

Mutual Fund Regulations, 2067 (2010 A.D.)

In exercise of the power conferred by Section 116 of Securities Act, 2063 (2007), Securities Board of Nepal has, upon the approval of the Government of Nepal, made the regulations as follows:

1. **Short Title and Commencement:** (1) These Regulations may be called "Mutual Fund Regulations, 2067 (2010A.D.)".
(2) These Regulations shall be deemed to have been commenced from the date as prescribed by the Securities Board of Nepal.

2. **Definitions:** Unless the subject or the context otherwise requires, in these Regulations,
 - (a) "License" means the license issued pursuant to these Regulations.
 - (b) "Unit" means the unit of securities issued under the scheme.
 - (c) "Act" means Securities Act, 2063 (2007).
 - (d) "Credit Information Bureau" means the credit information bureau established under the prevalent laws.
 - (e) "Sponsor" means the Body Corporate who establishes and promotes the Mutual Fund.
 - (f) "Fund Supervisor" means the group of people appointed pursuant to Regulation 6 for supervising the Mutual Fund.
 - (g) "Open Ended Scheme" means a scheme which is operated without specifying any duration for redemption.
 - (h) "Close Ended Scheme" means a scheme which is operated specifying the period of maturity.
 - (i) "Board" means the Securities Board of Nepal established pursuant to Section 3 of the Act.
 - (j) "Scheme" means the scheme that has obtained approval pursuant to Regulation 24 from the Board.
 - (k) "Fund Manager" means the Company or Body Corporate licensed pursuant to Regulation 15 for working as a fund manager of the Mutual Fund..
 - (l) "Mutual Fund" means a fund as defined in the Sub-section (m) of Section 2 of the Securities Act, 2006.

Chapter – 2
Provisions regarding Registration and Operation of Mutual Fund

3. Mutual Fund may be Established: (1) Any one or more than one body corporate may establish a Mutual Fund.

(2) The qualification of body corporate willing to establish a Mutual Fund shall be as follows:-

- (a) A body corporate established for performing financial business pursuant to prevalent laws,
- (b) Having minimum paid up capital equal to one Billion rupees.
- (c) Having completed five years of operation of business subject to its objectives,
- (d) Have earned profit for last three years continuously,
- (e) Having paid up capital not less than its net worth,

Clarification: For the provision of this clause "net-worth" means the aggregate value of the paid up equity capital and free reserves (excluding reserves created out of revaluation), reduced by the aggregate value of accumulated losses and deferred expenditure not written off including miscellaneous expenses not written off.

- (f) The body corporate or its promoters and Directors should not be one who have been convicted and punished against fraud or criminal offence of moral turpitude,
- (g) Have not remain in the black list of Credit Information Bureau or any other regulating body,
- (h) Have satisfied other qualification as prescribed by the Board from time to time.

(3) Notwithstanding anything contained in Sub-regulation (2), the provisions regarding qualification as mentioned in Sub-regulation (2) shall not prevail to the body corporate established subject to any Act with an objective of operating Mutual fund

(4) Notwithstanding anything mentioned elsewhere in these Regulations, the Board may prescribe other qualifications as required while establishing the Mutual Fund in joint venture of more than one body corporate.

4. Mutual Fund to be Registered: (1) Any Body Corporate willing to establish a Mutual Fund pursuant to Regulation 3 shall be required to submit an application in the format as prescribed in schedule -1 along with the documents and information as follows:-

- (a) Certified copy of certificate of incorporation of the Company,
- (b) Certified copy of Memorandum and Articles of Association,
- (c) If the body corporate has been incorporated under special Act, copy of Rules and Byelaws regarding same,
- (d) Name of the proposed Mutual Fund

- (e) Decision of Board of Directors regarding establishment of Mutual Fund,
- (e) Details regarding the Executive Chief and Directors as prescribed in Schedule-2,
- (f) Certified copy of financial statement of the body corporate and proof of amount required for the fund,
- (g) Feasibility study report regarding establishment and operation of Mutual Fund,
- (h) Annual report including audited financial reports of last five years ,
- (i) Other details as prescribed by the Board.
- (2) The applicant submitting application pursuant to Sub-regulation (1) shall be required to submit application fee pursuant to Schedule – 3 along with the application.
- (3) If it deems necessary, the Board may demand additional information or documents or may ask to clarify on any subject or may ask for amendment or alteration from the applicant.
- (4) While conducting examination on the application received pursuant to Sub-regulation (1), if it is considered that the applicant is capable of operating the Mutual Fund, the Board shall register the Mutual Fund and shall provide registration certificate in the format as prescribed in Schedule – 4.
- (4) The Board, before issuing the certificate pursuant to Sub-regulation (4), shall charge fund registration fees as prescribed in Schedule – 3 from the applicant.
- (6) While providing certificate pursuant to Sub-regulation (4), the Board may specify necessary terms and conditions regarding operation of the Fund.

5. **Board may refuse for Registration of Fund:** (1) The Board may refuse for registering Mutual Fund on the basis of following grounds:
- (a) If the eligibility criteria as mentioned in Regulation 3 is not satisfied,
 - (b) If the documents and details pursuant to Regulation 4 is not fully furnished, or
 - (c) If it is determined not appropriate to allow operation of Mutual Fund on the basis of situation of securities market, market feasibility and protection of investors' interest.
- (2) While refusing for registration pursuant to Sub-regulation (1), it shall be required to disclose the reason and grounds clearly.

6. **Fund Supervisor to be appointed:** (1) Before the operation of the Mutual Fund registered pursuant to Regulation 4, the Sponsor shall appoint at least five people from different field and having qualification as pursuant to Regulation 7 as the Fund Supervisors for the supervision of the fund and protection of Unit holder's interest.
- (2) The Sponsor shall be required to obtain approval from the Board before appointing the Fund Supervisor pursuant to Sub-regulation (1).
- (3) For the purpose of obtaining approval from the Board pursuant to Sub-regulation (2), the Sponsor shall be required to prepare the details of the Fund Supervisor on the format as specified in Schedule – 4 and submit an application to the Board.
- (4) While appointing the Fund Supervisor, the Sponsor shall appoint at least two third independent people having no direct or indirect financial interest or any other interest with the Sponsor and Fund Manager.
- (5) While submitting application pursuant to Sub-regulation (3), the Sponsor shall be required to submit the agreement papers regarding funding supervision to be concluded with the Fund Supervisor.
- (6) It shall be required to mention the power, functions and duties of Sponsor and Fund Supervisor in the agreement pursuant to Sub-regulation (5).
- (7) While conducting examination on the application received pursuant to Sub-regulation (3), if such people are considered qualified, the Board may provide approval to Sponsor for appointing them as the Fund Supervisors.
- (8) Notwithstanding anything contained elsewhere in these Regulations, the Board may provide approval to any body corporate for working as a Fund Supervisor.
- (9) The Fund Supervisors appointed pursuant to these Regulations shall be required to work independently for the protection of interest of the Unit holders.
- (10) The Board may instruct the Sponsor to replace the fund supervisor whose work is not found satisfactory with new Fund Supervisor.
- (11) The matters like working manual for Fund Supervisors and division of work of Fund Supervisors shall be as specified by the Fund Supervisors themselves.
7. **Qualification of Fund Supervisor:** The qualification of a Fund Supervisor shall be as follows:-
- (a) holding at least Masters degree in the field of economics or commerce or finance or accounts or management or commercial law from a recognized educational institution or be a certified chartered account or having qualification similar to that and have minimum fifteen years of experience in the field of finance, industries, commerce, accounts, law or capital market,

