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FAQs on Voluntary Lock-in / Debit Freeze Facility for Mutual Fund Folios

Version 1.0



References:

SEBI Circular Ref. No. HO/24/12/12(5)2026-IMD-SEC-1/I/6373/2026 dated March 06, 2026

AMFI Best Practices Guidelines Circular No. 124/2026-27 (135/BP/124/2026-27) dated April 10, 2026

Objective:

In order to promote digital security of units of Mutual Fund investors, in consultation with AMFI, SEBI has decided that a voluntary debit freeze facility be introduced for Mutual Fund investors across demat and non-demat (i.e., Statement of Account) folios to ensure that no units shall be debited from such folios till the time they are unlocked.

Frequently Asked Questions (FAQs)**Q1. What is the meant by voluntary Lock-in / Debit Freeze facility?**

A1. Facility is made available to the MF investors for restricting investor-initiated debits or any other specified transactions in their mutual fund folios to prevent unauthorized or unintended activity. The lock will remain active until the investor chooses to unlock it.

Q2. Where is the facility available?

A2. In the first phase, the facility to lock the folio shall be provided to mutual fund investors by the RTAs / AMCs through MF Central platform.

Q3. What is MF Central?

A3. An Inter-operable RTA platform named MF Central, was introduced for enhancing investor experience in Mutual Fund Transactions / service requests by SEBI as per Para 16.6 of SEBI Master Circular on Mutual Funds.

Q4. What are the basic criteria to avail this facility?

A4. Investor should be KYC complied (Registered / Validated) and should be having valid Email ID and Mobile number (both mandatory).

Q5. Who can avail this facility?

A5. This facility would be made available to the following categories of MF investors:

- Resident and Non-resident individual investors
- Requesting Investor should be First / Sole Holder in the folio and having mode of holding as Single or "Anyone or Survivor" mode
- Minor folios (through guardian until the minor attains majority).
- Basic criteria as mentioned above in Q4.

Q6. What transactions can be locked by this facility?

A6. Investors will have the options to choose whichever is preferred:

- Lock only debit transactions (investor initiated)
- Lock both debit and non-financial transactions (investor initiated)

Q7. Is this facility available for holdings both in SOA and Demat format?

A7. For SOA mode (i.e., non-demat mode), investor can avail this facility by logging into MF Central. For Demat mode, investor can log into the respective DP/Depositories system and avail the facility.

Q8. How can an investor lock their folio(s)?

A8. The process involves:

- Investor has to log-in into the MF Central portal after completing all the applicable validations for the given PAN + Mobile or PAN + Email combination.
- If not registered already in MF Central, investor has to complete the registration process
- On successful validation, all folio details for the given combination would get displayed including Name, personal details, Fund Name, Units outstanding, valuation as on date.
- Investor to selecting the fund name, folio(s), and lock option
- Once selected, validating the request through OTP or any other applicable validations using the information registered in the folio(s).
- Depending upon the Fund Name and Folio(s) selected, request would be pushed by MF Central to the respective MFRTAs for necessary action.
- Upon successful validations, Folio Lock would be registered in the respective folio(s) held in SOA (non-demat) form and confirmation would be sent to the registered email/mobile.
- The lock is made instantly and remains locked until the same is revoked by the investor.

Q9. How can an investor unlock their folio(s)?

A9. The process involves:

- Investor has to log-in into the MF Central portal after completing all the applicable validations for the given PAN + Mobile or PAN + Email combination.
- On successful validation, all folio details for the given combination would get displayed including Name, personal details, Fund Name, Units outstanding, valuation as on date.
- Investor to selecting the fund name, folio(s) and unlock option
- Once selected, validating the request by sending the different OTP to the registered email and mobile and both should get validated/authenticated.
- Depending upon the Fund Name and Folio(s) selected, request would be pushed by MF Central to the respective MFRTAs for necessary action.
- Upon successful validations, Folio Unlock would be registered in the respective folio(s) held in SOA (non-demat) form and confirmation would be sent to the registered email/mobile.

