

PART B
DETAILED CONSOLIDATED CIRCULAR

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ITEM 1: SETTLEMENT SCHEDULE

Settlement periods shall be specified by the relevant authority from time to time. The receipt and transfer of funds for redemption (if units are redeemed) and mutual fund units for subscription (if units are purchased) shall be effected in accordance with the settlement schedule issued by the Clearing Corporation from time to time.



ITEM 2: MAINTENANCE OF DEPOSITORY POOL ACCOUNT BY PARTICIPANTS

The Participants shall operate and maintain settlement pool accounts with both the depositories i.e. National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL) for the purpose of settlement of mutual fund units allotted under subscription.

- For all Participants who are enabled on the Capital Market (CM) segment, the existing pool accounts used in CM segment for the purpose of pay-in and pay-out of securities will be used in the MFSS segment.
- Participants who are not members of the CM segment shall be required to open settlement pool accounts with both the depositories for settlement under MFSS.
- In case a Participant wishes to shift the CDSL pool account from one depository participant to another, the details of new pool account should be intimated to the Clearing Corporation as per format specified in **Part C.1**.

ITEM 3: MAINTENANCE OF CLEARING BANK ACCOUNT BY PARTICIPANT

Participants having funds obligation towards Subscription orders shall have clear funds in his settlement account on settlement day. The Clearing Bank shall debit the participant's account by 08.30 a.m. in accordance with electronic instructions received from Clearing Corporation.

The Clearing Bank shall credit the participant's settlement account for the amount receivable towards redemption orders by 11:30 a.m. in accordance with the pay-out instructions received electronically from the Clearing Corporation on the settlement day.

3.1 Maintenance and operation of clearing account

- Every Participant shall maintain and operate a separate and distinct clearing account for MFSS with any one of the designated clearing banks at the designated branch of the bank, as given in **Part C.2**. The clearing account shall be used exclusively for clearing operations i.e., for settling funds obligation as may be specified by the Clearing Corporation from time to time.
- Participants shall irrevocably authorize the clearing banks to access their clearing accounts for debiting and crediting their clearing accounts as per the instructions of the Clearing Corporation, reporting of balances and other information as may be required by the Clearing Corporation from time to time as per the format given in **Part C.3** and furnish to the Clearing Corporation an acknowledged copy of the same along with the account particulars issued by the clearing banks.
- Participants can deposit funds into these accounts in any form and can withdraw funds from these accounts only in self-name.
- Participants having funds obligation to pay shall have clear balance of requisite funds in the clearing accounts on or before the stipulated funds pay-in day and the stipulated time.
- Participants shall not seek to close or de-activate the clearing accounts without the prior written consent of the Clearing Corporation.
- The clearing banks shall debit/credit the clearing accounts of the Participants as per instructions received from the Clearing Corporation from time to time. Any request from the Participants for revoking the authorization furnished by them shall not be considered by the clearing banks. The clearing banks shall not close the clearing accounts or permit deactivation of the same without the prior written consent of Clearing Corporation.
- All bank confirmations received from clearing banks on behalf of the Participants towards funds pay-in shall be given effect only after receiving a written/electronic confirmation from their respective clearing banks.

3.2 Procedure for change in clearing banks

In case the Participant wishes to shift the clearing account from one designated clearing bank to another, the following procedure shall be followed:

- The Participant shall request the clearing bank in writing for issuing a No Objection Certificate (NOC) for shifting of the clearing account.
- The Participant shall request the Clearing Corporation in writing seeking its permission for shifting of the clearing account and enclose the NOC received from the existing clearing bank in this regard or where the NOC is not received, furnish an acknowledged copy of the NOC request along with a declaration to the effect that no response has been received from the existing clearing bank in respect of the NOC request even after a minimum waiting period of a fortnight.
- The Clearing Corporation would thereon issue a letter of introduction to the other designated clearing bank.
- On opening the clearing account with the other designated clearing bank, the Participant shall submit to the Clearing Corporation the documents relating to the new clearing account and letter in the format as mentioned in **Part C.3**.
- The Clearing Corporation shall thereon communicate the date from which the new clearing account shall be operational and the date after which the existing clearing account may be closed by the Participant.