- (b) Not been convicted and sentenced for imprisonment against criminal offence of moral turpitude,
- (c) Not been convicted under the laws regarding securities,
- (d) Has not remained in black list of Credit Information Bureau.
- (e) If, have retired from any position of Board, stock market, securities businessperson, listed body corporate or fund manager company, should have completed one year of retirement
- (f) Has not been appointed as a Fund Supervisor in any other Mutual Fund.

8. Fund Manager to be appointed: (1) The Sponsor, with consent of Fund Supervisor and approval of the Board, shall appoint the Fund Manager.

(2) While appointing the Fund Manager pursuant to Sub-regulation (1), it shall be required to appoint from among the body corporate licensed from Board for performing the task of making investment and managing the Mutual Fund registered.

(3) While appointing the Fund Manager pursuant to Sub-regulation (1), it shall be required to enter into agreement between Sponsor and the Fund Manager.

(4) The copy of the agreement concluded between the Sponsor and Fund Manager shall be submitted to the Board within thirty days of such agreement.

(5) The Fund Manager shall not conduct any other business except Fund Management.

However, if it deems appropriate, the Board may specify specific terms and condition and provide approval for performing other types of securities business not causing conflict of interest with fund management.

(6) Notwithstanding anything contained elsewhere in these Regulations, if the Sponsor company of any Mutual Fund who has opened subsidiary company for operating merchant banking business intends to appoint such subsidiary company as a Fund Manager of the Mutual Fund promoted by it, it may appoint such company as a Fund Manager by obtaining approval from the Board.

9. Depository to be appointed: (1) The Fund Manager shall, with consent of the Fund Supervisor, appoint the Depository from among the body corporate licensed from the Board for performing task of depository of the Fund.

(2) While appointing the Depository pursuant to Sub-regulation (1), it shall be required to enter into agreement between Fund Manager and Depository.

(3) The copy of the agreement concluded between the Fund Manager and Depository should be submitted to the Board within thirty days of such agreement.

(4) Notwithstanding anything contained elsewhere in these Regulations, the Fund Manager itself may, by obtaining approval from the Board, conduct the task of the Depository.

10. **No Conflict of interest to prevail:** (1) There should not be any type of conflict of interest between Sponsor and Depository or Fund Manager and Depository.

Provided that, the provisions of this Regulation shall not apply in the case of Fund Manager itself performing the task of Depository.

(2) The Board may provide directions for arranging necessary provisions to the Sponsor, Fund Manager or Depository in case of finding presence of conflict of interest pursuant to Sub-regulation (1).

11. **Mutual Fund registration may be cancelled:** The Board may cancel the registration of Mutual Fund on the following grounds:-

- (a) If none of the scheme is brought to effect within one year of registering the Mutual Fund.
- (b) If the Sponsor apply for the cancellation of the Fund.
- (c) If the Sponsor is liquidated.

12. **Provisions regarding the Mutual Funds in Operation:** There shall not be any obstruction for operating the Schemes of Mutual funds which are in operation at the time of commencement of these regulations till the maturity period of such schemes.

Provided that, if the parties related with that Mutual Fund are to operate new Mutual Fund or are to operate new scheme under the Mutual Fund in operation, it shall be required to promote and operate the Mutual Fund pursuant to the provisions of these Regulations.

Chapter – 3 **Provisions regarding License**

13. **License to obtain for working as Fund Manager and Depository:** (1)

Any body corporate willing to work as a Fund Manager or Depository pursuant to Regulation 14, before commencing such work, shall have to obtain license from the Board.

(2) In order to obtain the license pursuant to Sub-regulation (1), it shall be required to submit an application in the format as specified in the Schedule – 6 along with the details and documents as follows to the Board:

- (a) Details and documents of the applicant body corporate in the format as prescribed in Schedule 7,

- (b) If any company or body corporate other than Sponsor is the promoter of the applicant body corporate, details and documents of such company or body corporate in the format as prescribed in Schedule – 8.
- (c) Details of Directors and Executive Chief of the applicant body corporate as prescribed in Schedule – 2
- (d) With regard to the Fund Manager, details of the representative pursuant to Section 64 of the Securities Act as prescribed in Schedule – 7.

14. Qualification for Fund Manager: (1) The qualification for the body corporate willing to work as a Fund Manager shall be as follows:-

- (a) should be a body corporate established for working as a Fund Manager under the prevalent laws,
- (b) should have mentioned on objective of Company to work as Fund Manager in its Memorandum and Articles of Association.
- (c) having minimum paid up capital of hundred million rupees,
- (d) Should have net worth equal to minimum seventy five percent of its paid up capital,
- (e) should have at least 51% share holding of the concerned Sponsor
- (f) The applicant body corporate and its Directors or Executive Chief have not been convicted and sentenced for imprisonment against any criminal offence of deception or fraud.
- (g) The applicant body corporate and its Directors or Executive Chief have not been convicted and sentenced for imprisonment against any criminal offence of moral turpitude,
- (h) No involvement of the body corporate or its Executive Chief or Director from among the body corporate who have collected the fund from public offering but have not provisioned necessary arrangement for securities transaction or vanishing company that are out of contact from the Board or have been in procedure of delisting or been listed from Board as the body corporate in operation without bearing any responsibility.
- (i) Director or Executive Chief has not been black listed by Credit Information Bureau or any other Regulating Body,

(2) The qualification of the Directors and Chief Executive of the Fund Manager shall be as follows:-

- (a) Shall hold a minimum Masters degree in economics or commerce or finance or accounts or management or law from a recognized educational institution or be a certified chartered account or equivalent to same and have a minimum of ten years experience in the field of Industries or commerce or capital market or finance or accounts or commercial law or in management.

