

SEBI tweaks product labelling norms for MF industry, introduces new label

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The Sebi on Monday tweaked product labelling norms for the Rs.27-trillion mutual fund industry, introducing a new label called 'very high' risk.

The regulator also released a detailed framework for assigning labels to various mutual fund schemes. For equity schemes, the label will be dependent on various factors such as market cap, volatility and impact costs of the underlying stocks. For debt schemes, the riskiness will have to be determined by factors such as credit risk, interest rate risk and liquidity risk.

Based on how the scheme fares on each of the parameters, fund houses will have to arrive at a value, which will determine the risk-o-meter label. Sebi has said the new framework will become effective from January 1, 2021.