NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

SEGMENT: MUTUAL FUND SERVICE SYSTEM	
Download Ref No : NCL/MFSS/51773	**Date: March 27, 2022**
Circular Ref. No : 0093/2022	

All Participants,

Sub: Guidelines for Settlement of Transactions on Mutual Fund Service System

This is further to our circular download reference number NCL/MFSS/50884 dated January 3, 2022 and NCL/MFSS/ 51748 dated March 24, 2022 regarding joint operating guidelines of Stock Exchanges and AMFI in respect of discontinuation of the pool account.

Participants are requested to kindly take note of the enclosed guidelines for settlement of transactions on Mutual Fund Service System (MFSS).

This circular shall be effective for mutual fund transactions placed on MFSS from April 1, 2022.

For any further clarifications and queries kindly contact the help desk team.

For and on behalf of
NSE Clearing Limited

Onkar Phadnavis
Associate Vice President

Annexure A

Guidelines for Settlement of Transactions on Mutual Fund Service System (MFSS)

1. Funds Settlement for Subscription

1.1. Pooling of funds by Participants in any form or manner shall be discontinued for mutual fund transactions on MFSS.

1.2. Pay-in of funds shall not be handled by the Participants on MFSS. Accordingly, the existing process of debiting the settlement account of Participant with clearing banks for subscription orders shall be discontinued.

1.3. Participants shall ensure monies of clients for mutual fund transactions on MFSS through any mode like NEFT, RTGS, UPI etc is transferred directly to the bank account of NCL only.

1.4. In respect of the mandates being used of mutual fund transactions on MFSS following process shall be applicable as clarified by SEBI vide its circular reference number SEBI/HO/IMD/IMD-I DOF5/P/CIR/2022/29 dated March 15, 2022:

Existing Mandates:

1.4.1. To continue using existing mandates registered in name of Participants before April 1, 2022, NCL shall engage with the payment aggregators including banks of the Participants. Participants shall inform NCL the details of payment aggregator with whom the mandates have been registered as per circular reference number NSE/NMF/51656 dated March 17, 2022.

1.4.2. NCL shall facilitate settlement of existing mandates subject to payment aggregator meeting the requirement/guidelines specified by NCL and relevant authority from time to time. List of such eligible payment aggregators shall be informed to the Participants from time to time.

1.4.3. Participants shall provide clear identification of only mutual fund mandates to their payment aggregator along with the designated Clearing Corporation to which monies collected from clients account shall be credited. Payment aggregators shall transfer the funds in respect of only mutual fund transaction on MFSS to the approved account of NCL only.

1.4.4. Participants shall amend its existing agreements with payment aggregator to ensure that the monies collected in respect of mutual fund transactions on MFSS from the bank account of the clients are only credited to the approved account of NCL but not to the bank account of the Participant.

1.4.5. Participants shall accordingly inform the clients regarding the change of beneficiary for existing mandates.

New Mandates:

1.4.6. On or after April 01, 2022, new mandates shall be accepted only in favour of NCL and those mandates shall exclusively be for mutual fund transactions on MFSS and not for any other purpose.

1.4.7. List of eligible payment aggregators for new mandates is given in **Annexure B.**

1.5. NCL shall accept funds only from the client bank accounts registered on MFSS. Participants shall accordingly ensure valid bank accounts of their client are registered on MFSS.

1.6. In respect of funds received by NCL through payment aggregator, the details like member code, UCC, bank account etc shall be provided by payment aggregator to NCL. Accordingly, Participants shall ensure the required details are updated with their payment aggregators.

1.7. All requests for subscription will be settled on individual basis and only to the extent of the funds received from the registered account of clients.

1.8. The funds shall be moved from Clearing Corporation bank account to the AMC bank account maintained with the Clearing Bank.

1.9. Receipt and transfer of funds for subscription of mutual fund units will be done in accordance with the settlement schedule.

1.10. Clear funds should be available by cut off time by 01:00 p.m. (for HLIQD) and by 02:30 p.m. (for Normal, DBTCR, SIP and NFO orders) in the designated NCL account for processing the order on T day. For the funds received through payment aggregators, transactions shall be processed subject to funds and its related details made available prior to cut off.

1.11. Wherever the funds collected from the bank account of the client are not from the registered account on MFSS or falls short of the order value, the order shall be rejected. In such cases, the funds collected, if any, shall be returned to the bank account of the client from where the funds were received.

1.12. In case of rejection, RTAs/AMCs shall arrange to provide refund along with details of transactions rejected by them with reason for rejection latest by the end of T + 2 day (where T is day of reporting the transaction to RTA or date of applicable NAV whichever is later). In the event of failure to credit the refund amount to the client's bank account by clearing corporation for whatever reasons, clearing corporation shall refund the amount back to the respective AMC bank account by R + 3 (R being the day of receipt of refund by the CC or receipt of MIS of such credit whichever is later).

1.13. For NFO fund settlement shall be executed on date of order. In case of rejection, RTAs/AMCs shall arrange to credit the refund for such rejected transactions in the designated bank account of clearing corporation within T + 5 day (where T is the date of closure of NFO). In respect of partial allotment the refund shall be given within "T+5" business days after close of NFO.

2. Units Settlement for Subscription

2.1. For demat transactions the units shall be credited to the investors' demat account by clearing corporation as per the settlement schedule and based on the allotment information provided by the RTA and the depository pay-in files. For non-demat the units shall be credited and debited directly to folio account by RTA.

2.2. Participant shall ensure valid demat account is registered on MFSS. NCL shall credit the units to the demat account which is received in the order placed on the MFSS.

2.3. 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.

2.4. 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. On receipt of refund from AMC, NCL shall refund the amount to the clients source account.

2.5. For NFO the unit settlement shall be done directly by the RTA to the clients of Participant.

3. Units Settlement for Redemption

3.1. Existing process shall continue in respect of units settlement of redemption.
3.2. The cut-off time to receive units for redemption shall be 4:30 PM
3.3. 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)

3.4. 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).

4. Funds Settlement for Redemption

4.1. Pooling of funds by Participants in any form or manner shall be discontinued for mutual fund transactions on MFSS.

4.2. Pay-out of funds shall not be handled by the Participants on MFSS. Accordingly, the existing process of crediting the settlement account of Participant with clearing banks for redemption orders shall be discontinued.

4.3. Funds pay-out shall be credited to the bank account of the client of the Participant by the Clearing Corporation. The pay-out shall be given in the bank account received in the order on MFSS.

4.4. The payout of funds shall be released from T+1 to T+8 day as per scheme category and timelines stipulated from time to time

4.5. In the event of failure to credit the redemption proceeds to the client's bank account for whatever reasons, CC shall arrange to refund the amount back to the respective AMC bank account by T + 3 day (T being the day when redemption settlement is due).

5. Information to Participants

5.1. In accordance with the joint operating guidelines, for demat transactions, NCL shall inform the details of transaction status, allotment details etc through reports. Participants shall provide the relevant information to their respective clients. For transactions under Non-demat mode, communications will be sent by RTA.

5.2. Participants are requested to kindly note the additional file formats as given in circular reference number NCL/MFSS/51691 dated March 21, 2022.

6. Limitation Of Liability

6.1. 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 fulfilment 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.

6.2. 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/, payment aggregator delay/error on account of which funds may not reach AMC on time.

Annexure B

List of payment aggregators for registering new mandates

1. HDFC Bank
2. Indiaideas.Com Limited (BillDesk)