LIC MUTUAL FUND

POLICY ON INTRADAY BORROWING FACILITY

Document Details

Specifics	Details
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Department/Owner	Operations, Investments
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Version History

Version	Date	Comments	Approver
1.0	25-08-2026	Policy drafted in line with SEBI's Intraday Borrowing Circular	Board of Directors of AMC & Trustee
1.1			
1.2			

Important Note: If at any point a conflict of interpretation/ information between this Policy and any Regulations, Rules, Guidelines, Notifications, Clarifications, Circulars, Master Circulars issued by the Securities Exchange Board of India ("SEBI") arise then, interpretation of such Regulations, Rules, Guidelines, Notification, Clarifications, Circulars, Master circulars issued by SEBI shall prevail.

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1. BACKGROUND

SEBI has permitted mutual funds to avail intraday borrowing to address temporary liquidity mismatches arising due to differences in market settlement timings. The permission follows an amendment to the SEBI (Mutual Funds) Regulations, 2026 through Gazette Notification No. CG-MH-E-07072026-274229 dated July 3, 2026.

This policy sets out the manner in which the intraday borrowing facility may be used by mutual fund schemes, in line with SEBI Circular No. HO/(92)2026-IMD-POD-2/I/16006/2026 dated July 10, 2026.

2. SCOPE

This policy applies to all mutual fund schemes that may need to use intraday borrowing for the purposes allowed under the SEBI circular. The facility shall be used only for temporary liquidity needs during the day and only in accordance with the conditions stated in the regulations.

3. PERMITTED PURPOSES

Intraday borrowing may be availed for only the following purposes subject to the quantum as defined in the point number 4:

- All unitholder pay-outs, such as redemptions, IDCW pay-outs, interest and similar payments.
- Pay-in obligations relating to investments made by the scheme.
- Mark-to-market obligations and foreign exchange settlements.
- Repayment of existing borrowings.

4. QUANTUM OF INTRADAY BORROWING

The amount of intraday borrowing shall be limited to the following:

- Guaranteed receivables, such as inflows from RBI, Clearing Corporations, subscription inflows received in scheme bank accounts and similar assured inflows.
- Non-guaranteed receivables sighted during the day and expected to be received by the scheme by the end of the day, such as maturity proceeds and secondary market settlements from NCDs, CP, CDs, OTC swaps and similar instruments.
- Additional intraday borrowing, beyond the above receivables, may be availed only for meeting redemption and other pay-outs to unitholders as specified under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026.

5. REPAYMENT REQUIREMENT

The AMC shall ensure that intraday borrowings are repaid by the end of the day. If any intraday borrowing is converted into overnight borrowing, it shall remain within the regulatory limits and shall be used only for the purposes allowed under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026.

6. APPROVAL AND MONITORING

The Boards of the AMC and the Trustees of the mutual fund shall approve the policy for use of the intraday borrowing facility. The approved policy shall be made available on the website of the AMC.

The AMC shall monitor the use of intraday borrowing to ensure that it is used only for the permitted purposes and within the limits stated in this policy.

7. SCHEME-WISE RECORDS

The AMC shall maintain scheme-wise records for every use of intraday borrowing. These records shall include details of the underlying liquidity mismatch and the expected source of repayment.

8. COST AND LOSS TREATMENT

The cost of intraday borrowing shall be borne by the AMC. Any loss or cost arising due to unforeseen events or delay in receipt of funds from receivables shall also be borne by the AMC.

9. REGULATORY COMPLIANCE

The AMC shall ensure compliance with clauses 6 and 7 of the Fourth Schedule of the SEBI (Mutual Funds) Regulations, 2026 and paragraph 17.7 of the SEBI Master Circular for Mutual Funds, as applicable.

10. EFFECTIVE DATE

This policy shall be effective from September 1, 2026, in line with the effective date of the SEBI circular.

11. POLICY REVIEW & UPDATE

The Policy should be reviewed at least once annually. Regulatory changes, if any, shall be deemed to be incorporated in the policy from time to time. Any amendments to the Policy required due to business exigencies or on account of observation/suggestion from the regulator/auditor, may be effected after following due internal process and referred to the Board at the earliest thereafter, for ratification.