Diviniti SIF
offered by ITI Mutual Fund

Policy on Intraday Borrowing Facility for Investment strategies of Specialized Investment Fund (SIF)

September 2026
Version 1.0

Policy Reference/Title	**Intraday Borrowing Policy**
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Policy Owner/Custodian	Operations
Next Scheduled Review Date	As and when needed
Version	1

1) Introduction and Regulatory Background:

Based on representation made by Association of Mutual Funds in India (AMFI) on intraday borrowing arrangement by mutual funds to bridge the timing gap between redemption payouts and receipt of guaranteed receivables due on the same day from Government of India (GoI), Reserve Bank of India (RBI) and Clearing Corporation of India Limited (CCIL), a carve out for intraday borrowings was enabled in SEBI (Mutual Funds) Regulations, 2026 which came into effect from April 1, 2026.

Accordingly, SEBI has notified SEBI (Mutual Funds) Regulations, 2026 vide notification no. LAD-NRO/GN/2026/294 dated January 14, 2026 to come into force from April 01, 2026.

Subsequently, SEBI has published Official Gazette on 3rd July 2026, vide **Gazette Notification no. CG-MH-E-07072026-274229 dated July 3, 2026**, carried out amendment to SEBI (Mutual Funds) Regulations, 2026 to permit intraday borrowings by mutual funds for various purposes.

SEBI further has issued vide circular no. **HO/(92)2026-IMD-POD-2/I/16006/2026, dated 10th July,2026**, has permitted mutual funds to avail an intraday borrowing facility to address temporary liquidity mismatches that arise on account of differences in market settlement timings. The Circular follows amendments to the SEBI (Mutual Funds) Regulations, 2026 notified on July 3, 2026, and supersedes of the guidelines on borrowings of mutual funds specified in clause 5.9.1 of the SEBI Master Circular for Mutual Funds dated March 20, 2026 ("the Master Circular") and SEBI Circular no. HO/(92)2026-IMD-POD-2/I/7885/2026 dated March 25, 2026.

Intraday borrowings by mutual funds shall be subject to the conditions mentioned in this circular.

The Circular takes effect from September 1, 2026, and requires policy governing the use of the intraday borrowing facility by each scheme of Mutual fund / SIF ("the Fund"). This document constitutes that policy.

2) Purpose and objective:

In order to bridge the intraday timing mismatch of inflow and outflow of funds, the mutual funds enter into formal intraday borrowing arrangements with financial institution such as banks. To establish a robust governance framework for borrowings by Mutual Fund schemes in accordance with applicable SEBI Regulations and Circulars, ensuring that borrowings are undertaken only for permissible purposes and in the best interest of unit holders.

3) Applicability:

This Policy applies to all schemes of the Mutual Fund and investment strategies of SIF in respect of which the ITIAMC avails, or proposes to avail, intraday borrowing on behalf of a scheme / investment strategy.

4) Borrowing policies at ITIAMC:

ITIAMC is adhering to the borrowing policies prescribed in the SEBI (Mutual Funds) Regulations, 2026 vide circular no. **HO/(92)2026-IMD-POD-2/I/16006/2026** dated July 10, 2026 to come into force from September 01, 2026.

Accordingly, the ITIAMC has established and implemented this Borrowing Policy in compliance with the applicable regulatory requirements and shall ensure that all borrowings are undertaken strictly within the limits, purposes, and conditions specified under the SEBI (Mutual Funds) Regulations, 2026, and any subsequent circulars, guidelines, or amendments issued by SEBI from time to time.

5) The intraday borrowings by ITIAMC shall be subject to the following conditions:

1.1. ITIAMC avail the intraday borrowings for the following purposes:

1.1.1. Payment towards all unitholder pay-outs such as redemptions, IDCW pay-outs, interest etc.
1.1.2. Pay-in with respect to investments made by the scheme.
1.1.3. Meeting Mark-To-Market (MTM) margin obligations and foreign exchange settlements.
1.1.4. Repayment of existing borrowings.

1.2. The quantum of intraday borrowings shall be limited to:

1.2.1. Guaranteed receivables such as inflows from RBI, Clearing Corporations, subscription inflows received in scheme bank accounts etc.
1.2.2. Non-guaranteed receivables sighted during the day such as inflows from maturity proceeds and/or secondary market settlement from NCDs, CP, CDs, OTC Swaps, etc. and to be received by the scheme by end of the day.
1.2.3. Intraday borrowing in addition to clause 1.2.1 and 1.2.2 may be availed by ITIAMC solely for the purpose of meeting redemption and other pay-out to the unitholders as specified under Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026.

ITIAMC shall be responsible for ensuring that intraday borrowings are repaid by end of the day and any intraday borrowings converted to overnight borrowings are within regulatory limits and for the purposes allowed in Regulation 42(1) of SEBI (Mutual Funds) Regulations, 2026.

In line with para 11.10 of the Master Circular, cost of intraday borrowing, if any, shall be borne by the ITIAMC. Further, any loss or cost incurred, on account of any unforeseen event or delay in receiving the funds from receivables as mentioned at clause 1.2.1 and 1.2.2 above shall also be borne by the ITIAMC.

6) Scheme-wise Records

The AMC shall maintain, for each scheme and for each instance of intraday borrowing, a record capturing all data, in compliance with clauses 6 and 7 of the Fourth Schedule to the SEBI (Mutual Funds) Regulations, 2026 and paragraph 17.7 of the SEBI Master Circular for Mutual Funds.

These records shall be preserved in accordance with the SEBI (Mutual Funds) Regulations, 2026 and shall be made available upon request.

7) Current Intra-day Facilities sought by ITIAMC:

ITIAMC avail the Intra-day limit from the bank for the purpose of repurchase/redemption of units or payment of interest or dividend to the unit holders of our scheme holder.

8) Internal Controls:

Banking & Cash team from Operations validates the purpose of the funding.

The ITIAMC has obtained one time approval on intra-day borrowing limit from the designated approving authority. This will be reviewed time to time as and when be required.

Further the process shall be reviewed during periodical review. The policy shall be made available on the website of ITIAMC and also shall be subject to review annually or earlier if required due to any change in the guideline by the Regulators.

Investment Operations team shall maintain a scheme-wise, day-wise record (see Section 6) identifying the liquidity mismatch necessitating the borrowing and the expected source and timing of repayment for the intra-day borrowing.

9) Disclosure and Reporting

- This Policy, as approved by the Board of the ITIAMC and the Trustees, shall be disclosed on the AMC'swebsite.
- Any deviations from this Policy, and any instance of borrowing outside the purposes permitted under Section 5, shall be reported to the Board of the ITIAMC, the Trustees and SEBI, as appropriate.
- Any other disclosure required under the Circular, the SEBI (Mutual Funds) Regulations, 2026, or the Master Circular for Mutual Funds, as amended from time to time, shall be complied with.