



CIRCULAR

SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608

July 30, 2021

All Mutual Funds (MFs)/
Asset Management Companies (AMCs)/
Trustee Companies/ Board of Trustees of Mutual Funds/
Association of Mutual Funds in India (AMFI)

Sir / Madam,

Subject: Deployment of unclaimed redemption and dividend amounts and Instant Access Facility in Overnight Funds

SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 has permitted overnight scheme under debt schemes category. Based on the request from industry, following has been decided:

1) **Deployment of unclaimed redemption and dividend amounts**

In partial modification to SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016, the following para shall be read as under:

Para A (1):

- a) *“The unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, shall also be allowed to be invested in a separate plan of only Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts.*

Provided that such schemes where the unclaimed redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit



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Risk) of Potential Risk Class matrix as per SEBI Circular No. SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/573 dated June 07, 2021.

b) AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower.”

2) Instant Access Facility in Overnight Funds

In partial modification to SEBI circular SEBI/HO/IMD/DF2/CIR/P/2017/39 dated May 8, 2017, the following para shall be read as under:

Para A (b) (ii):

“MFs/ AMCs can offer Instant Access Facility (IAF) only in Overnight and Liquid Schemes of the MF.”

- 3) All the Mutual Funds/AMCs are advised to comply with the changes referred in para (1) above from December 01, 2021. Para (2) is applicable with immediate effect.
- 4) 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 Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

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