Common SOP for Voluntary Lock-in / Debit freeze facility to Mutual Fund folios

Pursuant to paragraph 15.20 of SEBI Master Circular for Mutual Funds dated 20th March 2026 read with subsequent Best Practices Guidelines issued by Association of Mutual Funds in India vide Circular No. 135/BP/124/2026-27 dated April 10, 2026, as amended from time to time, a facility has been introduced w.e.f 30th April 2026 enabling investors to voluntarily lock (debit freeze) their mutual fund folios. This facility ensures that no debit transactions are permitted in the folio(s) until the lock is revoked by the investor.

A. Applicability:

- Folios held in Demat & Non-Demat modes
- Investor Type - Resident and Non-Resident Individual Investors including Sole Proprietor and Minor Folio held through a Guardian.
- Folios with Single or Anyone or Survivor mode of holding
- Facility to Lock / Unlock shall be available only to the first unit holder registered in the folio and to guardian in case of Minor folio (the facility to lock for minor folio can be exercised by guardian till age of maturity and after obtaining maturity lock/ unlock will be exercised by the unit holder only).
- Folios with KYC status as “Registered” or “Validated” (for all the holders available in the folio).
- Folios should have both, email id and an Indian Mobile Number already registered in RTA’s records.

B. Platform:

- For non-Demat mode, the facility will be available through the MFCentral platform.
- For Demat mode, MFCentral will redirect investors to the online services of the respective depositories.

C. Options for Locking and Unlocking:

1. Lock only debit transactions (investor initiated)
2. Lock debit + non-financial transactions (investor initiated)

Applicable transactions under each option:

1. Lock only debit transactions (investor initiated)
   - Redemption (including Insta Redemption Facility)
   - Switch Over Facility including Auto Switch
   - New Systematic Transfer Plan (STP) including (Fixed Systematic Transfer Plan and Capital Appreciation STP facility) Registration
   - New Systematic Withdrawal Plan (SWP) Registration
   - New registration of Transfer of Income Distribution cum capital withdrawal plan (IDCW Transfer Facility)
   - Automatic withdrawal of capital appreciation (AWOCA)

2. Lock debit + non-financial transactions (investor initiated)

Along with the above-mentioned Debit transactions, following non-financial transactions would also not be allowed:

- Change/ Addition in Bank Mandate
- Change of Broker code
- Change of Email id and/ or Mobile number
- Nominee Registration/ cancellation
- Change in Income Distribution cum Capital Withdrawal (IDCW) Option
- Lien Marking
- Change in Signature
- Consolidation of Folios
- Transfer of SOA Units
- Transfer of units from SOA to demat Mode
- Change of Tax Status

D. Process for locking the Folios:

- Investors can login to MFCentral with the existing validations / credentials
- MFCentral will display only active folios., i.e., folios having unit balance, having free units, which are not locked earlier due to any reason.
- Investor can select folio(s) for locking
- On selecting any one of the lock option, investor has to read and accept the disclaimer, post which two different OTPs will be sent to the registered email id and mobile number of the first holder.
- After successful validation of both the OTPs, selected folios will be *Immediately locked* in RTA's records.
- Once a folio is locked, *investors will not be allowed to unlock for next 48 hours.*
- Confirmation Email / SMS will be sent to the investor

E. Process for unlocking the Folios

- Unlocking will not be allowed for 48 hours from the time/date of locking the folios.
- On logging into MF Central, investor will be allowed to choose single / multiple folios to unlock.
- Two different OTPs will be sent to the registered email id and mobile number.
- After successful validation of both the OTPs, selected folios will be *Immediately unlocked* in RTA's records.
- Confirmation Email / SMS will be sent to the investor

F. Exclusions:

- All transactions not initiated by the investors.
- Online SOA/ Capital Gain Statement Generation.
- New Registration of SIPs.
- Existing Lien invocation/revocation, if raised by the financier, and the underlying redemption will be allowed during the lock-in period.
- Transmission (given that the Lock instruction becomes void post demise of the investor, will be allowed irrespective of lock-in status of the folio)

- Triggers from systematic transactions like SIP, SWP, STP which are registered prior to date of Locking the folio will be allowed
- Corporate actions like IDCW payout / reinvestment, scheme merger, face value change, maturity payout etc., will continue to get processed in the folio during the lock-in period.
- Reporting to regulatory authorities/ Law Enforcement Agencies (LEAs) would continue
- KRA KYC updation will be allowed
- Brokerage, wherever applicable, will continue to get processed and paid to distributors during the lock-in period.
- Consolidated account statement or any other regulatory communication will continue to get triggered during the lock-in period.
- Request received from Law Enforcement Agencies (LEA) / SEBI / AMFI / Central Board of Direct Taxes (CBDT) / Court or other legal entities will continue to get shared during the lock-in period.
- Irrespective of lock-in status, these folios will be considered for all regulatory reporting purposes and for sending regulatory communications.

G. Investors/ Unitholders are further informed that Information on Folios locked / unlocked will be made available to the respective MFD / RIA / Source (Channel / Mutual Fund Utilities (MFU)) for them to have corresponding updates done at their end and restrict further transactions on locked folios

For more information or any clarification, please contact us at 1800-258-5678 (Monday to Saturday, 9.00 am to 6.30 pm) or write to us at service_licmf@kfintech.com.