

PART B
DETAILED CONSOLIDATED CIRCULAR

ITEM 1: SETTLEMENT SCHEDULE	2
ITEM 2: MAINTENANCE OF DEPOSITORY POOL ACCOUNT BY PARTICIPANTS	3
ITEM 3: MAINTENANCE OF CLEARING BANK ACCOUNT BY PARTICIPANT	4
ITEM 4: CLEARING AND SETTLEMENT - NORMAL MARKET.....	6
ITEM 5: CLEARING AND SETTLEMENT - HLIQD AND DBTCR MARKET	7
ITEM 6: OVERNIGHT LIQUID TRANSACTIONS	8
ITEM 7: PROCEDURE FOR SETTLEMENT – NORMAL MARKET SUBSCRIPTION ORDERS	9
ITEM 8: PROCEDURE FOR SETTLEMENT - NORMAL MARKET REDEMPTION ORDERS	13
ITEM 9: FUND SETTLEMENT PROCEDURE – HLIQD AND DBTCR MARKET	15
ITEM 10: UNIT SETTLEMENT PROCEDURE – HLIQD AND DBTCR MARKET	17
ITEM 11: CLEARING AND SETTLEMENT PROCEDURE - OVERNIGHT LIQUID TRANSACTIONS	18
ITEM 12: CLEARING AND SETTLEMENT PROCEDURE – NEW FUND OFFER (NFO) / FURTHER FUND OFFER (FFO) OF ETF ON MFSS	19
ITEM 13: LIMITATION OF LIABILITY	20



ITEM 1: SETTLEMENT SCHEDULE

The Clearing Corporation shall specify settlement schedule from time to time. The settlement for subscription and redemption shall be in accordance with the settlement schedule specified by the Clearing Corporation.



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.
- Participants who are not members of the CM segment shall be required to open settlement pool accounts with both the depositories.
- 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 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 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 - NORMAL MARKET

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 in accordance with the settlement schedule.
- 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.

Market Time and Settlement Cut-off Time

Category	Market Timings	Funds (Cut off Time/Day)	Units (Cut off Time/Day)
NORMAL (Subscription)	9.00 am to 02.00 pm	02.00 pm on T day	T+1 day
NORMAL (Redemption)	9.00 am to 03.00 pm	T+1 day to T+7 day	04.30 pm on T Day
NORMAL (NFO)	9.00 am to 03.00 pm	08.30 am on T+1 day	NA

In case of change in timelines the Clearing Corporation shall inform Participants by issuing circular.

ITEM 5: CLEARING AND SETTLEMENT - HLIQD AND DBTCR MARKET

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 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.

Category	Market Timings	Funds (Cut off Time/Day)	Units (Cut off Time/Day)
HLIQD	9.00 am to 01.00 pm	01.00 pm on T day	T day
DBTCR	9.00 am to 02.30 pm	02.30 pm on T day	T+1 day

In case of change in timelines the Clearing Corporation shall inform Participants by issuing circular.



ITEM 6: OVERNIGHT LIQUID TRANSACTIONS

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 – NORMAL MARKET SUBSCRIPTION ORDERS

7.1 Funds Pay-in Process

- Orders received in Normal Market Subscription category shall be reported to RTA/AMC based on fund collection from participants on the T day
- Participants to ensure clear funds are available cut off time by 02:00 p.m. on T day (for Normal and SIP orders) and by 8:30 AM on T+1 day (for NFO) in their designated clearing settlement bank account failing which all the subscription orders will get rejected.
- The mentioned facility shall be currently available for selected banks. Participants are requested to contact MFSS Clearing team for the details.
- Order cancellation will be allowed on the NSE trade front end only
- Wherever the partial funds are collected from the bank account the same shall be returned to the designated bank account of the Participant
- In cases where participants do not hold an account with the selected banks, procedure as outlined below shall be followed

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 by cut off time specified by Clearing Corporation.
- Participants shall mandatorily be required to send the order confirmation file (ORDC) to Clearing Corporation by cut off time specified by Clearing Corporation. as per **Part D (11)** 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
 - 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 on T day.

All the valid subscription orders shall be posted on NSCCL - **MASS** for participants after Provisional SOBG on T day. Clearing Corporation shall download the Provisional 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. Daily Funds report (DFND) will be downloaded to Participants after completion of funds settlement as per format in **Part D (3)**. Final Subscription obligation files (FOBG) as per file format provided in **Part D (4)** shall be downloaded to participants on the T day for all valid regular subscription orders of mutual fund units

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.

7.2 Exchange Systematic Investment Plan (XSIP) Settlement

In accordance with facility of the XSIP introduced by the Exchange, clearing and settlement of orders placed on NSE MFSS (NMF Trade Member Portal) shall be done by NSE Clearing Ltd. Participants are requested to take note of the funds process as given in the NSE Circular no. NSE/NMFTM/46486 dated November 27, 2020. Participants should ensure that the registered account of clients have sufficient funds on the due date. In case of shortage or delay in receipt of funds, the orders shall be rejected.