ITEM 4: CLEARING AND SETTLEMENT – REGULAR SUBSCRIPTION AND REDEMPTION ORDERS

All requests for subscription and redemption will be settled on individual basis and only to the extent of the funds/units paid in by Participants/clients/AMC on the settlement day.

4.1 Subscription Orders:

- Subscription Orders will be settled under settlement type ‘S’.
- Receipt and transfer of funds for subscription of mutual fund units will be done on a T+1 day basis.
- The securities pay-in will be from the designated AMC Pool A/c and the securities payout will be to the Participants Pool A/c for orders in dematerialised mode. In turn, Participants shall credit mutual funds units to respective investors.

4.2 Redemption Orders for all schemes:

- Redemption Orders will be settled under settlement type ‘U’.
- Receipt and transfer of mutual fund units for redemption will be done on T day and will be conducted for units in dematerialized form only.
- The Clearing Corporation will execute the funds pay-out to the Participants for redemption proceeds by crediting the Participants designated clearing bank account From T+1-T+7 day for orders in dematerialised mode. In turn, Participants would credit the proceeds to respective investors.

ITEM 5: CLEARING AND SETTLEMENT - HLIQD AND DBTCR ORDERS

All requests for subscription will be settled on individual basis and only to the extent of the funds paid in by the clients of the Participants before funds pay-in cut-off time on T day.

Clearing and settlement procedure for Historical NAV for liquid subscriptions (HLIQD) and subscription amount greater than or equal to Rs. 2 lakhs for debt schemes (DBTCR) is as follows:

5.1 HLIQD Subscription

- Subscription orders for liquid schemes with Historical NAV shall be settled under settlement type 'K'. These will be traded under category code 'HLIQD' in series 'LQ'.
- Funds settlement for liquid schemes shall be done on T day as per the specified timelines. Unit settlement for liquid schemes shall be done on T day.

5.2 DBTCR Subscription

- Subscription orders for debt schemes with subscription amount greater than or equal to Rs. 2 lakhs shall be settled under existing settlement type 'S'. These will be traded under category code 'DBTCR' in series 'LQ'.
- Funds settlement for debt schemes shall be done on T day as per the specified timelines. Unit settlement shall be done on T+1 day along with normal subscription orders as per the specified timelines.

Order collection timings for the mentioned categories are as follows:

Particulars	Category	Timing
Order collection period	HLIQD	9:00 am - 1.15 pm
	DBTCR	9:00 am - 2.15 pm
Cut off time for funds	HLIQD	1:15 pm
	DBTCR	2:15 pm

ITEM 6: OVERNIGHT LIQUID ORDERS

Overnight Liquid transactions is an order entry functionality which allows the participants to place purchase and redemption orders simultaneously in liquid schemes. This facility is available in Physical mode only.

ITEM 7: PROCEDURE FOR SETTLEMENT – REGULAR SUBSCRIPTION ORDERS

T day Process

- Clearing Corporation shall download the Subscription obligation files (SOBG) as per file format provided in **Part D.1** to Participants on the T day for all valid subscription orders of mutual fund units.
- All the valid subscription orders shall be posted on **Nsccl - MASS** for participants after Final order report on T day.
- Participants can cancel the orders before 07:45 AM on T+1 Day.
- Participants shall be able to cancel order through frontend as well as through file upload as per file format (COBG) provided in **Part D.2** only upto the cut off time of 07:45 AM on T+1 day.
- The procedure of order cancellation through **Nsccl - MASS** is provided as user manual on **Nsccl - MASS** login.
- Participants can upload multiple files for cancellation. However, participants are requested to note the following with respect to Multiple file upload:
 - Participants may upload the COBG for orders to be cancelled and orders to be accepted, or only for orders to be cancelled.
 - Confirmation flag should be mentioned as 'N' if the participant wishes to cancel the order. Confirmation flag should be mentioned as 'Y' if the participant wishes to accept the order.
 - Records not uploaded/failed records or records against which no confirmation flag 'Y' or 'N' is provided shall be treated as 'Y' i.e. accepted for the purpose of funds allocation.
 - If the participant wants to change the confirmation flag once uploaded, the same need to be provided in the next file with revised confirmation flags and the old flags will be updated with the revised flags.
 - Return files for cancelled orders (CROBG) will be generated immediately with status of records as accepted / rejected and reason for rejection. The format of return files is provided in **Part D.3**
 - Files can be uploaded only till cut off time of 07:45 AM on T+1 day.

