



# ASSOCIATION OF MUTUAL FUNDS IN INDIA

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**A. P. KURIAN**  
CHAIRMAN

135/BP/05/03-04

February 27, 2004

To all Members,

Dear «Title» «LastName»,



## **AMFI Best Practices – Recommended Guidelines**

The recommendations of the AMFI Best Practices Committee after having circulated to all members and approved by the Board of AMFI are now issued as recommended guidelines to be followed by all members.

### **1. Declaration in the Application Form**

In order that the investor is made aware of the fact that rebating is prohibited by SEBI under SEBI circular no. MFD/CIR/06/210/2002 dated June 26, 2002, and that the investor should not be part of such a practice, the application forms should contain a declaration as under :

“I/We have understood the details of the scheme and I/we have not received or been induced by any rebate or gifts, directly or indirectly, in making this investment.”

If the above declaration is not being included, kindly ensure that in application forms printed from now onwards, the above declaration is included.

### **2. Prohibiting employees of mutual funds / AMCs to accept any rebate or pass-back from any distributors**

As a measure of self-discipline and prudent practice among employees of mutual funds, the Committee suggested that employees of AMCs and mutual funds should not accept any rebate or pass-back from any distributor in respect of their own investments. To implement this practice, the Committee recommended that CEOs may be advised to adopt any one of the following procedures :

- (a) The Employees' Code of Conduct should provide for a clause to the effect that employees are not allowed to accept any rebate or pass-back from distributors for their investment in mutual funds.

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: 2 :

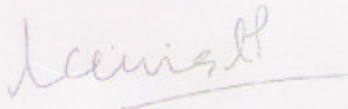
- (b) Obtain a declaration from employees stating that they have not received any rebate or incentive for their investment in mutual funds.
- (c) Totally prohibiting the employees to invest in mutual funds through brokers or intermediaries.

You may please adopt any one of the above alternatives, so as to ensure that the employees do not accept any rebate or pass-back.

These guidelines are effective from March 1, 2004 and we shall be thankful if these guidelines are followed.

Thank you and with regards,

Yours sincerely,



**A.P. Kurian**

«Title» «FirstName» «LastName»  
«JobTitle»  
«Company»  
«Address1»  
«Address2»  
«City» «PostalCode»