from the schemes but incurred out of Trusteeship fee as per sub clause (a) only. Further, sub clauses (b), (c), (d) in the Trust Deed are not the requirements of Schedule III.

OUR SUBMISSION:

We would like to modify Clause 21 in Trust Deed by way of deleting sub clauses (b), (c) and (d) which will correctly specify the Clause 21. These deletions / proposed changes will not result any change in Trusteeship Fees. Trusteeship Fees will continue to remain at 0.01% of daily Net Assets, and hence, there is no change in information required as per Clause 16 of Schedule III in MF Regulation.

Schedule III of MF Regulation does not require details of sitting fees of Trustee Board Members to be included in Trust Deed. If we are now permitted to delete this information in clause 21 of our Trust Deed, it will not violate any clause of Schedule III of the Regulation (including clause 16 relating to Trusteeship Fees). We submit that the proposed deletion of the above information of Trust Deed will not be prejudicial to investors in any way as there is not going to be any change in Trusteeship Fee or any other expenses charged to the schemes. Therefore, there should not be any need of obtaining prior approval of unit holders in this regard.

OUR QUERY:

The subject matter of this letter is to seek "Informal guidance" on whether the deletion of sub clauses (b), (c) and (d) of clause 21 of Trust Deed would require seeking prior consent of unit holders of IDBI Mutual Fund.

Deleting sub clauses (b), (c) and (d) of clause 21 of our Trust Deed does not affect the interest of the unit holders of schemes of IDBI Mutual Fund and disclosure of sitting fees of Directors is not a mandatory requirement under Schedule III of SEBI (MF) Regulations. We believe that so long as change / correction in Trust Deed relates to an item not being part of Schedule III and does not affect the interest of unit holders, those changes could be exempted from the procedures mentioned in Clause 17 of the Schedule III.



Kindly consider our application and we look forward to your guidance by way of interpretive letter.

Please find attached pay order bearing no. 029693 dated June 9, 2016 drawn on IDBI Bank for Rs. 25,000/- favoring Securities and Exchange Board of India, Mumbai towards fees for informal guidance.

It is requested that we receive confidential treatment for a specified period of time not exceeding 90 days from the date of the Department's response as it will take us some time to fulfill the requirement.

We request you to provide your views on the clarification sought at the earliest. Please let us know if any further information is required from us in this regard.

Yours Faithfully,

For IDBI Asset Management Ltd.



S.N. Baheti

MD & CEO