



## Association of Mutual Funds in India

135/ BP/ 42/ 2013-14

November 19, 2013

To All members

Dear Sir / Madam,

**Sub : AMFI Best Practice Guidelines Circular No. 42/ 2013-14 – Scrip level valuation for debt securities having maturity greater than 60 days**

This is further to the AMFI Best Practice Guidelines 135/BP/29/2012-13 dated May 15, 2012.

The Valuation Committee of AMFI was engaged with both CRISIL and ICRA to get security level fair-valuation of debt securities with maturity greater than 60 days, so as to have a consistency in pricing for such securities across all mutual fund schemes. CRISIL and ICRA have worked out a detailed valuation methodology, which was presented to all AMCs recently.

Both the agencies are currently sending the price information on a daily basis to all AMCs for all securities above 60 days of maturity and yield matrix for less than 60 days of maturity. We are now ready to implement the scrip level valuation. We would now request all AMCs to implement the scrip level valuation based on data received from CRISIL and ICRA on or before 30<sup>th</sup> November 2013. CRISIL and ICRA would provide both the scrip level price as well as the yield curve above 60 days till 30<sup>th</sup> November 2013. From 1<sup>st</sup> December 2013, the agencies would provide only scrip level pricing for securities above 60 days and also continue to provide yield matrices for securities below 60 days.

CRISIL bond valuer has been enhanced to aggregate the prices provided by both the agencies. Additionally, ICRA is also geared up to provide ICRA bond valuer tool along with aggregator. AMCs can now select any of the bond valuer or aggregator from either of the two service providers.

AMCs may take note of this circular and modify their respective valuation policy accordingly. It is recommended that AMCs take all suitable action as may be required at their end to ensure implementation of the scrip level valuation on or before 30<sup>th</sup> November 2013.

The format of the agreements provided by both the agencies are also enclosed along with the commercial terms. AMCs, as per their internal policies, may enter into agreements, with the two agencies accordingly.

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

With Regards,

**C G Parekh**  
**Sr. Vice President**