

## **SEBI Approves Mutual Fund Units as Alternative to Bank Deposits for Investment Advisers and Research Analysts**

The Securities and Exchange Board of India (SEBI) vide its **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/116 dated August 12, 2025**, has allowed the registered Investment Advisers (IAs) and Research Analysts (RAs) to use units of liquid mutual funds and overnight mutual funds to meet their deposit requirements.

This change, which was approved by the SEBI Board in June 2025 and is effective immediately, provides an alternative to the previously mandated bank deposit. The deposits must be marked with a lien in favor of the respective supervisory bodies, the Investment Adviser Administration and Supervisory body (IAASB), or the Research Analyst Administration and Supervisory body (RAASB).

This decision comes after SEBI received feedback from industry participants and public consultations. IAs and RAs are required to comply with the new deposit requirements by September 30, 2025. This move, which aims to protect investors and regulate the securities market, is a result of amendments to the SEBI (Research Analysts) Regulations, 2025, and SEBI (Investment Advisers) Regulations, 2025.

Accordingly, the IAASB/RAASB (BSE Limited) has been directed to establish the necessary systems and procedures to implement this circular.

Link - [https://www.sebi.gov.in/legal/circulars/aug-2025/use-of-liquid-mutual-funds-and-overnight-mutual-funds-for-compliance-with-deposit-requirement-by-investment-advisers-and-research-analysts\\_96052.html](https://www.sebi.gov.in/legal/circulars/aug-2025/use-of-liquid-mutual-funds-and-overnight-mutual-funds-for-compliance-with-deposit-requirement-by-investment-advisers-and-research-analysts_96052.html)