



# ASSOCIATION OF MUTUAL FUNDS IN INDIA

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**A. P. KURIAN**

CHAIRMAN

135/BP/01/02-03

October 8, 2003

To all members of AMFI

Dear «Title» «LastName»,



## **Best Practices – Recommended Guidelines** **Reimbursement of Demand Draft (DD) Charges**

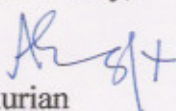
It was brought to our notice that a system of making excess payment of DD charges is prevalent in the industry which tantamounts to an up front commission or rebate. This matter has therefore been examined both by the AMFI ARN Committee as well as the AMFI Best Practices Committee. The following procedures are recommended as Best Practice to be adopted by all mutual funds:

- a) SBI DD charges may be treated as standard DD charges or each AMC may have a table of standard DD charges, which only should be reimbursed.
- b) DD Charges on DD's of Rs. 50,000/- and above may be reimbursed only where the mutual fund does not have a branch or other collection facilities. This is to avoid certain large banks and corporate investors requesting for reimbursement of DD charges as an alternate to a rebate even when other local remittance facilities are available.
- c) If so specified in the offer document DD charges will be borne by the scheme. In all other cases, DD charges should be borne by the AMC.

We shall appreciate if the above procedures are followed as Best Practice with immediate effect.

With kind regards,

Yours sincerely,

  
A.P. Kurian  
Chairman

«Title» «FirstName» «LastName»

«JobTitle»

«Company»

«Address1»

«Address2»

«City»«PostalCode»