

A large, abstract graphic of a network or sphere made of interconnected blue nodes and lines, positioned in the upper right background.

India

Regulation

FUNDS AND FUNDS MANAGEMENT 2009

In India, collective investment schemes are regulated by the Securities and Exchange Board of India (SEBI). SEBI regulates these schemes through specific regulations, guidelines, and circulars issued by it in this respect.

2.1 Types of funds

Collective investment schemes in India can be classified, according to the type of investments to be made:

- mutual funds, where the fund/scheme is established in the form of a trust to raise monies through the sale of units to the public, under one or more schemes for investing in securities, including money market instruments or gold or gold related instruments; and
- collective investment schemes other than mutual funds for investing in property of any description.

Mutual funds

Under the SEBI (mutual funds) Regulations, 1996 (SEBI (MF) Regulations), mutual fund means a fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities including money market instruments or gold or gold related instruments or real estate assets.

A scheme of mutual fund can be set up either as an open-ended scheme, that is, a scheme, which does not specify any duration for redemption, or as a close-ended scheme, that is, a scheme in which the period of maturity of the scheme is specified. No scheme shall provide guaranteed or assured returns except guaranteed by sponsor or asset management company (AMC).

Gold exchange traded fund schemes

Gold exchange traded fund scheme is a mutual fund scheme that invests primarily in gold or gold related instruments. Gold related instrument means an instrument having gold as underlying, as may be specified by SEBI from time to time.

Real estate mutual fund scheme

Real estate mutual fund scheme means a mutual fund scheme that invests directly or indirectly in real estate assets or other permissible assets in accordance with the SEBI (MF) regulations.

Capital protection oriented scheme

Capital protection oriented scheme means a mutual fund scheme which is designated as such and which endeavors to protect the capital invested therein through suitable orientation of its portfolio structure.

The scheme may be launched subject to the following conditions:

- The units of the scheme should be rated by a registered credit rating agency;
- The scheme should be close-ended; and
- It should comply with such other requirements as may be specified by SEBI.

The AMC shall not repurchase units of this scheme before the end of the maturity period.

Close-ended scheme

A mutual fund can repurchase units in a close-ended scheme provided the initial issue expenses in respect of the scheme launched after the commencement of the SEBI (mutual funds)(second amendment) Regulations, 2006 have been charged or are proposed to be charged to the mutual fund. The mutual fund shall deduct an amount representing proportionate initial issue expenses or part thereof remaining unamortized, from the repurchase proceeds. The amount recovered will be credited to the unamortized initial issue expenses of the scheme.

The units of a close-ended scheme may be converted into open-ended scheme:

- if the offer document of such scheme discloses the option and the period of such conversion; or
- the unitholders are provided with an option to redeem their units in full; and
- the initial issue expenses of the scheme have been amortized fully.

All closed-ended schemes (except equity linked savings schemes) launched after 12 December 2008 should get their units listed as mandatory on stock exchanges.

Index fund scheme

Index fund scheme means a mutual fund scheme that invests in securities in the same proportion as an index of securities.

Fund of fund scheme

Fund of fund scheme means a mutual fund scheme that invests primarily in other schemes of same mutual fund or other mutual funds.

Collective investment schemes other than mutual funds

Under the SEBI (Collective Investment Schemes) Regulations, 1999 (SEBI CIS Regulations), only a Collective Investment Management Company (CIMC) which is a company incorporated under the Companies Act, 1956, and is registered with SEBI for this purpose, is permitted to launch or operate/manage a collective investment scheme. Such a scheme has to be constituted under a trust, obtain rating from a credit rating agency and appraised by the appraising agency; can only be a close-ended scheme, with duration of at least three calendar years and should be listed within six weeks of the closure of the scheme. CIMC shall obtain adequate insurance for protection of scheme property. No scheme shall provide guaranteed or assured returns.

