



Association of Mutual Funds in India

135/ BP/ 47/ 2014-15

May 26, 2014

To All members

Dear Sir / Madam,

**Sub : AMFI Best Practice Guidelines Circular No. 47/ 2014-15 – Guidelines on
Valuation of BRDS**

Members had sought clarification regarding valuation of Bills Rediscounting (BRDS) instruments, as some AMCs were reportedly not following mark to market methodology for valuation of these instruments for maturities above 60 days. The matter was therefore examined by AMFI Valuation Committee.

BRDS is issued in physical form in the form of usance promissory note.

Sec 45 U of the Reserve Bank of India (Amendment) Act, 2006 defines BRDS as a money market instrument.

SEBI Regulations also defines BRDS as money market instrument.

As BRDS is termed as a money market instrument and is a negotiable instrument, it has been recommended by AMFI Valuation Committee that BRDS should be valued similar to other money market instruments as per the extant Valuation policies adopted by the individual Asset Management Companies. The Committee's recommendations were discussed and approved at the AMFI Board Meeting held on May 13, 2014.

All members are therefore requested to confirm having noted the contents of this circular for due compliance.

With Best Regards,

Sincerely,

Balkrishna Kini
Executive Vice President