

SEBI introduces Voluntary Debit Freeze Facility for Mutual Fund Folios

The **Securities and Exchange Board of India (SEBI)** vide its **Circular No: HO/24/12/12(5)2026-IMD-SEC-1/I/6373/2026 dated March 06, 2026**, has introduced a voluntary lock-in / debit freeze facility for mutual fund folios across demat and non-demat folios. As per the circular, the facility will enable investors to freeze debit transactions in their mutual fund folios.

According to SEBI, this will ensure that no units are debited from the folio until the investor unlocks it. In the first phase, the facility will be made available through the inter-operable Registrar and Transfer Agents (RTA) platform, MF Central. SEBI clarified that in the first phase, RTAs shall enable investors to lock their folios through MF Central.

The facility will be available only to KYC complied (Registered/Validated) investors having a valid email ID and mobile number.

SEBI has directed the Association of Mutual Funds in India (AMFI) to prescribe the detailed process for locking and unlocking of folios for all Asset Management Companies and RTAs, and the processes to be followed by different types of investors, in consultation with SEBI. AMFI shall also specify the list of financial and non-financial transactions that may be permitted while the folio remains under lock.

Further, SEBI has mandated that the detailed procedure for opting for this facility and its impact on various transactions be disclosed by all AMCs and RTAs on their websites and in the Statement of Additional Information. The circular shall come into effect from April 30, 2026.

[Click here to read/ download the original circular](#)