2.2 Laws

Any collective investment scheme including a mutual fund has to be approved by, and be registered with, SEBI. The scheme/fund, the trustee company and the management company are organized and supervised in India principally under the following laws/regulations:

- the SEBI (MF) Regulations, or the SEBI (CIS) Regulations, as the case may be, issued under the Securities and Exchange Board of India Act, 1992
- the Companies Act, 1956
- the Indian Trusts Act, 1882
- the Indian Registration Act, 1908
- guidelines issues by the Reserve Bank of India (RBI) in respect of Non-Banking Financial Companies (NBFCs)
- the Foreign Exchange Management Act, 1999

2.3 Managers, trustees, and custodians

As stated above, the SEBI (MF) Regulations govern the operation of mutual funds and the SEBI (CIS) Regulations govern the operation of select collective investment schemes (other than mutual funds). The regulations lay down detailed requirements as to the managers, trustees and custodians of the funds/schemes and as to their functioning.

Managers

Mutual funds

A mutual fund has to be managed by an AMC. An AMC has to be an Indian company incorporated under the Companies Act, 1956 and approved by SEBI to function as an AMC.

Some of the important regulations governing AMCs are as follows:

- Any company, incorporated in India, wishing to act as an AMC should get the prior approval of SEBI.
- Existing AMCs should have a sound track record as regards net worth and profitability.
- An AMC must have a net worth of not less than INR 100 million. The sponsor should contribute at least 40 percent of the net worth of the AMC.
- At least half the directors on the board of directors of an AMC should be persons who are not associates of, or associated in any manner with, the sponsor or any of its subsidiaries or trustees. No director (other than an independent director) can become a director of another AMC.
- The chairman of an AMC cannot be a trustee of any mutual fund.
- An AMC cannot purchase or sell securities through any broker associated with the sponsor, the total value of which exceeds 5 percent of the average of the aggregate purchases and sales of securities made by the mutual fund in all its schemes in a block of any three months.
- An AMC cannot purchase or sell securities through any broker the total value of which exceeds 5 percent of the average of the aggregate purchases and sales of securities made by the mutual fund in any block of any three months. The limit can be exceeded only after recording a written justification for exceeding it. Such excess investments must be reported to the trustees on a quarterly basis.
- The chief executive officer of the AMC shall ensure that the mutual fund complies with all the provisions of the SEBI (MF) regulations and the

guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unitholders and shall also be responsible for the overall risk management function of the mutual fund.

- The fund managers shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unitholders.
- The provisions of the SEBI (criteria for fit and proper person) Regulation, 2004, shall as far as apply to all applicants or the mutual funds under these regulations, be complied with.

The government of India has issued minimum capitalization requirements governing foreign equity investment in NBFCs. AMC's are treated as NBFCs for this purpose. The minimum capitalization norms for foreign equity investment in an AMC are as follows:

- where the foreign equity is less than or equal to 51 percent, the capital should be at least USD 500,000 to be brought upfront.
- where the foreign equity is greater than 51 percent but less than or equal to 75 percent, the capital should be at least USD 5 million to be brought upfront.
- where the foreign equity is more than 75 percent and up to 100 percent, the capital should be at least USD 50 million, of which USD 7.5 million is to be brought upfront and the balance within 24 months.

Foreign Investors can set up 100 percent operating subsidiaries without a minimum of 25 percent domestic equity, subject to bringing in USD 50 million capital.

An AMC can charge investment and advisory fees to a mutual fund. The fees have to be disclosed in the offer document and are subject to the following limits:

- one and one-quarter percent of the weekly average net assets outstanding during an accounting year for the scheme concerned, as long as the net assets do not exceed INR1 billion; and
- one percent of the excess amount over INR 1 billion, where the net assets exceed INR 1 billion.

For schemes launched on a no-load basis, an AMC can collect an additional management fee, not exceeding 1 percent of the weekly average net assets outstanding in each financial year.

In case of an index fund scheme the total limit of the investment advisor fees is 0.75 percent of the weekly average net assets.

No entry load shall be charged for direct applications received by the AMC that is, applications received through internet, submitted to AMC or collection center/investor service center that are not routed through any distributor/agent/broker.

In addition to the above fees, an AMC can recover certain specified expenses up to specified limits.

