



ASSOCIATION OF MUTUAL FUNDS IN INDIA

135/ BP/ 60A / 2015-16

February 09, 2016

Dear Members,

AMFI Best Practice Guidelines Circular No. 60A /2015-16

AMFI Best Practice Guidelines on Commission Pay-outs - Clarification w.r.t. Payouts in B-15 Locations for NFOs

AMFI has received representation from one of the members on the applicability of clause No. 2 (a) (ii) of AMFI Best Practice Guidelines circular No. 54 dated March 26, 2015, which reads as under, to New Fund Offers (NFOs).

*"While these guidelines will apply to payouts in B-15 locations as well, the additional incentive payouts for B-15 locations in accordance with SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 shall be excluded from the above mechanism. However, **the additional incentive payouts for B-15 transactions at a scheme level for any financial year should be within the B-15 expenses accrued in the scheme.**"*

It has also been pointed out that there is no uniformity in the implementation of the above clause across all the Industry.

It is hereby clarified that, in case of new schemes launched during the financial year, the additional incentive payouts for transactions from B15 locations (including NFO collections) at a scheme level for any financial year should be within the B-15 TER, **computed on an annualized basis.** However, the actual accrual of B15 expenses in the scheme shall be as per SEBI guidelines.

Please refer to the following illustration, which will make the point more clear:



Illustration for B15 brokerage payment

Date of Launch		01-Jan-16		
Year end		31-Mar-16		
		NFO	Ongoing	Total
Gross sales	a	100	20	120
B15 Sales	b	30	6	36
AuM*	c			120
30% of Gross Sales	d = a*30%			36
15% of AuM	e = c*15%			18
Max of d,e	f			36
No of days till Mar 31				91
B15 additional TeR for FY 2015-16 (as per SEBI - pro-rata basis)				0.09
B15 additional TeR for FY 2015-16 (as per SEBI) as % of B15 Sales				0.25%
B15 payout limit (as per AMFI - annualised basis)				0.36
B15 payout limit - as per AMFI as % of B15 Sales				1.00%
<i>* assuming no MTM/Redemptions</i>				

With kind regards,

Sincerely,


C. VR. Rajendran
 Chief Executive