

Tutorial Worksheet: Regulatory Framework and Role of SEBI in Mutual Funds

This worksheet is designed to test your understanding Regulatory Framework and Role of SEBI in Mutual Funds in a structured format. Answer the following questions based on your study materials. The total marks for this tutorial are 20.

Question	Marks	Answer
1. Explain the role of SEBI in regulating mutual funds.	3	SEBI (Securities and Exchange Board of India) is responsible for regulating mutual funds to protect investors' interests. It establishes guidelines for fund management, disclosure standards, and the creation of schemes, ensuring transparency and safeguarding investors from fraudulent activities.
2. Differentiate between SEBI's role in overseeing mutual fund distributors and asset management companies (AMCs).	3	SEBI regulates mutual fund distributors by setting criteria for registration, commission structures, and disclosures to investors. For AMCs, SEBI imposes strict governance rules, ensuring proper fund management, risk controls, and compliance with regulatory requirements, including adherence to investment mandates.
3. Discuss the significance of SEBI's guidelines on mutual fund advertisements.	4	SEBI mandates that mutual fund advertisements provide clear, accurate information, including risk disclaimers and past performance data, to prevent misleading claims. These guidelines ensure that investors are not influenced by exaggerated or false information when making investment decisions.
4. What are the key regulatory reforms introduced by SEBI in the mutual fund sector?	3	Key reforms include the introduction of a risk-o-meter for scheme classification, capping expenses that funds can charge, the introduction of direct plans for lower fees, and strengthening governance frameworks to enhance investor protection and fund transparency.
5. How do SEBI's regulations ensure transparency in mutual fund operations?	3	SEBI mandates regular disclosures by mutual funds, such as portfolio holdings, fund performance reports, and fee structures. These disclosures help investors track their investments, understand risks, and make informed decisions based on the actual performance of the fund.
6. What penalties or actions can SEBI take against mutual funds or AMCs for non-compliance with regulatory norms?	4	SEBI can impose fines, suspend trading of mutual fund units, revoke fund licenses, or initiate legal proceedings against non-compliant AMCs. These actions aim to maintain trust in the mutual fund industry and ensure adherence to regulatory norms.