In case of a fund of funds' schemes¹, the total expenses of the scheme including the management fees shall not exceed 0.75 percent of the daily or weekly average net assets, depending upon whether the net asset value (NAV) of the scheme is calculated on daily or weekly basis.

In case of an index fund schemes, the total expenses of the scheme including the management fees shall not exceed 1.5 percent of the weekly average net assets.

Collective investment schemes covered under SEBI CIS Regulations

As stated above, only a CIMC, which is a company incorporated under the Companies Act, 1956, and registered with SEBI for this purpose, is permitted to operate/manage a collective investment scheme. A CIMC cannot undertake any other activity; cannot be a trustee of any collective investment scheme and cannot launch any scheme for the purpose of investing in securities. A CIMC should have a net worth of at least INR 50 million. The restrictions on fees charged by a CIMC are as under:

- The basic fee charged shall not exceed 1 percent each year of the funds raised for the first five years, 1.25 percent each for the next five years, and 1.5 percent each year for the subsequent period till the termination of the scheme.
- Incentive fees shall not exceed 25 percent of the excess return realized over and above the indicative return as shown in the offer document at the time of the termination of the scheme.
- In addition to the above fees, CIMC can recover certain specified expenses.

The provisions of the Securities and Exchange Board of India (Criteria for Fit and Proper Person) Regulation, 2004, shall as far as apply to all applicants or the mutual funds under these regulations, be complied with.

¹ A fund of funds scheme means a mutual fund scheme that invests primarily in other schemes of the same or other fund.

Trustees

Mutual funds

Any person who is a person of ability, integrity and standing can be appointed as the trustee of a mutual fund with the prior approval of SEBI. Even a body corporate can be appointed as a trustee of a mutual fund. Also, there is no restriction on the appointment of non-residents as trustees of a mutual fund. There are no limits on foreign equity holding in a trustee company. The following restrictions apply:

- An AMC and director (including independent director) or any of its officers or employees cannot act as trustee of a mutual fund.
- No trustee can act as trustee of any other mutual fund.
- Two-thirds of the total number of trustees should be independent persons and should not be associated with the sponsor.

Trustees are primarily required to ensure that the AMC has been managing the mutual fund schemes independently of other activities and has taken steps to ensure that the interests of the investors are not compromised. The Trustee will be required to give an undertaking for the new scheme offer document that the (name of the scheme/fund) approved by them is a new product offered by (name of the MF) and is not a minor modification of the existing scheme/fund/product. This undertaking shall not be applicable to fixed maturity plans and close-end schemes but shall be applicable to close-end schemes with a feature of conversion into open-ended on maturity.

Collective investment schemes covered under SEBI CIS Regulations

Only persons registered with SEBI as Debenture Trustees under the Securities Exchange Board of India (Debenture Trustee) Regulations, 1993, are eligible to be appointed as trustees. The trustees should be independent of the CIMC.

Custodians

A mutual fund is required to appoint a custodian, registered with SEBI, to carry out the custodial services for the schemes of the fund and intimate SEBI within fifteen days of appointment. In case of a gold exchange traded fund scheme, the assets of the scheme being gold or gold related instruments may be kept in custody of a bank which is registered as a custodian with SEBI. A custodian cannot act as the custodian of a mutual fund if:

- the sponsor or its associates hold shares carrying 50 percent or more of the voting rights of the share capital of the custodian; or
- fifty percent or more of the directors of the custodian represent the interest of the sponsor or its associates.

There are no specific regulations for the appointment of custodian, to collective investment schemes.

2.4 Investment restrictions

Mutual funds

The moneys collected under any scheme of a mutual fund shall be invested only in securities, money market instruments, privately placed debentures, securitized debt instruments (asset backed securities or mortgaged backed Securities) or gold or gold related instruments.

A mutual fund can also engage in short selling and securities lending and borrowing as per framework specified by the SEBI.

The mutual fund may enter into derivatives transactions on a recognized stock exchange, subject to guidelines specified by SEBI.