- (b) Has not been convicted and sentenced for imprisonment against criminal offence of moral turpitude.
 - (c) If the person or the Company where s/he had acted as Director or Chief Executive has been declared insolvent, has completed five years of insolvency.
 - (d) Has not remained in the black list of Credit Information Bureau.
 - (e) Has not been Director or Chief Executive of the body corporate who has collected the fund from public offering but has not provisioned necessary arrangement for securities transaction or has been in procedure of delisting,
 - (f) If S/he have remained Director or Chief Executive of the body corporate whose license of Stock Exchange or Securities Businessperson has been cancelled due to conducting works against securities related laws, have completed ten years of such cancellation.
 - (g) Should not have held any position of interest in Board, Stock Exchange, listed Body corporate or other Securities Businessperson.
- (3) Minimum one third Directors of Fund Manager shall be the independent Directors.
- (4) The qualification of independent Directors pursuant to Sub-regulation (3) shall be as follows:-
- (a) Should have satisfied the qualification pursuant to Sub-regulation (2).
 - (b) Should not have any direct or indirect involvement or financial interest with Sponsor or Depository.

- 15. Qualification for Depository:** The qualification for the body corporate willing to work as a Depository shall be as follows:
- (a) Having paid up capital of minimum hundred million rupees.
 - (b) Having mentioned the objective of Company to work as Depositor in its Memorandum and Articles of Association.
 - (c) The applicant body corporate and its Directors or Executive Chief have not been convicted and sentenced for imprisonment against any criminal offence of deception or fraud.
 - (d) The applicant body corporate and its Directors or Executive Chief have not been convicted and sentenced for imprisonment against any criminal offence of moral turpitude,
 - (e) No involvement of the body corporate or its Executive Chief or Director from among the body corporate who have collected the fund from public offering but have not provisioned necessary arrangement for securities transaction or vanishing company that are out of contact from the Board or have been in procedure of

delisting or been listed from Board as the body corporate in operation without bearing any responsibility.

- (f) Have not remained in black list of Credit Information Bureau or any other regulating bodies.

16. License to be Issued: (1) The Board shall conduct examination of the application received pursuant to Sub-regulation (2) of Regulation 13.

(2) If it deems necessary to ask any information or documents with regard to the application pursuant to the Sub-regulation (1), the Board may demand for additional information or documents.

(3) While conducting examination pursuant to Sub-regulation (1), if the applicant is not considered appropriate for working as Fund Manager or Depository or if applicant is found furnishing false documents, no action shall be taken against the application.

(3) The Board, while conducting examination on the application and attached information and documents according to the provisions of the Act and this regulation, finds that the procedures prescribed under this regulation has not been complied with or false information or documents have been submitted, the Board may cancel the application received for license.

(4) While conducting examination pursuant to Sub-regulation (1), if the applicant deems appropriate for working as Fund Manager or Depository, the Board shall provide applicant with the license of Fund Manager or Depository in format as prescribed in Schedule – 9.

(5) The Board, before issuing the license pursuant (4), shall charge the fee as prescribed in Schedule – 10 from the applicant.

17. Renewal of License: (1) The Fund Manager and Depository shall submit an application as prescribed in Schedule – 11 to the Board for renewal of the license.

(2) The Board, before renewing the license pursuant to Sub-regulation (1), shall receive annual fee as prescribed in Schedule – 12 from the applicant.

18. Suspension or Cancellation of the License: (1) The provisions regarding suspension or cancellation of license issued pursuant to these Regulations shall be according to the provisions of the Securities Board of Nepal Regulations, 2008.

(2) If the license of any Fund Manager is suspended or cancelled subject to the Act and these Regulations, the Board may ask the concerned Sponsor to close the scheme operated by such Fund Manager and make payment to the Unit holders by converting the asset of the scheme into cash or

may set necessary provisions in order to continue the scheme through other Fund Manager.

(4) If the license of Depository is suspended or cancelled subject to the Act and these Regulations, the Fund Manager may, by obtaining approval from the Board, enter into contract with new Depository.

Chapter – 4

Power, Functions and Duties of Fund Supervisor, Fund Manager and Depository

19. Power, Functions and Duties of Fund Supervisor: (1) In addition to the power, functions and duties mentioned elsewhere in these Regulations, the power, functions and duties of the Fund Supervisor shall be as follows:-

- (a) To assure that the Fund Manager has operated the fund subject to the prevailing laws and agreement,
- (b) To act in interest of the Unit holder.
- (c) To supervise the works of Fund Manager and Depository.
- (d) To examine net worth of the scheme.
- (e) To supervise if the asset and documents under the scheme have been kept safely or not.
- (f) To supervise if the schemes are operated as it was approved or not.
- (g) To supervise if the record maintained by the Fund Manager is updated or not.
- (h) To supervise if the grievance received regarding scheme have been resolved or not.
- (i) To submit report regarding fund management from time to time.
- (j) To perform other duties as prescribed by the Board.

(2) The Fund Supervisor may demand any details or information regarding the activity carried out by the Fund Manager from the Fund Manager.

(3) It shall be duty of Fund Manager to furnish the details or information as demanded by the Fund Supervisor pursuant to Sub-regulation (2).

(4) If the activity of Fund Manager is found irregular from the details or information pursuant to Sub-regulation (2) or from any other source or if the activity is not considered appropriate, the Fund Supervisor may instruct Fund Manager to stop such activity or to perform the activity in appropriate manner.

(5) In case of disobedience of instruction pursuant to Sub-regulation (4), the Fund Supervisor shall inform the Board on same.

(6) After receiving the information pursuant to Sub-regulation (5), the Board shall carryout examination and provide necessary directions to the Fund Manager.

(7) Notwithstanding anything contained in Sub-regulation (6) or (7), if the Fund Manager repeatedly overrules the Act or these Regulations or continuously overrules the instructions of the Fund Supervisor, the Fund Supervisor may request the Board for issuing the orders for changing such Fund Manager.

- 20. Power, Function and Duties of Fund Manager:** (1) In addition to the power, functions and duties mentioned elsewhere in these Regulations, the power, functions and duties of the Fund Manager shall be as follows:-
- (a) To prepare scheme and to operate the scheme by receiving consent of the Fund Supervisor and approval of the Board.
 - (b) To manage and invest the asset of Scheme in efficient manner.
 - (c) To provide the news, information, details and documents regarding scheme to the Fund Supervisor in regular interval.
 - (d) To provide the news, information and details regarding scheme to the Fund Supervisor at regular interval.
 - (e) To resolve the grievance of the Unit holders and inform the Fund Supervisor regarding grievance.
 - (f) To instruct depository for receiving or distributing the securities, amount, interest, dividend or income of the Scheme.
 - (g) To perform other duties as prescribed by the Board.
- 21. Power, Function and Duties of Depository:** (1) In addition to the power, functions and duties mentioned elsewhere in these Regulations, the power, functions and duties of the Depository shall be as follows:-
- (a) To maintain the record of the units and perform the transfer deed,
 - (b) To perform safe keeping of securities under scheme.
 - (c) To receive the securities, amount, interest, dividend or other income under the Scheme and so perform safe keeping of same,
 - (d) To distribute the securities, amount, bonus to the Unit holders as per the instruction of the Fund Manager, and
 - (e) To perform other functions as prescribed by the Board.

