



SEBI/HO/IMD/DF4/CIR/P/2019/093

August 16, 2019

**All Mutual Funds/ Asset Management Companies (AMCs)/  
Trustee Companies/ Boards of Trustees of Mutual Funds**

Sir/ Madam,

**Sub: Parking of Funds in Short Term Deposits of Scheduled Commercial  
Banks by Mutual Funds – Pending deployment**

1. Kindly refer to Clause 8 of Schedule VII of SEBI (Mutual Funds) Regulations 1996 read with SEBI circular SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007 pertaining to investment in Short Term Deposits (STDs) of scheduled commercial banks, pending deployment.
2. As regards point 5 of the aforementioned Circular, it is clarified that Trustees/Asset Management Companies (AMCs) shall ensure that no funds of a scheme is parked in STD of a bank which has invested in that scheme. Trustees/AMCs shall also ensure that the bank in which a scheme has STD do not invest in the said scheme until the scheme has STD with such bank.
3. 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 77 of SEBI (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,

**Lamber Singh**

**Deputy General Manager**

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