The mutual funds can also make investments overseas in:

- ADRs/GDRs issued by Indian or foreign companies.
- equity of overseas companies listed on recognized stock exchanges overseas.
- initial and follow on public offerings for listing at recognized stock exchanges overseas.
- foreign debt securities in the countries with fully convertible currencies, short-term as well as long-term debt instruments with highest rating.
- money market instruments rated not below investment grade.
- repos in the form of investment, where the counterparty is rated not below investment grade, repos should not however, involve any borrowing of funds by mutual funds.
- government securities where the countries are AAA rated.
- derivatives traded on recognized stock exchange overseas only for hedging and portfolio balancing with underlying as securities.
- short-term deposits with banks overseas where issuer is rated not below investment grade.
- units/securities issued by overseas mutual funds or unit trusts which invest in the aforesaid securities, real estate investment trusts listed in

recognized stock exchange overseas, or unlisted overseas securities (not exceeding 10 percent of their net assets).

The mutual funds can invest in ADRs/GDRs as above within overall limit of USD 7 billion, subject to a maximum of USD 300 million per mutual fund.

The mutual funds can invest in overseas ETFs within overall limit of USD 1 billion subject to a maximum of USD 50 million per mutual fund.

The investments by mutual funds in ADR/GDR/debt securities/government securities/shares/ETF are subject to the approval from SEBI and the Reserve Bank of India and subject to satisfaction of specific guidelines.

Money collected under money market scheme of a mutual fund shall be invested only in money market instruments.

Money collected under gold exchange traded fund scheme shall be invested only in gold and gold related instruments.

Following are some of the significant investment restrictions laid down by the SEBI (MF) Regulations:

- The funds of a mutual funds scheme shall not in any manner be used in carry forward transactions.
- A mutual fund may enter into underwriting activities after registration with and approval from SEBI.
- A mutual fund scheme is not permitted to invest more than 5 percent of its net asset value in unlisted equity shares or equity related instruments in case of an open-ended scheme and 10 percent of net asset value in case of a close-ended scheme.
- A scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees provided that aggregate inter scheme investment made by all schemes under the same management or otherwise shall not exceed 5 percent of the net asset value (NAV) of the mutual fund. This clause shall not apply to any fund of funds scheme.
- A mutual fund cannot advance any loans for any purpose.
- Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities. Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the board. Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the board.

- A mutual fund cannot, under all its schemes, own more than 10 percent of any company's paid-up capital carrying voting rights. Furthermore, a mutual fund scheme cannot invest more than 10 percent of its net asset value in the equity shares/equity-related instruments of any company except in the case of investments by an index fund or an industry-specific scheme.
- A mutual fund scheme can invest up to 15 percent of its net asset value in debt instruments issued by a single issuer, if they are rated at or above investment grade by a credit rating agency. The limit is increased to 20 percent if prior approval of the trustees and the AMC is obtained. This limit is reduced to 10 percent if the debt instruments issued by a single issuer are not rated and the total investments shall not exceed 25 percent of the net asset value.
- A mutual fund scheme cannot invest in any unlisted security of or in securities issued by way of private placement by an associate or group company of the sponsor or in listed securities of group companies of the sponsor, which is in excess of 25 percent of the net assets.
- The mutual funds shall adhere to the specific guidelines for making overseas investments by the mutual fund schemes inter alia: appointment of dedicated fund manager; due diligence; disclosure requirements; reporting requirements to the Trustees, SEBI, prudential investment norms, etc.
- Pending deployment of the funds of a scheme in securities in terms of investment objectives of the scheme, a mutual fund can invest the funds in short-term deposits of a scheduled bank. However, no mutual fund scheme shall park more than:
 - fifteen percent of the net assets in short-term deposit(s) of all the scheduled commercial banks put together. It may be raised to 20 percent with prior approval of the trustees.
 - twenty percent of total deployment by the mutual fund in short-term deposits of associate and sponsor scheduled commercial banks.
 - ten percent of the net assets in short-term deposit(s), with any one scheduled commercial bank including its subsidiaries.

No funds can be parked by a scheme in a bank which has invested in that scheme.

Further, the tenure of parking of funds in short-term deposits of a scheduled bank should not exceed 91 days. This limit has been raised to 182 days in case the deposits are placed as margin for trading in derivatives.