Chapter – 5 **Provisions regarding Agreement**

- 22. Matters to be disclosed in an Agreement:** (1) In addition to the other matters mentioned in the Agreement pursuant to Sub-regulation (6) of Regulation

6 concluded between the Sponsor and Fund Supervisor, it shall be required to disclose the matters as follows:-

- (a) The Fund Supervisor to act in the interest of the Unit holders,
- (b) The news, information and details to be made available to Unit holders and the Board,
- (c) The fees to be received by the Fund Supervisor from the Mutual Fund subject to these Regulations,
- (d) To make any amendments in the Agreement only after obtaining prior approval from the Board,
- (f) If either parties disobeyed or overruled the agreement, power of the Board to compel for obeying the agreement
- (g) Other matters as prescribed by the Board for disclosing in the agreement.

(2) In addition to the matters mentioned in the Agreement to be concluded between the Sponsor and Fund Manager, it shall be required to disclose the matters as follows:

- (a) All the asset of the scheme to be held under the Fund Managers' responsibility,
- (b) Fund Manager to operate the Scheme obtaining prior approval from the Fund Supervisor and the Board.
- (c) Not to make any amendments in the Agreement without obtaining prior approval from the Board,
- (d) If either parties disobeyed or overruled the agreement, power of the Board to compel for obeying the agreement
- (e) The Fund Manager to make public disclosure of important news and information, updated documents and reports related to the scheme only after informing the Fund Supervisor,
- (f) Fund Manager to disclose the Net worth of the Scheme and repurchase value of the unit and the basis of calculating such repurchase value to the Unit holder,
- (g) The management fees to be received by the Fund Manager from the Mutual Fund subject to these Regulations,
- (h) The Fund Manager to resolve the grievances of Unit holders and to provide information of grievances to the Fund Supervisor,
- (i) Other matters as prescribed by the Board for disclosing in the agreement to be concluded between Sponsor and Fund Manager.

(3) In addition to the matters mentioned in the Agreement to be concluded between the Fund Manager and Depository, it shall be required to disclose the matters as follows:

- (a) Depository to resolve grievance of the Unit holders and provide information regarding grievance to the Fund Supervisor,
- (b) To perform the duties of distributing and transferring the units as per the instruction of Fund Manager,
- (c) To receive securities, amount, interest, dividend or other income or to distribute amount, interest, dividend etc under the Mutual Fund as per the instruction of the Fund Manager,

- (d) Depository to perform safe keeping of securities under scheme.
- (e) Other matters as prescribed by the Board for disclosing in the agreement to be concluded between Fund Manager and Depository.

- 23. Service Fees and Charges:** (1) While charging service fees subject to this Regulation, it shall be required to charge on the basis of net asset value of scheme of Mutual Fund determined at the end of each fiscal year.
- (2) The Fund Supervisors may charge maximum amount equivalent to 0.5% of net asset value as its service fees.
- (3) The Fund Manager may charge maximum amount equivalent to 2% of net asset value as its service fees.
- (4) The Depository may charge maximum amount equivalent to 0.5% of net asset value as its service fees.
- (5) The fees pursuant to Sub-regulation (2), (3) and (4) shall be collected within one month of completion of the fiscal year.
- (6) The Fund Supervisor, Fund Manager and Depository should submit 5% of the service fees received by them to the Board within two months of receiving such fees.

Chapter – 6

Provisions regarding Registration and Operation of Scheme

- 24. Scheme to be Registered:** (1) The Fund Manager may launch one or more than one schemes under the Mutual Fund.
- (2) Before launching scheme under the Mutual Fund pursuant to Sub-regulation (1), the Fund Manager shall take consent from the Fund Supervisor and register the scheme at the Board.
- (3) In order to register pursuant to Sub-regulation (2), it shall be required to submit an application in the format as specified in the Schedule – 13 along with the details and documents as follows to the Board:
- (a) Objective of the Scheme,
 - (b) Capital and capital structure of the scheme,
 - (c) Criteria for Unit holders of Scheme
 - (d) Decision of Board of Directors regarding operation of scheme.
 - (e) Prospectus prepared for public offering of units under the scheme.
 - (f) Terms and procedure for operation of Scheme,
 - (g) Consent of Fund Supervisor for operating the scheme.
 - (h) Other matters as prescribed by the Board for disclosing in the application.

(4) If application pursuant to Sub-regulation (3) is received, the Board shall conduct examination and while conducting such examination if it deems appropriate to launch such scheme, the Board shall register such scheme and provide applicant with approval to launch scheme in the format as prescribed in Schedule – 14.

(5) Before providing approval pursuant to Sub-regulation (4), the Board shall charge fees as prescribed in Schedule – 15 from the applicant.

25. Scheme may be Cancelled: (1) The Board may cancel the scheme on the following ground:

(a) If the scheme is not launched within three months of getting approval for launching the scheme,

(b) If the Fund Manager repeatedly overruled the orders or directions issued by the Board with regard to the operation of scheme.

(2) If the scheme is cancelled pursuant to Sub-regulation (1), the Sponsor shall return amount to the Unit holders or transfer the scheme to the new Fund Manager as prescribed by the Board.

26. Public Issuance of Units: (1) While launching scheme pursuant to these Regulations, it shall be required to make issuance of units publically.

(2) While issuing the units pursuant to Sub-regulation (1), it shall be required to arrange as follows:-

(a) To make listing of such units in the stock market or to make other appropriate arrangement for transaction,

(b) To make arrangement for selling through Sales Center licensed from the Board or Securities Businessperson.

27. Provisions regarding Transaction: (1) The Fund Manager, while making transaction of the units, may make listing of such units in stock market or may arrange for making sale and purchase by itself and perform the transaction.

(2) If the Fund Manager itself is buying back the units under open-ended scheme, the price of selling and re-purchasing the units shall be made public.

(3) While setting the re-purchasing price of units pursuant to Sub-regulation (1), it shall be required to set the re-purchase price not less than 90 percent and selling price not more than 110 percent of net value per unit of the scheme.

(4) The Board may, from time to time, set additional provisions regarding the terms to be followed by the fund manager while re-purchasing the units by itself.

(5) The Fund Manger shall commence management of the amount collected under the scheme within one months of allotment of units and information regarding same shall be provided to the Fund Supervisor and Board.

(6) The Fund Manager may appoint an Agent for sale and purchase of units under open ended scheme.

(7) The seller for units under open-ended scheme shall submit 0.03 percent of total sale amount to the Board within seven days of making sale.

