



Association of Mutual Funds in India

135/BP/35/2012-13

February 18, 2013

To All members

Dear Sir / Madam,

Sub : AMFI Best Practices on the uniform process for aggregating split transactions for NAV applicability in terms of SEBI circular dated September 13, 2012.

Background:

- a. SEBI vide circulars No. SEBI/IMD/Cir. No. 11/142521/08 dated October 24, 2008 and No. Cir/IMD/DF/19/2010 dated Nov 26, 2010 had directed AMCs to apply the closing NAV of the day on which funds are available for utilization for investments equal to or more than 1 cr. This was applicable for purchase of units in Income/debt oriented schemes (other than liquid fund schemes and plans).
- b. In partial modification of the above circular, SEBI has issued circular No.CIR/IMD/DF/21/2012 dated Sept 13, 2012, reducing applicable amount from Rs.1 crore to Rs 2 lacs for NAV applicability and making it applicable to all non-liquid schemes.
- c. AMFI Operations and Compliance committee after deliberations on the circular felt the need for uniform practice for aggregating split transactions across AMCs and has recommended uniform process as stated below to be followed by AMCs with effect from March 04, 2013.

Recommended Process

All transactions as per conditions given below are to be aggregated and closing NAV of the day on which funds are available for utilization to be applied where the aggregated amount of the investment is Rs.2.00 lacs and above.

- a. All transactions received on the same day (as per Time stamp rule).
- b. Transactions to include purchases, additional purchases, excluding Switches, SIP/STP and triggered transactions.
- c. Aggregations to be done on the basis of investor/s PAN. In case of joint holding, transactions with similar holding structures to be aggregated, similar to the principle applied for compilation of Consolidated Account Statement (CAS).
- d. All transactions to be aggregated where investor holding pattern is same as stated above, irrespective of whether the amount of the individual transaction is above or below Rs 2 lacs.
- e. Only transactions in the same scheme to be clubbed. This will include transactions at option level (dividend, Growth, Direct).

- f. Transactions in the name of minor received through guardian should not be aggregated with the transaction in the name of same guardian.

All AMCs are requested to confirm having noted the contents of this circular for due compliance with effect from March 04, 2013. They are also advised to put up this Circular in the immediate next meeting of their Trustees for information.

With regards,

V RAMESH
Dy Chief Executive