T+1 day Process

- The Clearing Corporation of the Exchange shall debit the designated clearing bank account of the Participants on T+1 morning by 8:30 AM. Participants are required to provide the pay-in to the extent of non- cancelled order amount. (Pay-in amount = Total obligation amount provided in SOBG – Total amount of orders successfully cancelled.)
- In case of partial funds pay-in, all subscription orders of the participant shall be cancelled.



- Wherever the partial funds are collected from the bank account the same shall be returned to the designated bank account of the Participant.
- Appropriate action as declared by Clearing Corporation from time to time, including levy of penalty, shall be taken on Participants who fail to fulfil their funds obligation.
- Daily Funds report (DFND) will be downloaded to Participants after completion of funds settlement. **Part D.4**

Pay-out of mutual fund units:

- Clearing Corporation will download the mutual fund units pay-out receivable obligations (DLVR) based on the allotment information provided by the RTA. The format is provided in **Part D.5.**
- Clearing Corporation will release the mutual fund units pay-out to the Participants' pool account, as per the timelines stipulated from time to time, based on the allotment information provided by the RTA and the depository pay-in files.
- Demat Final Receipt Statement (DFRS) will be downloaded to the Participants giving details of mutual fund units received for subscription orders. The format for the same is provided in **Part D.6**

ITEM 8: PROCEDURE FOR SETTLEMENT - REGULAR REDEMPTION ORDERS

T day Process

- Investors will be required to transfer units for their transacted orders to the Clearing Corporation pool account on the T day by 4:30 p.m.
- The delivery instructions for crediting the units for redemption should be given by the investor to the following account in NSDL as an on-market transaction:

CM BPId: IN565576

The following details should be mentioned in addition to the above:

CM Name: NSCCL

ISIN:

Market Type:

Settlement No.:

(Note: – Market type will be ‘Liquid Redemption’ for Liquid/Debt schemes and ‘Normal Redemption’ for Non-liquid/Equity schemes)

- The delivery instructions for crediting the units for redemption should be given by the investor to the following account in CDSL:

Exchange Name: National Stock Exchange of India Ltd

ISIN:

Market Type:

Settlement No.:

Counter BO Id (NSE CLEARING House Account): 1100001100017837

(Note: – Market type will be ‘Liquid Redemption’ for Liquid/Debt schemes and ‘MF-Repurchase’ for Non-liquid/Equity schemes)

The delivery instructions for crediting the units for redemption will be between CDSL accounts (CDSL to CDSL transfer).

- Demat Final Delivery Statement (DFDS) will be downloaded to Participants after mutual funds units are received by Clearing Corporation. The format of the report is provided in Part D.7

T+1 day Process

- Based on the details received from AMC/RTA a report giving funds receivable obligation (FNDS) shall be downloaded to the Participants. The format of the report is provided in **Part D.8**

**Funds Pay-out on – T+1 to T+7 day**

- Funds pay-out shall be credited to the clearing bank account of the Participants by the Clearing Corporation.
- The payout of funds shall be released from T+1 to T+7 day as per scheme category and timelines stipulated from time to time.
- Daily Funds report (DFND) will be downloaded to Participants after completion of funds settlement. Report format is provided in **Part D.4**

