

CIRCULAR

SEBI/HO/IMD/PoD2/P/CIR/2025/56

April 22, 2025

All Mutual Funds/

All Asset Management Companies (AMCs)/

All Trustee Companies/ Board of Trustees of Mutual Funds/

Association of Mutual Funds in India (AMFI)/

Registrar Transfer Agents (RTAs)

Sir / Madam,

Subject: Change in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in overnight schemes of Mutual Funds

1. With a view to safeguard clients' funds placed with Stock Brokers (SBs) / Clearing Members (CMs), SEBI vide circular "Upstreaming of clients' funds by Stock Brokers (SBs)/ Clearing Members (CMs) to Clearing Corporations (CCs)" dated December 12, 2023 ("upstreaming circular") has specified the framework requiring SB/CMs to upstream (i.e. place with) all the clients' clear credit balances to CCs on End of Day basis. The clients' funds shall be upstreamed by SB/ CMs to CCs only in the form of either cash, lien on Fixed Deposit Receipts created out of clients' funds, or pledge of units of Mutual Fund Overnight Schemes (MFOS) created out of clients' funds.
2. In order to operationalize the upstreaming of clients' funds in the form of pledge of units of MFOS, a Working Group of industry participants, AMFI and members of the Mutual Funds Advisory Committee (MFAC) recommended a change in cut-off timings to determine applicable NAV with respect to repurchase of units

in overnight fund schemes. Thereafter, the proposal was placed for public consultation.

3. Based on the analysis of public feedback, para 8.4.5.4 of the Master Circular for Mutual Funds dated June 27, 2024 stands modified as under:

8.4.5.4

The following Cut-off Timings shall be observed by AMCs with respect to repurchase of units in liquid fund & overnight fund schemes and plans and the following NAVs shall be applied for such repurchase:

- a. Where the application is received up to 3.00 pm – the closing NAV of day immediately preceding the next business day; and*
- b. Where the application is received after 3.00 pm –the closing NAV of the next business day.*

Provided that in case application is received through online mode, the cut-off timing of 7 PM shall be applicable for overnight fund schemes.

Explanation: “Business Day” does not include a day on which the Money Markets are closed or otherwise not accessible.

4. The provisions of this circular shall come into force from **June 01, 2025**.
5. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of regulation 49 of SEBI (Mutual Funds) Regulations, 1996, to protect the interest

of investors in securities and to promote the development of, and to regulate the securities market.

6. This circular is available at www.sebi.gov.in under the link “Legal > Circulars”.

Yours sincerely,

Lakshaya Chawla
Deputy General Manager
Investment Management Department

Tel no.: 022-26449369

Email: lakshayac@sebi.gov.in