HSBC Asset Management

AMIN Intraday Borrowing Policy

1. Document Control

1.1 Change History

Date	Version	Author, Department	Change
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1.2 Document Control

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1.3 Version Control

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HSBC ASSET MANAGEMENT (INDIA) PRIVATE LIMITED

Policy on Intraday Borrowing Facility for Mutual fund Schemes and Investment strategies of Specialized Investment Fund (SIF)

1. Introduction and Regulatory Background

HSBC Mutual Fund ("the Fund") is a fund registered with SEBI under SEBI (Mutual Funds) Regulations, 2026, vide registration number MF/046/02/5 dated May 27, 2002. HSBC Asset Management (India) Private Limited ("AMIN") is the Investment Manager to the Fund and HSBC Trustees (India) Private Limited ("the Trustees") is the Trustees of the HSBC Mutual Fund.

AMIN manages the Mutual fund schemes and SIFs as per the provisions of the respective Scheme Information Documents/ Investment Strategy Information Document, provisions of the Investment Management Agreement, the Trust Deed and the SEBI (Mutual Funds) Regulations, 2026 (as amended from time to time).

Securities and Exchange Board of India ("SEBI"), vide circular dated July 10, 2026, bearing reference number HO/ (92)2026-IMD-POD-2/I/16006/2026 ("the Circular"), 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 the earlier borrowing guidelines contained in the SEBI Master Circular for Mutual Funds dated March 20, 2026, and the SEBI Circular dated March 25, 2026, to the extent they deal with intraday borrowing.

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. Objective

This Policy sets out the framework, purposes, limits, approval mechanism, internal controls, cost allocation and disclosure requirements governing the availing of intraday borrowing by the schemes of the Fund from Banks including HDFC Bank (Custodian of the fund) and HSBC Bank, in order to:

- bridge temporary cash-flow mismatches arising from differences between settlement/receipt timelines and payment obligations of a scheme on the same business day;
- ensure timely discharge of payment obligations to unitholders and counterparties without disrupting settlement;
- ensure that intraday borrowing is availed strictly within the purposes, caps and safeguards prescribed by SEBI; and
- ensure appropriate monitoring and record-keeping in relation to such borrowing.

3. Applicability

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

4. Definitions

1. "Intraday Borrowing" means a borrowing availed by a scheme of the Fund or investment strategies of SIF that is drawn down and repaid within the same business day, and which does not remain outstanding at the end of that day.
2. "Overnight Borrowing" means any borrowing availed for a period of one business day and repaid on next business day; such borrowing shall be governed by, and shall be reckoned within, the borrowing limits prescribed under Regulation 42 of the SEBI (Mutual Funds) Regulations, 2026.
3. "Guaranteed Receivables" means amounts due to a scheme on the same business day that are guaranteed inflows, including but not limited to amounts due from the Reserve Bank of India, , recognised Clearing Corporations (including the Clearing Corporation of India Limited), and subscription proceeds already received in the scheme's bank account.
4. "Non-Guaranteed Receivables" means other amounts sighted and reasonably expected to be received by a scheme by the end of the same business day, which are not guaranteed inflows, including maturity proceeds and/or secondary-market settlement proceeds from instruments such as non-convertible debentures (NCDs), commercial paper (CPs), certificates of deposit (CDs), and over the counter (OTC) derivative/swap settlements.

5. Permitted Purposes

Intraday borrowing may be availed by a scheme only for the following purposes, and for no other purpose:

Category	Permitted Use
Unitholder payouts	Payment towards repurchase/redemption of units, Income Distribution cum Capital Withdrawal (IDCW) payouts.
Investment pay-ins	Pay-in obligations arising from investments made
Mark-to-market and forex exchange settlements	Meeting Mark-To-Market (MTM) margin obligations and foreign exchange settlement obligations
Repayment of existing borrowings	Repayment of borrowings previously availed by the scheme, in accordance with applicable limits

No intraday borrowing shall be availed, structured, or utilised for any purpose other than those listed above or for any purpose inconsistent with Regulation 42 of the SEBI (Mutual Funds) Regulations, 2026.