- No scheme of a mutual fund shall make any investment in any fund of funds scheme. A fund of funds scheme shall be subject to the following investment restrictions:
 - A fund of funds scheme shall not invest in any other fund of funds scheme; and
 - A fund of funds scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions, as disclosed in the offer document of fund of funds scheme.

These restrictions shall not apply to gold exchange traded fund scheme. The funds of a gold exchange traded fund scheme shall be invested only in gold or gold related instruments except to the extent necessary to meet the liquidity requirements for honoring repurchases or redemptions. The mutual fund may invest such funds in short-term deposits of scheduled commercial banks. The initial issue expenses of such scheme cannot exceed 6 percent of the funds raised under that scheme.

Collective investment schemes covered under SEBI (CIS) Regulations

A CIMC cannot invest the funds of a scheme for purposes other than the objective of the scheme as disclosed in the offer document. Furthermore, the CIMC cannot invest the corpus of a scheme in other schemes nor transfer funds from one scheme to another. The term corpus has not been defined in the SEBI (CIS) regulations.

Generally, the term corpus would include the initial contribution by the investors plus the surpluses of the schemes appropriated towards enhancement of the initial contribution. It would not include surpluses left free for distribution amongst the investors.

2.5 Borrowing

A mutual fund cannot borrow except to meet temporary liquidity needs of the mutual fund for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit-holders. The borrowing cannot exceed 20 percent of the net assets of the scheme and the duration of such borrowing cannot exceed six months.

2.6 Accounts and prospectus

Mutual funds

The scheme wise annual report of a mutual fund or an abridged summary thereof shall be mailed to all unitholders as soon as may be but not later than four months from the date of closure of the relevant accounts year.

The mutual fund is also required to publish its half-yearly un-audited financial results and a statement of its scheme portfolio within one month from the close of each half-year.

It is mandatory for a mutual fund to publish an offer document before launching a scheme. The scheme should be approved by the trustees and a copy of the offer document is required to be filed with the SEBI. In case no modifications are suggested by SEBI within 21 days of filing, the AMC may issue the offer document.

Collective investment schemes covered under SEBI CIS Regulations

The scheme wise annual report is required to be published not later than two calendar months from the date of finalization of the accounts. A collective investment scheme is required to publish un-audited quarterly results within one month from the close of each quarter.

2.7 Supervision

The principal supervising authority for mutual funds and collective investment schemes is the Securities and Exchange Board of India, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 India.

2.8 Fund ownership

Mutual funds

Each scheme and individual plan(s) under the schemes of a mutual fund should have a minimum of 20 investors and no single investor should account for more than 25 percent of the corpus of such scheme/plan(s). Generally, all Indian residents are permitted to invest in mutual funds. The following classes of non-residents are also permitted to invest in units of mutual funds:

- non-resident Indians or individuals of Indian origin residing outside India, on a full repatriation basis or on a non-repatriation basis; and
- foreign institutional investors (FIIs) registered with SEBI and the Reserve Bank of India (RBI – the central bank), on a full repatriation basis.

2.9 Fund structure

Umbrella funds are permitted in India. Hence, it is possible that a unitholder's interest may be restricted to assets of a particular scheme under the mutual fund.

A scheme floated by a mutual fund is permitted to invest in another scheme under the same AMC or that of any other mutual fund, provided that the aggregate inter-scheme investments made by all the schemes of the mutual fund does not exceed 5 percent of the net asset value of the mutual fund.

Mutual funds are not allowed to issue units in bearer form and any transfer of units is registered only upon the production of an instrument of transfer together with the relevant unit certificates. Units held in electronic form through a depository are transferable in accordance with SEBI regulations governing depositories.

Hedge funds

Hedge funds presently do not directly operate in India except as registered as sub-accounts of Foreign Institutional Investor registered with SEBI. Funds in India are governed by the SEBI (MF) regulations or the SEBI (CIS) regulations or the SEBI (venture capital fund) Regulation 1996 or the SEBI (foreign venture capital investor) regulations, 2000.

