



**PART B**  
**DETAILED CONSOLIDATED CIRCULAR**

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## 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: CLEARING AND SETTLEMENT

All requests for subscription and redemption will be settled on individual basis and only to the extent of the funds/units paid in by clients/AMC on the settlement day. Clearing and settlement procedure for various categories in MFSS is as follows.

Market Time and Settlement Schedule:

Category	Settlement Type	Market Timings	Funds (Cut off Time/Day)	Units (Cut off Time/Day)
HLIQUID*	K	9.00 am to 01.00 pm	01.00 pm on T day	T day
DBTCR**	S	9.00 am to 02.30 pm	02.30 pm on T day	T+1 day
NORMAL Subscription	S	9.00 am to 02.30 pm	02.30 pm on T day	T+1 day
NORMAL (NFO)	S	9.00 am to 02.30 pm	02.30 pm on T day	NA
NORMAL (Redemption)	U	9.00 am to 03.00 pm	T+1 day to T+8 day	04.30 pm on T Day

\*Historical NAV for liquid subscriptions (HLIQD)

\*\*Subscription amount greater than or equal to Rs. 2 lakhs for debt schemes (DBTCR)

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



### **Funds Settlement for Subscription:**

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

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.

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:**

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.

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.

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.

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.

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

### **New Mandates:**

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.



List of eligible payment aggregators for new mandates shall be informed by Clearing Corporation from time to time.

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.

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.

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

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

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

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.

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.

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.

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.



## **Units Settlement for Subscription**

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.

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.

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

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

## **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.

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.

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A report shall be sent to participants, for information of such shortage.

	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

### Units Settlement for Redemption

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 cut-off time to receive units for redemption shall be 4:30 PM. 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).

### **Funds Settlement for Redemption**

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.

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

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.

### **Information to Participants**

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.



### ITEM 3: 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.

#### 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 client for redemption proceeds by crediting the clients designated clearing bank account on T+1 day.



#### **ITEM 4: 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 MFSS 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.
- Order cancellation procedure is same as that of Normal Market Subscription
- Fund settlement shall be executed on T day.

#### **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 clients. NSE Clearing shall refund the amount to the participants Settlement Account maintained for MFSS segment.

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.

#### **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 5: 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 Ltd. will not guarantee the fulfillment of the settlement obligations. NSE Clearing Ltd. 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 Ltd. would not be responsible for any delay / unforeseen circumstances / banking system error / delay, on account of which funds may not reach AMC on time.