6. Borrowing Limits and Sizing

The amount of Intraday Borrowing availed by a scheme on any day shall not exceed the aggregate of the following receivables of that scheme, sighted and reasonably expected to be received by the end of that day:

1. Guaranteed Receivables;
2. Non-Guaranteed Receivables; and

3. AMC may, in addition to the above, avail intraday borrowing solely for the purpose of meeting redemption and other payouts due to unitholders, as specified under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026.

The total amount of intraday borrowing availed on any day at a scheme level should not exceed the amount computed under section 6 above.

Intraday borrowing so availed, provided it is repaid within the same business day in accordance with Section 7 below, shall not be reckoned against the 20% of net assets of a scheme/ six-month borrowing limit applicable to scheme borrowings generally under Regulation 42 of the SEBI (Mutual Funds) Regulations, 2026.

Where any intraday borrowing is not repaid by the end of the day then it shall be treated as an Overnight Borrowing, and the same shall be governed by, and counted within, the limit applicable under Regulation 42 of the SEBI (Mutual Funds) Regulations, 2026 and shall be used only for purposes permitted thereunder.

7. Repayment and Treatment of Overnight Borrowing

All intraday borrowings availed by a scheme shall be repaid in full by the end of the same business day by that Scheme

Where, on account of unforeseen circumstances, an intraday borrowing cannot be repaid by the end of the day, it shall automatically be treated as an Overnight Borrowing from that point, and it shall be ensured that it is brought within permissible borrowing limits and permitted purposes prescribed under Regulation 42 of the SEBI (Mutual Funds) Regulations, 2026.

All such instances where intraday borrowing get converted into overnight borrowing will be reported to the CEO, CRO, COO, CIOs, Compliance Officer and Investor Restriction Team

8. Internal Controls

Drawdown of intraday borrowing shall only be against permitted purposes listed in Section 5 and the within the limits mentioned in Section 6

Approval shall be obtained for availing intraday borrowing from Head investment Operations/COO via email before availing the facility

Investment Operations team shall maintain a scheme-wise, day-wise record (see Section 9) identifying the liquidity mismatch necessitating the borrowing and the expected source and timing of repayment for the intra-day borrowing.

9. 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.

10. Cost and Loss Allocation

10.1 Intraday Borrowing (repaid within the same day)

The cost of availing intraday borrowing (if any) shall be borne entirely by the AMC and shall not be charged to the scheme(s) or to unitholders, in accordance with the Circular.

Any loss or additional cost arising from unforeseen events, or from delays in the receipt of Guaranteed Receivables or Non-Guaranteed Receivables that were relied upon at the time of sanctioning an intraday borrowing, shall similarly be absorbed by the AMC in full and shall not be borne by the scheme(s) or unitholders.

10.2 Borrowing Converted to Overnight Borrowing

Where an intraday borrowing is not repaid by the end of the business day and is treated as Overnight Borrowing, its cost shall be governed by the general policy applicable to scheme borrowings under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026. However, if the intraday borrowing is not repaid by the end of the business day resulted on account of any unforeseen event or delay in receiving the Guaranteed Receivables and Non-Guaranteed Receivables, any cost or loss incurred shall be borne by the AMC.

11. Disclosure and Reporting

- This Policy, as approved by the Board of the AMC and the Trustees, shall be disclosed on the AMC's website.
- 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 AMC, 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.

12. Policy Review and Amendment

This Policy shall be reviewed by the Board of the AMC and the Trustees at least annually, and earlier if warranted by changes in applicable SEBI regulations or circulars, including any modification to the Circular dated July 10, 2026. Any amendment to this Policy shall be approved by both Boards and latest version shall be redisclosed on the AMC's website.

13. Effective Date

This Policy is effective from September 1, 2026, being the effective date prescribed under the Circular, and shall apply to all intraday borrowings availed by the schemes of the Fund on or after that date.