



Foundation of Independent Financial Advisors



November 2017

FIFA PERSPECTIVES

General News:

- SEBI has modified the circular on scheme categorization and rationalization

As noted in our previous newsletter, SEBI proposed a need to categorize and rationalize mutual fund scheme to bring in uniformity in the characteristics of mutual fund schemes launched by various fund houses. Recently, SEBI modified the circular on the same after receiving some inputs from AMFI.

- First modification is the addition of a clause that AMFI must adhere to while preparing the list of stocks
- Another provision adds that AMFI will now have to take average full market capitalization of previous six months of the shares
- The circular clarifies that Macaulay duration will be at portfolio level
- It also considers that fund manager may reduce portfolio duration if they have a view on interest rate movement. In such cases, AMFI shall be required to mention its asset allocation in its offer document
- Corporate bonds will be allowed to invest in AA+ and above-rated bonds, and credit risk fund in AA and below rated bonds

Mutual Funds have to submit their proposals to SEBI by December 15. All other conditions of the circular remain unchanged.

Circular on fund governance

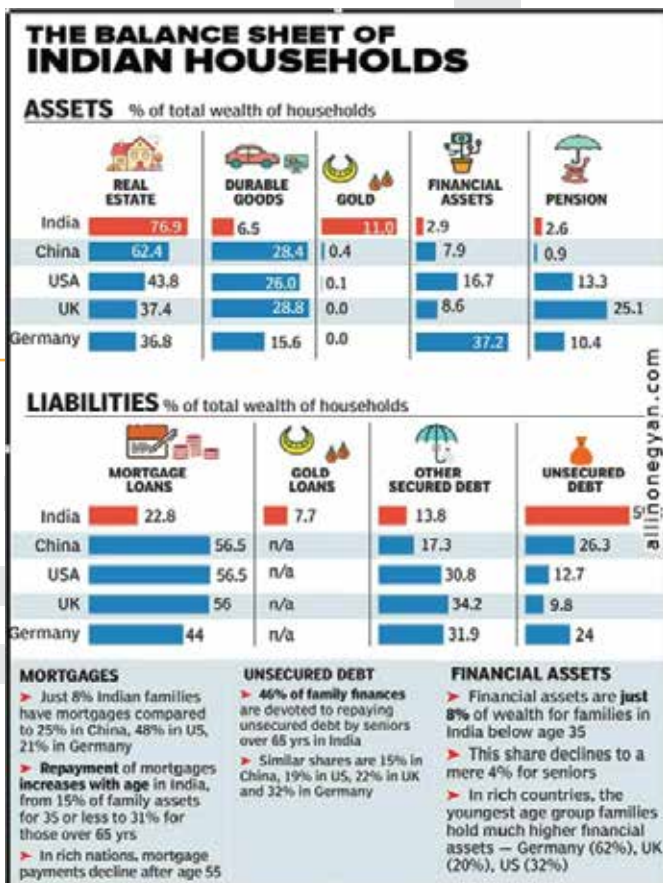
To strengthen governance structure of mutual funds, SEBI has modified tenure of independent trustees, independent directors, and auditors. As per the circular, independent trustee and director shall not hold office for more than two years and not exceed a period of five consecutive years. They shall not keep the post for more than two successive years. However, these individuals are eligible for re-appointment after a cooling period of three years.

Similarly, in case of the auditors of mutual funds, SEBI says that no mutual fund house shall appoint an auditor for more than two terms of maximum five consecutive years. Such auditor could be re-appointed after cooling off five years.

FIFA Welcomes New Members: November 2017

M Type	Mem.No	Type	Name of Organisation / IFA	Representatives AME	City
General	01403	N.Indv	Equisearch Aditya	Ketan Shriramkar	Mumbai
General	01404	Infv	Riyaz Yunus Varawala	Riyaz Yunus Varawala	Mumbai
Life	L 149	N.Indv	PRA Capital Services Pvt.Ltd.	Lakhbir Singh	Ludhiana

IDEA FORUM



END NOTES

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www.fifaindia.org

Your contribution towards this newsletter is solicited. Please share your views on events that you attend.

Mail to response@fifaindia.com

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FIFA perspectives, our monthly newsletter would like to feature your ideas and thoughts in our 'Idea Forum' section. Please feel free to share any valuable insights that you would like to share with FIFA community. Let's take a step towards inclusive growth.

