



CIRCULAR

CIR/IMD/DF/4/2015

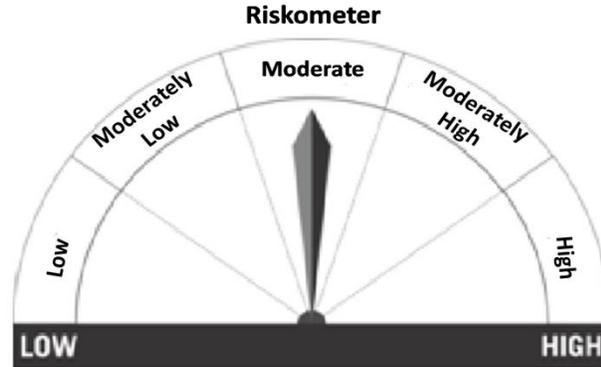
April 30, 2015

**All Mutual Funds/Asset Management Companies (AMCs)/
Trustee Companies/Boards of Trustees of Mutual Funds/
Association of Mutual Funds of India**

Sir/ Madam,

Sub: Product Labeling in Mutual Funds

1. Please refer to SEBI circular no. CIR/IMD/DF/5/2013 dated March 18, 2013, captioned 'Product Labeling in Mutual Funds'.
2. In consultation with Mutual Fund Advisory Committee, SEBI has reviewed the system of product labeling in mutual funds and in partial modification to the aforesaid circular, it has been decided that:
 - a. The level of risk in mutual fund schemes shall be increased from three to five as under:
 - i. Low - principal at low risk
 - ii. Moderately Low - principal at moderately low risk
 - iii. Moderate - principal at moderate risk
 - iv. Moderately High -- principal at moderately high risk
 - v. High - principal at high risk
 - b. The depiction of risk using colour codes would be replaced by pictorial meter named "Riskometer" and this meter would appropriately depict the level of risk in any specific scheme. For enumeration, a scheme having moderate risk would be depicted as under:



Investors understand that their principal will be at moderate risk

3. Mutual funds may 'product label' their schemes on the basis of the best practice guidelines issued by Association of Mutual Funds in India (AMFI) in this regard.
4. This circular shall be applicable with effect from July 01, 2015, to all the existing schemes and all schemes to be launched on or thereafter. However, mutual funds may choose to adopt the provisions of this circular before the effective date.
5. This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with the provision of Regulation 77 of SEBI (Mutual Funds) Regulation, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

PARAG BASU

Chief General Manager

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