



## Association of Mutual Funds in India

135/ BP/ 44/ 2013-14

March 14, 2014

To All members

Dear Sir / Madam,

**Sub : AMFI Best Practice Guidelines Circular No. 44/ 2013-14 – Outlier Trades**

This is further to the AMFI Best Practice Guidelines 135/BP/42/2013-14 dated November 19, 2013.

The scrip level valuation is now being implemented for around three months now. This initiative has come a long way for the Indian Mutual Fund fixed income industry. However, at certain times, there could be some trades, which may not be truly reflective of the market. Such trades could be termed as 'outlier' trades.

In this regard, the Valuation Committee had a detailed discussion on outlier trades and the following is recommended by AMFI Valuation Committee :

- For AAA and equivalent assets and up to AA of tenure up to 1year trades outside of plus minus 50 bps from the days closing yield should be construed as an outlier trade
- For AAA and equivalent assets and up to AA of tenure beyond 1year trades outside of plus minus 25 bps from the days closing yield should be construed as an outlier trade
- For below AA assets, trades outside of plus minus 50 bps, irrespective of the tenor of the asset, from the days closing yield should be construed as an outlier trade.

Both CRISIL and ICRA would provide to individual fund houses the outlier trades undertaken by respective fund houses. All Mutual Funds are required to forward daily trades comprising of primary market trade, secondary market trade and the inter scheme trades to both CRISIL and ICRA on a daily basis.

As a best practice, all such outlier trades shall be placed at the Board meetings of the AMC and the Trustee companies. All AMCs are requested to confirm having noted the contents of this circular for due compliance.

With Regards

**V Ramesh**  
**Dy Chief Executive**