Q10. Are there different validations for locking and unlocking authentication?

A10. Yes. 1. Locking requires single OTP validation. 2. Unlocking requires **two-level authentication (separate OTPs on email and mobile)** for added security.

Q11. Which are the financial transactions are NOT allowed when folio is locked?

A11. Following investor initiated financial transactions will be restricted until the folio is unlocked:

- Redemptions.
- Switches.
- Registration of STP.
- Registration of SWP.
- Registration of DTP.

Q12. Which are the financial transactions are allowed when folio is locked?

A12. Following investor initiated financial transactions will be allowed when the folio is in locked state.

- Fresh Purchase.
- Additional Purchase.
- Instalments triggers from existing SIP/STP/SWP/DTP

- Registration of SIP.
- IDCW payouts and reinvestments
- Payment to SEBI or any other LEA basis their orders/notices.

Q13. Which are the non-financial transactions NOT allowed when folio is locked?

A13. Following investor initiated non-financial transactions will be restricted until the folio is unlocked:

- Change/Addition of Bank Mandates or Multiple Bank mandates registration.
- Change of Broker/ARN Code.
- Change of contact details – Email and / or Mobile.
- Nominee registration/cancellation/modification.
- Change in IDCW option.
- Lien Marking.
- Change in Signature.
- Consolidation of Folios.
- Transfer of Units.
- Change of Tax Status

Q14. Which are the non-financial transactions allowed when folio is locked?

A14. Following investor initiated financial transactions will be allowed when the folio is in locked state.

- Address updation via KRA feeds.
- Request from Law Enforcement Agencies (LEAs) or Regulator(s).
- Cancellation/Cease of SIP/STP/SWP registration.
- Lien invocation / removal

Q15. How will distributors or intermediaries be informed about the folio lock?

A15. Information regarding locked/unlocked folios will be shared with the respective distributor / advisor / platform via mail back reports to restrict/allow further transactions at their end.

Q16. How long will the lock be valid?

A16. The lock will remain active “until revoked” or “Minor becoming Major” or “Demise of first / sole holder”.

Q17. What happens if an investor tries to transact during the lock period?

A17. The transaction will be restricted as per the selected lock option and appropriate message would be displayed. If a physical request is placed, transaction will be accepted and rejected later.

Q18. Will investors receive confirmation for lock/unlock actions?

A18. Yes. Confirmation will be sent to the registered email ID and mobile number.

Q19. Is there any liability for financial impact due to locking?

A19. No. The investor is availing this facility on his own preference by accepting his responsibility for any consequences such as inability to transact during the lock period.

Q20. Is there any cooling period between Folio Lock or Unlock or for transaction submission before or after such lock/unlock?

A20. No such cooling period is applicable as of now.

Q21. Is there any limit for Folio Lock or Unlock?

A21. Investor can lock/unlock any number of times subject to completion of all applicable validations. No such restriction is applicable as of now.

Q22. Will OTP be sent for International Mobile Numbers?

A22. No. Availability of Indian Registered Mobile Number is mandatory to avail this facility.

Q23. If the investor demise when the folio(s) is/are locked, what is the process?

A23. When the investor (First / Sole holder) demise and substantiated with the required documentary proofs, Folio Lock request would become VOID and hence registered Nominee(s)/Legal Heir(s)/Claimant(s) can request for transmission thereafter.

Q24. Can an NRI avail this facility?

A24. Yes, subject to the availability of Indian Registered Mobile Number in the folio(s) and valid Email ID registered in the folio(s).

Q25. If the Folio is already SEBI Debarred, still investor can avail this facility?

A25. Yes. However, since debarment by SEBI or any other LEA will supersede lock initiated by the investor, transaction restrictions initiated by LEA will continue to be applicable even after investor choosing to unlock the folio.

Q26. If the minor Folio is locked based on the instructions from the Guardian, what would happen when minor attained majority?

A26. When minor becomes majority, instructions given by the Guardian would become VOID. Hence, lock initiated by the Guardian on date of minor turning major.