



Press Release:

SEBI defers NAV applicability based on availability of funds for utilization from January 01, 2021 to February 01, 2021 at AMFI's request

Mumbai, December 31, 2020: SEBI has deferred the effective date for implementation of SEBI circular dated September 17, 2020 for applying NAV based on availability of funds for utilization by the mutual funds from January 01, 2021 to February 01, 2021 at the request of the industry body, Association of Mutual Funds in India (AMFI).

As per SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2020/175 dated September 17, 2020, SEBI had directed that effective from January 1, 2021 the closing NAV of the day on which the funds are available for utilization by the mutual fund shall be applicable in respect of purchase of units under ALL mutual fund schemes, irrespective of the amount and time of receipt of the transactions. This rule is already applicable for purchase transactions under Liquid funds and overnight Funds.

However, in the light of RBI circulars dated August 6, 2020 and December 14, 2020 titled "Opening of Current Accounts by Banks - Need for Discipline" – which have posed significant unexpected challenges and implications on the banking arrangements of mutual funds, AMFI had requested SEBI to defer the effective date for implementation of the abovementioned SEBI circular from January 01, 2021, so as to prevent potential disruption of service to investors and mitigate the hardship being faced by mutual funds.

AMFI has also written to RBI to permit MFs to continue operating collection account with multiple banks in order to provide better service to Unit holders and has also requested SEBI to kindly intervene on behalf of the MF industry to prevail upon RBI to consider AMFI's request.

SEBI's deferment has provided some relief to the industry as this would allow adequate time to first migrate all banking arrangements to be in compliance with the RBI circular, before taking up the necessary changes in order to comply with the referred SEBI circular.

Mr. N S Venkatesh, Chief Executive, AMFI commented that "AMCs have multiple payment and collection accounts/facilities for collections, redemption, dividend, custody, intra-day, borrowing etc. with numerous banks. To meet the requirement of the aforesaid RBI circulars mutual funds would need to change their operational process / restructure the banking operations / facilities/ relationships with banks at a very short notice. This would involve consolidation of banking relationships, change/withdrawal of facilities etc., which could potentially hamper the collection process. SIPs will be particularly impacted significantly as investors were accustomed to getting the same day NAV allotment as most SIPs are below INR 2 lacs. Keeping in mind the best interest of such retail investors, SEBI has deferred the NAV applicability circular by a month"

Mr. Venkatesh thanked SEBI for considering the industry's request and pushing the deadline to help alleviate the challenges that will be faced by the AMCs in aligning the banking operations.



About AMFI

AMFI was incorporated on August 22, 1995, as a non-profit organisation. As of now, all the 44 asset management companies that are registered with SEBI, are its members.

The Association of Mutual Funds in India (AMFI) is dedicated to developing the Indian Mutual Fund Industry on professional, healthy and ethical lines and to enhance and maintain standards in all areas with a view to protecting and promoting the interests of mutual funds and their unit holders.

AMFI, the association of SEBI registered mutual funds in India of all the registered Asset Management Companies, was incorporated on August 22, 1995, as a non-profit organisation.

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