(8) The provisions regarding qualification and appointment procedure of Agent pursuant to Sub-regulation (6) shall be as prescribed by the Board.

28. Provisions regarding Advertisement: (1) If any advertisement for sale-purchase of units under scheme is to be made, it shall be required to inform the Board before making such publication of advertisement.

(2) The advertisement to publish for the sale-purchase of units of scheme shall be true and fair and there shall not be any exaggerated matters or fake details in the advertisement.

(3) Other provisions regarding advertisement shall be as prescribed by the Board.

29. Provisions regarding Seed Capital: (1) The Fund Manager shall invest minimum twenty percent of total asset of the Scheme as seed capital in the first scheme to be operated by it.

(2) With regard to the other scheme except the scheme as mentioned in Sub-regulation (1), it shall be required to set aside certain percentage seed capital as prescribed by the Board on the basis of performance of first scheme from time to time.

30. Rights and Liabilities: (1) The Unit holders shall have their right and liabilities on scheme equivalent to the amount they have paid for unit.

(2) The Unit holder shall have claim on profit and loss of scheme according to their rights and liability.

Chapter – 6

Provisions regarding cancellation of scheme

31. Cancellation of Schemes: The scheme shall be cancelled on the on the conditions as follows:

(a) If the specific time period of scheme is completed,

- (b) If the approval granted for operation of the Scheme is cancelled by the Board pursuant to Section 74 of the Act,
- (c) If it is proved that the Scheme is unable to operate due to occurrence of some unforeseen situation,
- (d) If minimum fifty Unit holder representing minimum seventy five percent of net value of the scheme demanded for cancellation of the scheme.

(2) Before cancelling the scheme pursuant to clause (c) of Sub-regulation (1), the agenda regarding cancellation of scheme shall be approved from the majority Unit holders who were present in the scheme Unit holders' meeting.

(3) In order to cancel the scheme pursuant to clause (c) or (d) of Sub-regulation (1), the Fund Manager shall receive consent from Fund Supervisor and submit application to the Board.

(3) If application pursuant to Sub-regulation (3) is received, the Board shall conduct necessary examination on that regard.

(5) While conducting examination pursuant to Sub-regulation (4), if the operation of scheme is not considered appropriate, the Fund Manager shall be given approval for cancelling the scheme.

(6) If the scheme is to be cancelled pursuant to these Regulations, the Fund Manager is required to inform the Board regarding the reasons for such cancellation of scheme and also required to publish public notice at least for two times in a National daily.

(7) After publishing notice pursuant to Sub-regulation (6), the Fund Supervisor or Fund Manager shall not perform or cause to perform transaction of the scheme to be cancelled.

32. Procedure for cancellation of Scheme: (1) While cancelling the scheme pursuant to Regulation 31, if any procedure is mentioned in the prospectus of the scheme, same procedure shall be followed.

(2) While cancelling the scheme pursuant to clause (c) or (d) of Sub-regulation (1) of Regulation 31, the Fund manager shall call for the meeting of Unit holders and shall receive approval on the agenda of scheme cancellation from majority Unit holders who were present on that meeting.

(3) The Fund Manager, after receiving the approval pursuant to Sub-regulation (6) of Regulation 31 for cancelling the scheme, shall be required to convert the asset under such scheme into cash and distribute it proportionately to the Unit holders of scheme within three months of receiving such approval.

(4) If it is unable to complete the task pursuant to Sub-regulation (3) within three months, the Fund Manager may, mentioning suitable reason for the time extension, request the Board for additional time.

(5) If request pursuant to Sub-regulation (4) is received, the Board may grant maximum of another three months time.

(6) If it is not possible to convert the scheme approved for cancellation into cash pursuant to Sub-regulation (3), The Fund Manager shall obtain

approval from the Board and convert such scheme into new scheme and distribute units of new scheme to the Unit holders.

(7) If the Unit holder of the cancelled scheme does not wish to take the units of new scheme pursuant to Sub-regulation (6), the Fund Manager shall have to provision for making payment to such Unit holder in cash in proportionate to his/her unit ownership.

(8) While cancelling the scheme pursuant to this Regulation, from the amount received from the asset of Scheme, the amount remained after making payments to make by the previous Scheme and the expenses occurred during cancellation of the Scheme shall be distributed to the Unit holders.

33. Report of Scheme Cancellation to be Submitted: (1) After cancellation of scheme pursuant to Regulation 32, the Fund Manager shall prepare a report mentioning the matters as follows and shall submit it to the Board within six months of cancellation of scheme.

- (a) Reason for cancellation of Scheme
- (b) Procedure followed while making sale of assets
- (c) Expenses occurred while cancelling the scheme
- (d) Amount remained for distributing to the Unit holders
- (e) Matters mentioned in the Audit Report
- (f) Other matters as prescribed by the Board.

(2) The Fund Manager shall publish the report pursuant to Sub-regulation (1) for the information of the Unit holders.

Chapter – 8

Provisions regarding Investments

34. Areas for making Investment: (1) The Fund Manager may make investment of the amount received or collected from sale of units on some or all areas as follows:-

- (a) Securities that are registered with the Board,
- (b) Securities called for public offering,
- (c) Securities that are listed at Stock Exchange,
- (d) Debenture, Treasury bill and other instruments of money market issued by Government of Nepal or government agencies receiving full guarantee or protection of Government of Nepal or Nepal Rastra Bank,
- (e) Bank deposits,
- (f) Market instruments
- (g) Other area as prescribed by the Board.

(2) While specifying the area pursuant to clause (g) of Sub-regulation (1), the Board shall also specify the terms to follow while making investment in such area.

(3) Notwithstanding anything contained in Sub-regulation (1), the scheme approved by the Board for making investment on specified area only shall make investment on same area only.

35. Not be used for providing loan or carrying losses: (1) The Fund Manager shall not be able to use the amount under scheme or collected from the scheme for carrying out operation expenses of its institution or carry losses of such institution or to bear any other types of damage or for providing loan to anybody.

(2) The Fund Manager may collect loan equal to maximum of twenty percent of net asset of scheme from the commercial bank for maximum period of six months for the purpose of making payment of repurchase, interest payment or dividend payment.

(3) If any act against Sub-regulation (1) or (2) is performed, the Director and Executive Chief of such Fund Manager shall be required to pay such amount to the Scheme from personal level.

(4) The Director or Executive Chief shall not be considered free from the other liabilities and procedure pursuant the Act and these Regulations for the reason of making payment pursuant to Sub-regulation (3).

(5) If the amount pursuant to Sub-regulation (3) is not paid, such amount shall be obtained from the household of such Director or Executive Chief and such person shall be considered disqualified for being elected or nominated Official of any Body Corporate.