ITEM 9: FUND SETTLEMENT PROCEDURE – HLIQD AND DBTCR ORDERS

- Clearing Corporation shall download the obligation files HLOB for HLIQD funds obligations and DBOB for DBTCR fund obligations as per file format provided in **Part D.10** and **D.11** respectively.
- The Clearing Corporation of the Exchange shall debit the designated clearing bank account of the Participants on T day at around 1:20 p.m. for HLIQD order obligations and at around 2:20 p.m. for DBTCR orders obligation
- Participants need not transfer the funds to Clearing Corporation account.
- Participants need not provide Order Confirmation file (ORDC) to Clearing Corporation.
- In case of partial funds pay-in, all subscription orders of the participant shall be cancelled.
- The funds shall be moved from Clearing Corporation bank account to the AMC / Mutual fund bank account maintained with the clearing Bank before the cut off time i.e. 2:00 p.m. for HLIQD orders and 3.00 p.m. for DBTCR on T day.
- Wherever the partial funds are collected from the bank account the same shall be returned to the designated bank account of the Participant on T day by 6:00 PM
- Appropriate action as declared by Clearing Corporation from time to time, including levy of penalty, shall be taken on Participants who fail to fulfil their funds obligation.

NOTE: The mentioned facility is currently available for selected banks. Participants are requested to contact NSE Clearing – MFSS team for the details.

In case where members do not hold an account with the selected banks, following procedure shall be followed:

- The Participant's client shall be required to transfer the funds directly to the following settlement account of NSE Clearing:
 - Bank Name: HDFC Bank Ltd
 - Account No: 00990610005906
 - Description: NSE CLEARING NORMAL SETTLEMENT ACCOUNT – MFS
 - RTGS Code: HDFC0000060
 - NEFT: HDFC0000240
- The clients shall be required to transfer the funds to above mentioned NSE Clearing bank account on T day before 1.15 p.m. for HLIQD Category orders and before 2:15 p.m. for DBTCR category orders
- Participants shall mandatorily be required to send the order confirmation file (ORDC) to Clearing Corporation by 1:15 p.m. on T day for HLIQD category and by 2:15 p.m. for



DBTCR category respectively as per **Part D.9** by e-mail to mfss_clearing@nsccl.co.in . Orders shall not be taken up for further processing in the following cases:

- Non receipt of funds within the stipulated time
 - Shortage of funds
 - Non receipt of the order confirmation file from the Participant
-
- Wherever the funds collected from the bank account of the client falls short of the order value, the order shall be cancelled. In case of order cancellation, the funds collected, if any, shall be returned to the bank account of the client from where the funds were received on T day by 6:00 pm.
 - The funds shall be moved from Clearing Corporation bank account to the AMC / Mutual fund bank account maintained with the clearing Bank before the cut off time i.e. before 2.00 p.m. for HLIQD category orders and before 3.00 p.m. for DBTCR category on T day.

ITEM 10: UNIT SETTLEMENT PROCEDURE – HLIQD AND DBTCR ORDERS

- Units pay-out to the Participants pool account for liquid subscription schemes (HLIQD Category) with historical NAV shall be done on T day before 6:00 p.m.
- Units pay-out to Participants pool account for debt schemes with subscription amount equal to or greater than Rs.2 lakhs (DBTCR Category) shall be done on T+1 day along with the normal subscription orders by 4:30 p.m.
- Clearing Corporation will download the mutual fund units pay-out receivable obligations (DLVR) based on the allotment information provided by the RTA. The format is provided in **Part D.5**
- Clearing Corporation will release the mutual fund units pay-out to the Participants' pool account, as per the timelines stipulated from time to time, based on the allotment information provided by the RTA and the depository pay-in files.
- Demat Final Receipt Statement (DFRS) will be downloaded to the Participants giving details of mutual fund units received for subscription orders. The format for the same is provided in **Part D.6**

ITEM 11: CLEARING AND SETTLEMENT PROCEDURE - OVERNIGHT LIQUID TRANSACTIONS

Subscription order:

- Subscription orders for specified schemes (physical mode only) with Historical NAV shall be settled under settlement type K. These will be traded under category code HLIQD in series LQ.
- Funds settlement procedure for subscription orders shall be same as mentioned for HLIQD category subscriptions orders.