2.10 Stock exchange

All closed-ended schemes (except equity linked savings schemes) launched after 12 December 2008 should get their units listed as mandatory on stock exchanges.

Foreign funds are not entitled to register on local stock exchanges.

2.11 Bank secrecy

Banks are expected to protect client confidentiality, except where they are required to provide client information to third parties under the provisions of any law.

India has in force the Prevention of Money Laundering Act, 2002. The provisions of the act make substantial inroads into client confidentiality.

Under the act, every banking company, financial institution, and intermediary shall:

- maintain a record of all transactions, the nature and value of which may be prescribed, whether such transactions comprise of a single transaction or a

series of transactions integrally connected to each other, and where such series of transactions take place within a month;

- furnish information of transactions referred to in the first bullet above to the director appointed under the act within such time as may be prescribed; and
- verify and maintain the records of the identity of all its clients, in such manner as may be prescribed.

2.12 Fund set-up

Every mutual fund is required to pay application fees of INR 100,000 and registration fees of INR 2.5 million to SEBI.

Annual fees payable by mutual funds are:

Net Assets as at 31 March	Annual Fees Payable
Up to INR 0.5 billion	INR 0.25 million
INR 5 billion and above to 10 billion	INR 0.35 million
INR 10 billion and above to 30 billion	INR 0.45 million
INR 30 billion and above to 50 billion	INR 0.55 million
INR 50 billion and above to 100 billion	INR 0.65 million
Above to INR 100 billion	INR 0.75 million
Filing fees for offer documents	0.005 percent of the amount raised in the new fund offer subject to minimum of INR 0.01 million and maximum of INR 0.5 million.

The mutual fund shall pay the minimum filing fees while filing the offer document and balance fees at such time as specified by SEBI.

Further, the cost of forming and registering the trust, including professional fees, would vary from case-to-case depending upon the complexity of the trust provisions.

A fund can usually be established in India within a period of 15 to 18 months.

A collective investment scheme governed by the SEBI (CIS) Regulations is required to pay application fees of INR 25,000. A CIMC is required to pay registration fees of INR 1 million to the SEBI. Filing fees for offer document are INR 25,000.

2.13 Foreign funds

Under the Foreign Exchange Management Act, 1999, foreign funds are not allowed to market units in mutual funds organized under the laws of a territory outside India.

As per a scheme announced by the Reserve Bank of India (RBI) India's Central Bank, a resident Indian can make remittance to the extent of USD 2 million abroad in each calendar year for any purpose. It is however, clarified, in this context that, no entity other than a banking company licensed in India can solicit foreign currency deposits from residents. Further, all banks, both Indian and foreign including those not having an operational presence in India should seek prior approval from RBI for the schemes being marketed by them in India to residents either for soliciting foreign currency deposits for their foreign/overseas branches or for acting as agents for overseas mutual funds or any other foreign financial services company.

Foreign funds, which are registered with SEBI as FII are permitted to invest in the Indian securities market. There are certain restrictions on investments, such as, foreign institutional investors cannot, in the aggregate, hold more than 24 percent (increased up to the sectoral cap for foreign investment under the relevant sector if approved by the board of directors and the shareholders of the investee company) of the capital of a single Indian company. A single FII cannot invest in more than 10 percent of the equity of any company. This limit is reduced to 5 percent each in case of investment by a foreign corporate or individual being sub-account of a FII.

2.14 Bearer shares

Issue of bearer shares is not permitted in India. In India, a public company limited by shares may issue share warrants, which entitle the bearer to the number of shares specified in the warrant. The issue of bearer warrants should be authorized by the Articles of Association of the company and the prior approval of the government should be obtained. The shares specified in the warrants may be transferred by delivery of the warrant. The issue of such warrants is extremely uncommon.

2.15 Use of the internet

The Internet revolution has also affected the mutual funds sector and mutual funds/AMCs have their Web sites on which information on the mutual fund can be found. Contract notes with digital signature are valid subject to obtaining a certificate from the certifying authority under the Information Technology Act, 2000. Minimum requirements are prescribed for internet based purchase and sale of units by the SEBI.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.