36. Limitations for Investments: (1) The restrictions for the Fund Manager for making investments from amount of each scheme shall be as follows:-

(a) On general shares of any single body corporate, not to be more than ten percent of paid up capital of such body corporate,

(b) On Right shares or Debentures issued by any single body corporate, not to be more than twenty percent of its issuance,

(c) On the securities issued by any single body corporate, not to be more than ten percent of total asset of the scheme,

(d) On schemes under other Mutual Fund, not to be more than twenty percent of own scheme.

(e) On bank deposits, not to be more than ten percent of the total asset of the scheme,

(f) On Market instruments, not to be more than ten percent of total asset of the scheme.

(2) One shall not invest on securities of other schemes under same Mutual Fund or on the securities issued by the Sponsor or Depository of that Mutual Fund.

(3) Notwithstanding anything contained in Sub-regulation (1), the Board may alter the area and limitation for investments for scheme as per necessary.

- 37. Provisions regarding Foreign investments:** (1) Subject to the prevalent laws, maximum up to twenty five percent of total asset of any scheme may be invested in the foreign capital market.
- (2) While making investment pursuant to Sub-regulation (1), investments may be done only at that foreign capital market with whom the Board has entered into MOU for investment by obtained approval from Government of Nepal.
- (3) While making investment pursuant to Sub-regulation (1), investments maybe done only in securities issued by body corporate which has been registered pursuant to prevailing laws of such country or in Mutual Fund and government bonds of such country.

Chapter 9

Provisions regarding Financial Statement, Audit and Disclosures

- 38. Accounts to be maintained:** The Fund Manager shall require keeping its books of accounts in the format and standards as prescribed by the authority prescribing standards under the prevailing laws.
- 39. Financial Statement to be prepared:** The Fund Manager shall prepare separate financial statement for each scheme managed by it.
- 40. Provisions regarding Auditor and Audit:** (1) Only the person having the qualification of chartered accountant or equivalent, holding professional certificate from Institute of Chartered Accountants Nepal (ICAN) shall be qualified to be appointed as Auditor for Fund Manager and the Schemes.
- (2) It shall be required to make audit of Fund Manager and scheme from different Auditors.
- (3) In order to appoint the auditors pursuant to Sub-regulation (1) and (2), the Fund Manager shall select the Auditors and shall recommend their names to the Board within fifteen days of selection for the approval.
- (4) After receiving the names pursuant to Sub-regulation (3), the Board shall conduct necessary examination and provide approval to the Fund Manager for appointing the Auditors.
- (5) The auditor, while auditing the accounts of Fund Manager and scheme, shall do as per the prevailing values and standard of audit.

(6) The Auditor, after completing the audit, shall require to prepare the report reflecting functions, financial details and position of the Fund Manager and scheme.

(7) In the audit report of Fund Manager, except the matters that are specified by the prevalent laws, additional matters as follows are also required to be disclosed:

- (a) If or not, the accounts are maintained as per the prevalent Act, Rules and standards regarding accounts.
- (b) If or not, any Officer of the Fund Manager have performed any job against the regulatory provisions or other prevalent laws or have performed irregular job or have occurred any damage or loss of the institution.
- (c) If or not, the Fund Manager body corporate have internal audit system.
- (d) If any job performed are found against the interest of Unit holder and stock market, details regarding same.
- (e) Details regarding efficiency of internal audit.
- (f) Suggestions.

(8) In the audit report of Scheme, except the matters that are specified by the prevalent laws, additional matters as follows are also required to be disclosed:

- (a) If or not, the accounts are maintained as per the prevalent Act, Rules and standards regarding accounts.
- (b) If or not, the fund under scheme have been invested as according to these Regulations.
- (c) If any job performed are found against the interest of Unit holder and stock market, details regarding same.
- (d) if or not, the operation of scheme has been found satisfactory.
- (e) Other matters that the Auditor has felt necessary for disclosing to the Unit holders.
- (f) Recommendations

(9) Notwithstanding anything contained in Sub-regulation (7) and (8), the Board may specify other matters to disclose in the audit report of the Fund Manager and Scheme.

(10) The audit report pursuant to Sub-regulation (7) and (8) shall be submitted to the Board within thirty days of completion of audit.

41. Action may be taken against the Auditor: If any Auditor is found acting against these Regulations and prevalent laws while carrying out the audit of the Fund Manager or Scheme, the Board may forward a request in writing to Institute of Chartered Accountants Nepal for taking necessary action against him/her.

42. Reports to be submitted: (1) The Fund Manager shall submit the audited financial statement of current fiscal year and annual report regarding job

performed in that fiscal year and annual financial report regarding each scheme separately to the Fund Supervisor and Board within three months of completion of the fiscal year.

(2) Summary of annual report pursuant to Sub-regulation (1) shall be disclosed publically through national daily for the information of Unit holders.

(3) The Fund Manager shall submit quarterly report of the scheme operated by it to the Fund Supervisor and Board within thirty days of completion of quarterly period.

(4) The Board may ask any news, information or details regarding functions of the licensed body corporate and may order to disclose it publically.

(5) The Board may specify the format for the records and details to be maintained by the Fund Manager regarding fund management and details to be submitted to the Board pursuant to these Regulations.

(6) The Fund Supervisor shall submit half yearly report regarding fund supervision to the Board within forty five days of completion of half yearly period.

43. To be Disclosed Publically: (1) The Fund Manager shall disclose publically the information regarding net asset value and selling and re-purchase price of units of the scheme operated by it at least once a week.

(2) The Fund Manager shall provide the following details of the work performed regarding scheme in each month within fifteen days of completion of that month to the Fund Supervisor and Board and shall publish the same in National daily for at least once:-

- (a) amount invested in securities,
- (b) market price of invested securities,
- (c) income and expenditure of the scheme,
- (d) net asset value per unit of securities issued under the scheme and the basis of such price calculation.
- (e) other details as prescribed by the Board.

44. Inspections of Accounts and Records: (1) The Board or the person designated by the Board may, at any time, inspect the accounts and records regarding scheme maintained by the Fund Manager.

(2) The Fund Supervisor may, by providing prior information to the Board, inspect the accounts and records of the Fund Manager and Depository.

(3) In case of the Fund Supervisor carrying out the inspection pursuant to Sub-regulation (2), it is required to submit the inspection report to the Board within one months of completion of such inspection.