Redemption order:

- Redemption orders shall be processed under category code LIQID only for the valid corresponding subscription orders.
- In case Participant has opted for redemption of all units, redemption orders shall be processed for equivalent quantity of units allotted by the RTA/AMC for the corresponding subscription order.
- Redemption order shall not be processed in case the corresponding subscription order is rejected by the RTA/AMC or Clearing Corporation.
- The redemption orders shall be processed with NAV as given by RTA at the end of T-day and accordingly the redemption proceeds shall be computed
- The funds pay-out shall be carried out to the Participants for redemption proceeds by crediting the Participants designated clearing bank account on T+1 day. In turn Participants shall ensure to credit the proceeds to respective investors.



ITEM 12: CLEARING AND SETTLEMENT PROCEDURE – NEW FUND OFFER (NFO) / FURTHER FUND OFFER (FFO) OF ETF ON MFSS

NSEIL offers subscription for New Fund Offer (NFO) and/or Further Fund Offer (FFO) of ETF on NMF TM Segment platform. NSE Clearing shall settle the funds pertaining to NFO and FFO.

- Subscription period shall be declared by NSEIL for the NFO/ FFO.
- Clearing Corporation shall download the Subscription obligation files (SOBG) - Including the Mentioned ETF orders as per file format provided in **Part D.1**.
- Order cancellation procedure is same as that of Regular Subscription. Participants are requested to refer T Day Process from ITEM 7: PROCEDURE FOR SETTLEMENT – REGULAR SUBSCRIPTION ORDERS for detail process of order cancellation and related reports.
- Fund settlement shall be executed on T+1 day. Participants are requested to refer T+1 Day Process from ITEM 7: PROCEDURE FOR SETTLEMENT – REGULAR SUBSCRIPTION ORDERS for detail process and related reports.

Refund

Refund will be processed by AMC/RTA post allotment of units within 5 working days. AMC/RTA shall provide the refund of subscription amount (if any) to NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited) in order to refund the same to Participants. NSE Clearing Limited (NCL) shall refund the amount to the participants Settlement Account maintained for MFSS segment. The Participants shall be liable to refund the said subscription amount to the Clients on receipt of the same from NCL.

The refund amount shall be processed as per the details received from AMC/RTA.

NCL shall not be involved in any disputes or queries related to the refund.

The structure of refund report is provided in **Part D.12**.

Unit settlement and allotment

Allotment of units will be done within fifteen days (tentative) after NFO/FFO closure by AMC/RTA. The details of allotment shall be intimated subsequently by NCL. For queries on allotment/refund status the Participants are requested to contact respective AMC/RTA. NSEIL/NCL shall not be involved in any disputes or queries related to the allotment or refund.

In case of any dispute between the members and the client arising out of their participation in any NFO/FFO subscription on the Platform, AMC / RTA shall provide necessary and suitable



administrative support for the speedy redressal of the dispute through such mechanism as may be notified by AMC /RTA from time to time. NSEIL/NCL shall in no event be made party to such dispute or be liable for any compensation to the participants or the clients.



ITEM 13: LIMITATION OF LIABILITY

NSE Clearing Limited (Formerly known as National Securities Clearing Corporation Limited) is only a facilitator and not a counter party for the initial offer /sale /repurchase/redemption of units. NSE Clearing will not guarantee the fulfillment of the settlement obligations. NSE Clearing shall not be liable for obligations arising out of initial offer/sale/repurchase/redemption of units by Participants and to any losses in connection therefrom.

The Mutual Fund subscription service is provided on a best effort basis. NSE Clearing would not be responsible for any delay / unforeseen circumstances / banking system error / delay, on account of which funds may not reach AMC on time.