



## Association of Mutual Funds in India

135 / BP/ 50 /2014-15

August 05, 2014

To All AMFI Members

Dear Sir / Madam,

**Sub : AMFI Best Practice Guidelines on Standardizing Product Labelling of Arbitrage Funds**

AMFI had vide circular no.135/BP/45 / 2013-14 dated March 14 , 2014, issued Best Practice Guidelines on “Standardization of Product Labelling” pursuant to SEBI directive to ensure uniform application of methodology across the Mutual Fund Industry.

While the Guidelines on the colour coding covered various types schemes, no specific guidelines were issued in respect of Arbitrage Funds, and as such AMFI has been receiving queries from members regarding colour coding to be used for Arbitrage Funds.

The matter was therefore referred to the AMFI Committee on Operations and Compliance for examining the matter, .

Based on the Committee’s recommendation, it is advised as follows :

- 1) Pure Arbitrage funds, i.e., schemes which seek to generate returns by investing in risk-free arbitrage opportunities wherein all open exposure in securities is perfectly hedged against price movement risk may be colour coded as Blue.
- 2) Other Arbitrage Funds (other than Pure Arbitrage Funds) may be colour coded as Yellow.

All AMCs are requested to confirm having noted the contents of this circular for due compliance with immediate effect, and also place the same for information in the next meeting of their Trustees.

With regards,

**Balkrishna Kini**  
**Executive Vice President**