45. Information and Details to be Furnished: (1) The Fund Manager and Depository shall submit the following information and details within the following time period to the Board:

- (a) If any amendment is to make on the Memorandum and Articles of Association, information including details of amendments before making such amendments,
 - (b) If new Director or Executive chief is appointed, information including details as prescribed in Schedule - 2 within seven days of such appointment.
 - (c) Other news, information and details as prescribed by the Board from time to time at the time as prescribed by the Board.
- (2) The Fund Manager and Depository shall be required to inform the Board immediately on the matters as follows:
- (a) If the address, contact telephone, fax number, email etc is changed.
 - (b) If any action pursuant to prevalent laws is taken against the Promoter or Directors or Executive Chief or if any legal procedure has been initiated.
 - (c) If the name of the Promoter or Director or Executive Chief is listed on the list of Credit Information Bureau.
- (3) The Depository shall be required to inform the Fund Manager immediately on the matters as follows:
- (a) If any problem regarding obtaining amount or making payment on behalf of the scheme has happened,
 - (b) If any problem regarding distributing returns of the scheme or making pay-back of scheme to the Unit holders of scheme has happened,
- (4) If the Fund Supervisor demands for any news, information or details regarding scheme, the Fund Manager and Depository shall be required to furnish such news, information or details immediately.
- (5) The Depository shall be required to submit the details of asset of scheme to the Fund Manager and Fund Supervisor at the end of each month.

Chapter – 10 **Miscellaneous**

- 46. Securities to be allocated for the Mutual Fund:** (1) The Body Corporate making public offering of its securities shall, before making public offering, allocate at least five percent of its securities of public offering to the Mutual Fund.
- (2) The Body Corporate or the Issue Manager on behalf of such Body Corporate shall specify the time for purchasing the securities allocated pursuant to Sub-regulation (1) and inform the Mutual Funds.
- (3) If the application from more than one Mutual fund is received for purchasing the securities allocated pursuant to Sub-regulation (1), such securities shall be allocated to all Mutual Funds proportionately.

(4) If no application is received within the time pursuant to Sub-regulation (2) for purchasing the securities allocated pursuant to Sub-regulation (1), the body corporate shall include all securities such allocated and if application for partial purchase has been received, the unsubscribed securities in the securities allocated for public offering and shall issue publically.

47. **May issue Directives:** (1) The Board, without going against the Act and these Regulations, may issue Directives with regards to procedure for getting approval for public issuance of scheme, matters to be mentioned in the prospectus, procedures for making sale, agreements to be concluded between concerned parties of scheme, code of conduct, procedure of evaluating the investment, assessment of net value and other matters as necessary.
- (2) It shall be the duty of all concerned bodies to obey the Directives issued pursuant to Sub-regulation (1).
48. **Change in Schedule:** The Board may make necessary changes in schedules of these Regulations.

Schedule – 1

[Related to Sub-regulation (1) of rule 4]

Format of application to be submitted for registration of the Mutual Fund

Date:

M/s Securities Board of Nepal

.....

As we are desirous to establish the Mutual Fund naming subject to the Securities Act and the Rules, Regulations framed under that Act and other prevailing laws, this application, along with the fees, information and documents as prescribed, is hereby submitted to you for obtaining the License.

The attached documents and information is true and factual. None of the details have been hidden or are expressed with exaggeration. If convicted to have concealed relevant fact or to have presented wrong document or information, we hereby submit to bear with consequences according to the terms of the law.

Applicant Body Corporate:

Name:

Address:.....Zone.....District..... VDC/Municipality/Metropolis

AreaWard no. Block no.....Phone no.....Fax:..... Email:

Seal of the body corporate:

Executive Chief

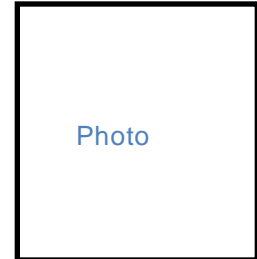
Name:

Signature:

Schedule – 2

[Related to clause (f) of Sub-regulation (1) of Regulation 4, clause (c) of Sub-regulation (2) of Regulation 13 and clause (b) of Sub-regulation (1) of Regulation 45)

Profile of the Director/Chief Executive or Representative Agent



1. Name:
2. Permanent address: Zone....District...VDC/Municipality....
Tole (area): Ward No.....House/Block No...Phone...Email...
3. Present address: Zone...District...VDC/Municipality
Tole (area)...Ward No...House/Block No... Phone No.....Fax.....Email.....
4. Father's/Mother's Name:
5. Grand father's/Grand Mother's Name:
6. Name of husband or wife:
7. Academic qualification:
8. Professional experience:
9. Training:
10. If engaged in any profession or Institution, details regarding same,
11. Details regarding having ownership of one percent or more than that or holding position of interest of any kind in other company or body corporate, if any,
12. Details regarding any action taken or action pending under the securities related laws or any other prevailing laws against self or the company or the body corporate or the Director or Chief Executive of the company or the body corporate with which s/he is affiliated, if any,
13. Declaration on having fulfilled qualification required for and not having disqualification as stipulated for the director or chief executive.

Signature.....

Document to be attached:

1. Copy of documents verifying qualification, experience and affiliation, if any with other institutions.
2. Copy of citizenship certificate

Schedule – 3

[Related to Sub-regulation (2) and (5) of Regulation 4]

Mutual Fund Registration fee

- | | | |
|----|------------------------------|-----------------------|
| 1. | Application Fee | Fifty Thousand Rupees |
| 2. | Mutual Fund Registration Fee | One Million Rupees |

Schedule – 4

[Related to Sub-regulation (4) of Rule 4]

Mutual Fund Registration Certificate

..... Mutual Fund, established by M/s.....
....., having its head office at, has been
registered at this Board subject to the Securities Act, 2007 and Mutual Fund Regulations, 2010 and this
certificate is hereby issued.

Seal of the Board

Authorized signature:

Name:

Designation:

Date:

Schedule – 6

[Related Sub-regulation (3) of Rule 6]

Details of Fund Supervisor

1. Name:
2. Permanent address: Zone....District....VDC/Municipality....
Tole (area): Ward No.....House/Block No...Phone...Email...
3. Present address: Zone...District...VDC/Municipality
Tole (area)...Ward No...House/Block No...
Phone No...Fax...Email...
4. Father's Name:
5. Grand father's Name:
6. Name of husband or wife:
7. Academic qualification:
8. Professional experience:
9. Training:
10. If engaged in any profession or Institution, details regarding same,
11. Declaration on having fulfilled qualification required for working as a Fund Supervisor.

Signature.....

Document to be attached:

1. Copy of documents verifying qualification, experience
2. Copy of citizenship certificate

Schedule – 5

[Related to Sub-regulation (2) of rule 13]

**Format of application to be submitted for obtaining
License of Fund Manager or Depository**

Date:

Securities Board of Nepal

.....

Subject: Application for license

As we are desirous work as a Fund Manager/Depository subject to the Securities Act, 2007 and the Regulations, Byelaws, Directives framed under that Act and other prevailing laws, this application is hereby submitted along with the fees, information and documents as prescribed, .

We have fulfilled the qualification and provisions as specified. None of the details have been hidden or are submitted with false details. If convicted to have concealed relevant fact or to have presented wrong document or information, we hereby submit to bear with consequences according to the terms of the law.