7.3 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 (4)**
- 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 (5)**

7.4 Direct pay-out to client/ Beneficiary Account

- Units for the subscription orders where direct pay-out to client account is marked by the participant while placing the order, shall be considered for this facility.
- The participants shall provide the details of beneficiary account of the clients in any one of the depositories on the trading platform at the time of order entry.
- The Clearing Corporation shall consider the details provided by the participants as final and correct and shall not be responsible for any incorrect details provided by the participants. The participants shall be fully responsible for any erroneous details.
- For valid subscription orders, all the units as allotted by the AMC/RTA shall be settled to the client account as provided by the participant.
- Where the credit to the beneficiary accounts of the client fail which in turn could be on account of incorrect or inactive account details, the units shall be transferred to AMC Account.
- An intimation for unit transfer shall be given to the participant through Client Allocation Details (CADT). **Part D(6)**
- AMC/RTA on receipt of such units in its pool account, shall convert the units in non-demat mode/ physical mode within T+2 working days (T being the date of transfer of units to AMC pool account).
- AMC/RTA shall send a communication to the client either by email or by sending a physical copy of Statement of Account once the units are converted to non-demat mode.

7.5 Settlement of subscription unit shortage

- In case where units are not provided/ partial quantity is provided in the AMC Account, the available units shall be allocated to the subscription orders.
- The shortages shall be shifted to next immediate settlement type and settlement number till S+5. However, such shifted orders shall be settled in next settlement cycle in a second preference i.e. priority shall be given to orders received for the present settlement type and settlement number and then to shortages of previous settlement in ascending order of the trade date i.e. oldest date orders will be given priority after the present settlement orders. An example is given below to explain the same:
- A report shall be sent to participants, for information of shortage. Format of report is provided in **Part D(7)**.

- The RTA is required to provide the remaining quantity for unallocated orders in AMC Account for settlement in next immediate settlement type and settlement number till S+5.
- In case, the shifted orders remain un-allocated in S+5 settlement cycle, the same shall be treated as closed i.e. no further attempt shall be made to get the units from AMC/ RTA for allocation. AMC/ RTA is expected to settle the units for such orders directly with the investor.
- A report shall be sent to participants, for information of such shortage. Format of report is provided in **Part D(8)**.

	Current Trade Date	Shortages in Previous Trade Date				
Settlement Date	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Priority 6
03-Mar-2020	02-Mar-2020	24-Feb-2020	25-Feb-2020	26-Feb-2020	27-Feb-2020	28-Feb-2020
04-Mar-2020	03-Mar-2020	25-Feb-2020	26-Feb-2020	27-Feb-2020	28-Feb-2020	02-Mar-2020
05-Mar-2020	04-Mar-2020	26-Feb-2020	27-Feb-2020	28-Feb-2020	02-Mar-2020	03-Mar-2020
06-Mar-2020	05-Mar-2020	27-Feb-2020	28-Feb-2020	02-Mar-2020	03-Mar-2020	04-Mar-2020
09-Mar-2020	06-Mar-2020	28-Feb-2020	02-Mar-2020	03-Mar-2020	04-Mar-2020	05-Mar-2020
10-Mar-2020	09-Mar-2020	02-Mar-2020	03-Mar-2020	04-Mar-2020	05-Mar-2020	06-Mar-2020

ITEM 8: PROCEDURE FOR SETTLEMENT - NORMAL MARKET REDEMPTION ORDERS

8.1 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 BPIId: 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 (9)**

8.2 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 (10)**

8.3 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 (3)**



ITEM 9: FUND SETTLEMENT PROCEDURE – HLIQD AND DBTCR MARKET

- 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 (12)** and **Part D (13)** respectively.
- The Clearing Corporation of the Exchange shall debit the designated clearing bank account of the Participants on T day in accordance with the settlement schedule.
- 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
- 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
- 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 by cut off time specified by Clearing Corporation.
- Participants shall mandatorily be required to send the order confirmation file (ORDC) to Clearing Corporation by cut off time specified by Clearing Corporation. as per **Part D (11)** 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
- 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 on T day.

ITEM 10: UNIT SETTLEMENT PROCEDURE – HLIQD AND DBTCR MARKET

- Units pay-out to the Participants pool account for liquid subscription schemes (HLIQD Category) with historical NAV shall be done on T day.
- 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
- 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 (4)**
- 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 (5)**

ITEM 11: CLEARING AND SETTLEMENT PROCEDURE - OVERNIGHT LIQUID TRANSACTIONS

11.1 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.

11.2 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 Normal Market Subscription
- Fund settlement shall be executed on T+1 day.

12.1 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 Clearing Corporation in order to refund the same to Participants. NSE Clearing 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 Clearing Corporation.

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

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

The structure of refund report is provided in **Part D (14)**

12.2 Unit settlement and allotment

Allotment of units will be done within five days (tentative) after NFO/FFO closure by AMC/RTA. The details of allotment shall be intimated subsequently by Clearing Corporation. For queries on allotment/refund status the Participants are requested to contact respective AMC/RTA. NSEIL/NSE Clearing Limited 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/NSE Clearing Limited 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 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.