Applicant Body Corporate

Name:
Address:.....Zone.....District..... VDC/Municipality/Metropolis
AreaWard no. Block no.....Phone no.....Fax:..... Email:

Registered Office Address:

Seal of the body corporate:

The Chief Executive

Name:

Signature:

Schedule – 7

[Related to clause (a) of Sub-regulation (2) of Regulation 13]

Details and Documents of Applicant Corporate Body

- a. Copy of registered certificate
- b. Copy of Memorandum and Articles of Association
- c. If the body corporate is established under the special Act, copy of related Act and subsidiary regulations and bye-laws
- d. Three years business plan including projected financial statement for upcoming three years, (with regards to the Depository, business plan is not required.)
- e. Copy of resolution of the Board of Directors regarding obtaining license.
- f. Details regarding any action taken or action pending under the securities related laws or any other prevailing laws against the company or the body corporate or the Director or Chief Executive of the company or the body corporate with which s/he is affiliated, if any,
- g. Documents certifying the paid-up capital,
- h. Name, full address, contact telephone and share ownership of the owners with holding ownership of five percent or more of the paid up capital,
- i. Audited financial statement of accounts for previous year maintained in the prescribed format pursuant to prevailing laws and accounting standard and yearly report including activities of each year,
(On behalf of a company or a body corporate not completing the fiscal after its establishment, interim financial statement and report certified by the Management may be furnished.)
- j. Details regarding share ownership of the promoters and paid up amount,
- k. Details regarding organization structure and working procedure,
- l. Details regarding office location and area, office equipments and telecommunication means and manpower.
- m. Details regarding ownership or any kind of involvement in any other companies or body corporate, if any

Schedule - 8

(Related to clause (b) of Sub-regulation (2) of Regulation 13)

Details and Documents of the Promoter Company or Body Corporate of the Applicant

- a. Copy of registered certificate
- b. Copy of Memorandum and Articles of Association
- c. If the body corporate is established under the special Act, copy of related Act and subsidiary regulations and bye-laws
- d. Audited financial statement of accounts for previous year maintained in the prescribed format pursuant to prevailing laws and accounting standard and yearly report including activities of each year,
(On behalf of a company or a body corporate not completing the fiscal after its establishment, interim financial statement and report certified by the Management may be furnished.)
- e. Name, full address, contact telephone and share ownership of the owners with holding ownership of five percent or more of the paid up capital,
- f. Details regarding any action taken or action pending under the securities related laws or any other prevailing laws against the company or the body corporate or the Director or Chief Executive of the company or the body corporate with which s/he is affiliated, if any,
- g. Details regarding the ownership in other companies or body corporate, if any,
- h. Details and documents relating to the Director and Chief Executive as follows:-
 - i. Full Name and Address
 - ii. Ownership or any kind of involvement in any other companies or body corporate, if any

Schedule – 9

[Related with Sub-regulation (4) of Regulation 16]

License for Fund Manager or Depository

Ms.....

.....

While proceeding the application of that body corporate having its head office at, this license is hereby issued with the decision of Board dated for allowing to operate the business of subject to the provisions of the Securities Act and Regulations made there under as well as other prevailing Laws.

This license, unless renewed, shall be valid up to

Seal of the Board:

Authorized signature:

Name:

Designation:

Date:

Schedule – 10

[Related to Sub-regulation (5) of Regulation 16]

License fee

- | | | |
|----|--------------|-----------------------------|
| 1. | Fund Manager | Two Hundred Thousand Rupees |
| 2. | Depository | Fifty Thousand Rupees |

Schedule - 11

(Related to Sub-regulation (1) of Regulation 17)

Format of Application to be submitted for the Renewal of License

Date:-.....

M/S Securities Board of Nepal

.....

Reference: **Request for renewal of license.**

As the license to operate the business ofsubject to the Securities Act, 2007 provided by you is valid until, I/we hereby submit this application along with the license and the annual fee as prescribed for renewal of the same.

Authorized Signature:

Seal of Company or Body Corporate:

Name:

Position:

Seal of body corporate:

Schedule – 12

[Related to Sub-regulation (2) of Regulation 17]

Renewal fee

- | | | |
|----|--------------|-----------------------------|
| 1. | Fund Manager | One Hundred Thousand Rupees |
| 2. | Depository | Twenty-five Thousand Rupees |

Schedule – 13

[Related to Sub-regulation (3) of rule 24]

Format of application to be submitted for obtaining approval for operating scheme

Date:

Securities Board of Nepal

.....

Subject: Request for obtaining approval for operating scheme.

As we are desirous operate the scheme amounting under Mutual Fund subject to the Securities Act, 2007 and the Regulations, Byelaws, Directives framed under that Act and other prevailing laws, this application, along with the fees, information and documents as prescribed, is hereby submitted to you for obtaining the approval for operating the scheme of upto Rs.

The attached documents and information is true and factual. None of the details have been hidden or are expressed with exaggeration. If convicted to have concealed relevant fact or to have presented wrong document or information, we hereby submit to bear with consequences according to the terms of the law.

Fund Manager

Name:
Address: Zone District VDC/Municipality/Metropolis
Area Ward no. Block no. Phone no. Fax: Email:

Seal of the Office of the Fund Manager:

The Chief Executive
Name
Signature

Schedule - 14

(Related to Sub-regulation (4) of Regulation 24)

Format of Application to be submitted for the Renewal of License

Approval for Operating the Scheme

Ms.....

.....

The scheme and the units issued under this scheme equivalent to Rs..... operated by that Body Corporate having its head office at under Mutual Fund has been registered at the Board and this approval is granted to operate the scheme subject to the Securities Act, 2007 and the Regulations, Byelaws, Directives framed under that Act and other prevailing laws.

Authorized signature:

Name:

Designation:

Date:

Seal of the Board:

Terms:

1.

2.

3.

Schedule – 15

[Related to Sub-regulation (5) of Rule 24]

Approval fees for operating Scheme

- | | | |
|----|--|-----------------|
| 1. | If the total amount of scheme is upto rupees one thousand million | - 0.20 percent. |
| 2. | If the total amount of scheme is from rupees one thousand million to five thousand million | - 0.15 percent, |
| 3. | If the total amount of scheme is above rupees five thousand million | - 0.10 percent, |

Schedule - 14

(Related to Sub-regulation (5) of Regulation 27)

Format of Application to be submitted for the Renewal of License

Securities Board of Nepal

Kathmandu

Approval for Operating the Scheme

The scheme and the units issued under this scheme equivalent to Rs..... operated by M/s..... under Mutual Fund has been registered at the Board and this approval is granted to operate the scheme subject to the Securities Act and the Regulations, Byelaws, Directives framed under that Act and other prevailing laws.

Authorized signature:

Name:

Designation:

Date:

Seal of the Board: