

**Operating Instructions for Indian Commodity Exchange Mutual Fund (ICEX MF) platform**

**I Eligibility for participation by members of the Exchange in ICEX MF platform:**

As specified in SEBI circular SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009, all trading members of the Exchange who are AMFI Registration Number (ARN) holders and who have passed the AMFI certification examination will be permitted to participate (hereafter referred to as Mutual Fund Intermediary or MFI) in the ICEX MF. Trading members who wish to participate will be required to apply to the Exchange and also undertake to comply with the requirements of the SEBI/Exchange for ICEX MF which will be notified from time to time. Specific reference is also drawn to all requirements as brought out in the above said SEBI circular dated November 13, 2009.

Trading members of the Exchange who fulfill the above requirements and wish to participate in ICEX MF are required to submit the entire set of documents as mentioned in the Exchange's circular no. **ICEX/MEM/2019/600** dated 24<sup>th</sup> December, 2019. All the transactions executed in the ICEX MF platform will be cleared and settled by Metropolitan Clearing Corporation of India Limited.

**II System Availability:**

ICEX MF will be available on all business days of the Mutual Fund segment. The ICEX MF will be available for MFIs from 9 a.m. to 3 p.m. However, it may be kept open for a longer period on a need basis (such as NFO, etc.) after giving advance notice to the market. Additionally the market timings will differ as per the Category of Investment.

Category	Order Cut Off time
Normal	Up to 03:00 pm
L0	Up to 12:30 pm
L1	Up to 02:00 pm

Note:

- **L0** is the category of liquid schemes in which one gets the Net Asset Value (**NAV**) of **T-1 Day**. Only subscription is allowed in **L0** schemes.
- **L1** is the category of Equity/Debt schemes in which one gets the **NAV of T Day** and the subscription amount is more than or equal to Rs 2 lakhs. Only subscription is al-

lowed in **L1** schemes.

- Normal is the category of Equity/Debt schemes with the subscription amount less than Rs 2 lakhs, in which one gets the **NAV** of **T Day**. Redemption of all schemes is allowed in Normal category.

### **III Client Registration:**

All MFIs need to register their clients in the ICEX MF platform before submitting any applications on their behalf. The platform user will not be allowed to place an order for a client if registration details of the client are not available in the system. The MFI user can modify client registration details already maintained subject to certain restrictions. A bulk upload facility is also available for clients registration.

The MFI after onboarding a client on ICEX MF platform has to provide and upload the following documents on ICEX MF in respect of clients opting for non-demat holding.

- Account Opening Form along with cancelled cheque
- Foreign Account Tax Compliance Act (FATCA) Registration

The MFI shall verify the KYC details and the Account Opening Form, FATCA form and upload the same on the ICEX MF platform.

In case of demat holding clients registration, the MFI has to upload the client registration file and can proceed with order processing.

### **IV Eligible schemes:**

Asset Management Companies (AMCs) desirous of providing this mechanism to their potential customers will enter into an agreement with the Exchange and Metropolitan Clearing Corporation of India Limited (MCCIL). The AMCs will notify the schemes they wish to permit on the ICEX MF. All schemes which are available on ICEX MF shall be informed to the MFIs through circulars. The Exchange will also keep the MFIs informed of additions and deletions of such offerings through prior notification.

## **V Processes:**

ICEX MF is a browser based front end being implemented for the Mutual Fund Distribution System in accordance with the guidelines of SEBI. ICEX MF's architecture provides scalable operations and flexible deployment options while ensuring data integrity for improved performance.

There are four basic processes in the ICEX MF platform.

- Order Management
- Funds Settlement
- Securities Settlement
- Report management

### **Order Management**

MFIs can choose between Non-Demat mode and Demat mode while performing subscription / redemption and other product requests on the ICEX MF. Detailed procedures for all the transaction types are provided in subsequent sections.

A registered investor of an MFI, who has signed up for ICEX MF, can decide to place an order for any of the products through ICEX MF. Settlement numbers and Market Type (MF) are made available and each MF scheme will be uniquely identified by its Scheme Code.

### **Funds Settlement**

MFIs who wish to participate in the ICEX MF will open a separate bank account with any of the existing Clearing Banks of the Mutual Fund Segment of the Exchange, which shall be the designated bank account for giving effect to debit of funds obligation arising under ICEX MF. Presently, HDFC bank is the only approved clearing bank for Mutual Fund segment.

The pay-in of funds for subscription will be through the designated clearing bank accounts of the MFIs. The subscription transactions will be settled as per the time lines specified by the MCCIL. Failure to provide for funds at the specified time will result in the rejection of all the subscription orders submitted by the MFI for that settlement. Pay-out of funds for re-

demption transactions will be made to the MFIs' accounts from the respective AMCs through Clearing Corporation, for both Non-Demat mode and Demat mode.

### **Securities Settlement**

Securities settlement will be through Registrar & Transfer Agent (RTA) for Non Demat mode and through Depository for Demat mode. ICEX / MCCIL have tied up with all the RTAs and both the depositories – CDSL and NSDL to facilitate settlement of the same. MFIs will have to open separate pool account with any depository participant(s) for demat settlement.

### **Report management**

The platform will support with all the relevant reports required for the smooth running of Mutual Fund operations on the ICEX MF platform.

### **VI Detailed procedure:**

Detailed process steps are given below for the following transaction types.

- A. Subscription – Non-Demat Mode
- B. Subscription – Demat Mode
- C. Redemption – Non Demat Mode
- D. Redemption – Demat Mode
- E. Switch – Non Demat
- F. Switch Demat
- G. Spread- Non Demat (For Liquid transactions only)
- H. SWP- Demat
- I. SWP- Non Demat
- J. SIP- Demat
- K. SIP- Non Demat
- L. X SIP – Demat
- M. X- SIP – Non Demat
- N. STP – Demat
- O. STP – Non Demat

#### **A. Subscription – Non-Demat Mode**

1. MFI will enter the subscription order on the ICEX MF system with the option of 'Non-Demat' settlement. The MFI placing an order for a client for the first time will require to complete the Client Registration as per the process mentioned in point III, failing which he will not be able to place the order. For Non-Demat order, the folio number (if availa-

ble) will be captured on the ICEX MF. All subscription orders will be accepted in terms of amount in INR and the system will generate a unique Order Confirmation Number for each order submitted.

2. The Exchange / Clearing Corporation will validate these transactions with the RTAs and any discrepancy in the transaction details will be informed to the MFI.
3. The Clearing Corporation will provide the MFIs with funds obligation for the valid transactions received from the RTAs.
4. The Clearing Corporation will debit the designated clearing bank accounts of the MFIs for the required funds obligation. The MFIs have to ensure that the funds are available in their accounts within the timeframe.
5. In case, MFI fails to keep the required amount and if there is a shortage of funds in MFI's bank account, all the orders of the MFI will not be processed further and will be rejected. In such cases, the funds collected, if any, will be returned to the designated bank account of the MFI.
6. The Exchange / Clearing Corporation shall take appropriate action including fines / penalty on MFIs who fail to fulfil their funds obligation as required.
7. The Exchange / Clearing Corporation will notify RTA for all such defective transactions and rejections due to non-payment of funds. The RTA will reverse such transactions for respective MFIs. However, other MFIs' transactions for which the fund obligation has been fulfilled will be processed by the RTA. The RTA will intimate the allotment details for the accepted transactions including folio numbers.
8. Allotment details will be provided to the MFIs and they can forward to their respective clients. Exchange / Clearing Corporation will upload the allotment details along with the final status which will be reflected on MFI module.

#### **B. Subscription – Demat Mode**

1. Investor who chooses demat mode can place order for subscription on the ICEX MF platform. The investor should provide his depository account details along with PAN details to the MFI. When investor desires to hold units in dematerialised form, KYC performed by DP will be considered compliance with applicable requirements specified in this regard vide SEBI circular no. ISD/AML/CIR-1/2008 dated December 19, 2008. This is also in accordance with SEBI circular no SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009.

2. MFI will enter the subscription order on the ICEX MF system with the option of 'Demat' settlement. Subscription orders would be created in terms of amount only. Once the order is created, the system will generate a Unique Confirmation Number for the order.
3. The investor will receive from the MFI an Order Confirmation (which will contain unique confirmation number and date and time stamp of order entry) generated from the ICEX MF system. Till the MFI provides allotment details to the investor, the Order Confirmation will be the proof of the transaction. In the case of demat mode, demat statement given by depository will be deemed to be adequate compliance of the requirement of Statement of Account as specified in SEBI circular number SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009.
4. Exchange / Clearing Corporation will validate these transactions with the RTA as well as the depository and any discrepancy in the transaction details will be informed to the MFI.
5. The Clearing Corporation will also provide the MFIs with funds obligation report by end of day for all the valid transactions.
6. The Clearing Corporation will debit the designated clearing bank accounts of the MFIs for the required funds obligation.
7. The Exchange/ Clearing Corporation will notify RTA for all such defective transactions and rejections due to non-payment of funds. The RTA will reverse such transactions for respective MFIs. However, other MFIs' transactions for which the fund obligation has been fulfilled will be processed by the RTA. The RTA will intimate the allotment details for the accepted transactions including folio numbers.
8. The Exchange / Clearing Corporation will take appropriate action including fines / penalty on MFIs who fail to fulfil their funds obligation as required.
9. Allotment information will be provided to the MFIs so that they can provide allotment details to the investors. In the case of demat transaction, demat statement given by depository will be considered as fulfilling the requirement of Statement of Account. MFIs may also issue a Transaction Confirmation Note containing details of allotment.
10. RTA/AMC will facilitate crediting the Demat account of the MFIs through Clearing Corporation. MFIs will credit the MF units to the demat accounts of the investors within one working day. In case the option of 'Direct Payout to Client' is selected at the time

of placing the order, the Credit will be provided directly to the Demat account of the investor.

### **C. Redemption – Non Demat Mode**

1. After completing the application verification, the MFI may enter the redemption order on the ICEX MF system with the option of 'Non Demat' settlement. For Non Demat orders, the Folio number has to be entered on the ICEX MF platform. Once the order is created, the system will generate a unique order number for the order.
2. Exchange/ Clearing Corporation will validate these transactions with the RTA and any discrepancy in the transaction details in terms of folio number, etc will be informed to the MFIs through the system. They may check the relevant reports in the system to get the status of their orders.
3. RTAs will carry out the redemption process at their end and provide final redemption information to the Exchange / Clearing Corporation. The file will contain information about valid and invalid redemption orders. For successful redemptions orders, the file will contain the applicable NAV, units redeemed and redemption amount.
4. RTA / AMC will facilitate crediting the redemption proceeds to the bank accounts of the MFIs through Clearing Corporation. MFIs will credit the funds to the bank accounts of the investors within one working day.

### **D. Redemption – Demat Mode**

1. Investor who chooses Demat mode can place order for redemption as currently followed for secondary market activities. The investor will provide his Demat account details along with PAN details to the MFI. The investor will also provide his Depository Participant with Depository Instruction Slip (DIS) mentioning details of relevant units to be credited to Clearing Corporation pool account on the same day before 3.00 p.m.
2. The MFI will enter the redemption order on the ICEX MF system with the option of 'Demat' settlement. For demat, redemption orders would be created only in terms of quantity. Once the order is created, the system will generate a Unique Confirmation number for the order.
3. The investor will receive from the MFI an Order Confirmation generated from the ICEX MF system. This will be the proof of the transaction for the investor till the redemption proceeds are received from the RTA.

4. Exchange / Clearing Corporation will validate the redemption orders with RTA and any discrepancy in the transaction details will be informed to the MFI.
5. Subsequent to the validation, Clearing Corporation will provide valid orders to depository to validate the delivery instructions (DIS) received from the investors and will accept units in respect of the valid transactions. The units thus received will be credited to the beneficiary accounts of the AMCs by the Clearing Corporation.
6. RTA will carry out the redemption processing at its end and provide final redemption information to the Exchange / Clearing Corporation as per the settlement process. The file will contain information about valid and rejected redemption orders. For successful redemptions, the file will contain the redemption NAV, units redeemed, redemption amount.
7. Redemption information will be provided to the MFIs through the system and they can provide the Redemption details to the investor.
8. The payouts will happen as per the scheme provisions and within the timelines as per SEBI regulations as applicable from time to time. RTA / AMC will facilitate crediting the redemption proceeds to the bank accounts of the MFIs through Clearing Corporation. MFIs will credit the funds to the bank accounts of the investors within one working day.
9. The units will be extinguished by the AMC from its beneficiary account.

#### **E. Switch – Non Demat**

1. MFI will enter the Switch order on the ICEX MF system with the option of 'Non-Demat' settlement. For Non-Demat order, the folio number (if available) will be captured on the ICEX MF. The system will generate a unique Order Confirmation Number for the order submitted.
2. The order will consist of two requests in a single window that is for switch out from one scheme and switch in to another within same AMC.
3. Exchange/ Clearing Corporation will validate the transactions with the RTA and any discrepancy in the transaction details will be updated in the report module. MFI may check the details accordingly.
4. RTA will carry out the switch out process at their end and provide final information to the Exchange/ Clearing Corporation on T-day. The file will contain information about valid and invalid orders. The switch in to a particular scheme will also be done at the RTA's end and Exchange/ Clearing Corporation will receive the final allotment file for the respective sub-

scription in switched scheme as per the settlement type after allotting the units to the client directly.

#### **F. Switch Demat**

1. MFI will enter the Switch order on the ICEX MF system with the option of 'Demat' settlement. Once the order is submitted, the system will generate a unique Order Confirmation Number.
2. The order will consist of two requests in a single window that is for switch out from one scheme and switch in to another within same AMC.
3. Exchange/Clearing Corporation will validate the transactions with the RTA and any discrepancy in the transaction details will be updated in the report module. MFI may check the details accordingly.
4. Subsequent to the validation, Clearing Corporation will provide valid orders to depository to validate the delivery instructions (DIS) received from the investors and will accept units in respect of the valid transactions. Exchange / Clearing Corporation will send the final validation file of switch out to RTA, who will send the response file to exchange / Clearing Corporation.
5. Then RTA will run the switch in part at their end and provide Exchange/ Clearing Corporation the allotment file as per the settlement type.
6. Allotment information will be provided to the MFIs so that they can provide allotment details to the investors. In the case of demat transaction, demat statement given by depository will be considered as fulfilling the requirement of Statement of Account. MFIs may also issue a Transaction Confirmation Note containing details of allotment.
7. RTA/AMC will facilitate crediting the Demat account of the MFIs through Clearing Corporation. MFIs will credit the MF units to the demat accounts of the investors within one working day.

#### **G. SPREAD - Non Demat (For Liquid transactions only)**

1. MFI will enter the Spread order on the ICEX MF system with the option of 'Non-Demat' settlement. For Non-Demat order, the folio number will be captured on the ICEX MF. Once the order is submitted, system will generate a unique Order Confirmation Number and Spread orders can be placed only in Non Demat option.
2. The Exchange/Clearing Corporation will validate these transactions with the RTA and any discrepancy in the transaction details will be informed to the MFI.

3. The Clearing Corporation shall also provide the MFIs with funds obligation for the valid transactions received from the RTA.

4. The Clearing Corporation shall debit the designated clearing bank account of the MFIs for the required funds obligation. The MFIs have to ensure that the funds are available in their accounts within the timeframe.

5. In case, MFI fails to keep the required amount and if there is a shortage of funds in MFI's bank account, all the orders will not be processed further and will be rejected. In such cases, the funds collected, if any, shall be returned to the designated bank account of the MFI.

6. The Exchange / Clearing Corporation shall take appropriate action including fines/penalty on MFIs who fail to fulfill their funds obligation as required.

7. The Exchange/Clearing Corporation will notify RTA for all such defective transactions and rejections due to non-payment of funds. The RTA will reverse such transactions for respective MFIs. However, other MFIs' transactions for which the fund obligation has been fulfilled will be processed by the RTA. The RTA will intimate the allotment details for the accepted transactions including folio numbers.

8. Allotment details shall be provided to the MFIs and they can forward to their respective clients. Exchange / Clearing Corporation will upload the allotment details along with the final status which will be reflected on MFI module.

9. The redemption will be processed at RTA's end and Exchange/ Clearing Corporation will receive the response file.

RTA / AMC will facilitate crediting the redemption proceeds to the bank accounts of the MFIs through Clearing Corporation. MFIs will credit the funds to the bank accounts of the investors within one working day.

#### **H. SWP- DEMAT (Systematic Withdrawal Plan)**

1. Investor who chooses Demat mode can register the SWP on ICEX MF platform. SWP orders will be accepted in terms of quantity only for Demat transactions. The investor should provide his Demat account details along with PAN details to the MFI.

2. The SWP order gets auto triggered in ICEX MF platform as per the frequency selected. Once the order is created, the system will generate a Unique Confirmation Number for the order. The investors will also provide their Depository Participant with Depository Instruction Slip (DIS) mentioning details of relevant units to be credited to Clearing Corporation pool account on the same day before 3.00 p.m.

3. The investors will receive from the MFI an Order Confirmation generated from the ICEX MF system. This will be the proof of the transaction for the investors till the redemption proceeds are received from the RTA.
4. Exchange/Clearing Corporation will validate the redemption orders with RTA and any discrepancy in the transaction details will be informed to the MFI.
5. Subsequent to the validation, Clearing Corporation will provide valid orders to depository to validate the delivery instructions (DIS) received from the investor and accept units in respect of the valid transactions. The units thus received will be credited to the beneficiary account of the AMCs by the Clearing Corporation.
6. RTA will carry out the withdrawal processing at its end and provide final withdrawal information to the Exchange/Clearing Corporation. The file will contain information about valid and rejected redemption orders. For successful redemptions, the file will contain the redemption NAV, units redeemed, redemption amount. The payouts will happen as per the scheme provisions and within the timelines as per SEBI guidelines applicable from time to time.
7. RTA / AMC will facilitate crediting the redemption proceeds to the bank accounts of the MFIs through Clearing Corporation. MFIs will credit the funds to the bank accounts of the investors within one working day.
8. The units will be extinguished by the AMC from its beneficiary account

#### **I. SWP- NON DEMAT**

1. MFI shall register the SWP on the ICEX MF system with the option of 'Non Demat' settlement. For Non Demat orders, the Folio number has to be entered on the ICEX MF platform. Once the order is created, the system will generate a unique order number for the order. SWP orders will be auto triggered in ICEX MF platform as per the frequency selected at time of order placement.
2. Exchange/ Clearing Corporation will validate these transactions with the RTA and any discrepancy in the transaction details in terms of folio number, etc will be updated in the reports module.
3. RTAs will carry out the process at their end and provide final withdrawal information to the Exchange/ Clearing Corporation. The file will contain information about valid

and invalid redemption orders. For successful redemptions orders, the file will contain the applicable NAV, units redeemed and redemption amount.

4. RTA / AMC will facilitate crediting the redemption proceeds to the bank accounts of the MFIs through Clearing Corporation. MFIs will credit the funds to the bank accounts of the investors within one working day.

#### **J. SIP- DEMAT (Systematic Investment Plan)**

1. Investor who chooses demat mode may register for SIP on ICEX MF platform. The investors will provide their depository account details along with PAN details to the MFI. When investor desires to hold units in dematerialised form, KYC performed by DP will be considered compliance with applicable requirements specified in this regard vide SEBI circular ISD/AML/CIR-1/2008 dated December 19, 2008. This is in accordance with SEBI circular no SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009.
2. MFI will enter the SIP order on the ICEX MF system with the option of 'Demat' settlement. SIP orders will be created in terms of amount only. Once the order is created, system will generate a Unique Confirmation number for the order. SIP Orders will be auto triggered on ICEX MF platform as per the frequency selected at the time of order placement.
3. The investor will receive from the MFI an Order Confirmation (which will contain unique confirmation number and date and time stamp of order entry) generated from the ICEX MF system. Till the MFI provides allotment details to the investor, the Order Confirmation would be the proof of the transaction. In case of demat mode, demat statement given by depository would be deemed to be adequate compliance of the requirement of Statement of Account as specified in SEBI circular number SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009.
4. Exchange/Clearing Corporation will validate these transactions with the RTA and any discrepancy in the transaction details will be informed to the MFI.
5. The Clearing Corporation will also provide the MFIs with funds obligation report by end of day for all the valid transactions.
6. The Clearing Corporation will debit the designated clearing bank account of the MFIs for the required funds obligation.

7. The Exchange/Clearing Corporation will notify RTA for all such defective transactions and rejections due to non-payment of funds. The RTA will reverse such transactions for respective MFIs. However, other transactions for which the fund obligation has been fulfilled will be processed by the RTA. The RTA will intimate the allotment details for the accepted transactions including folio numbers. MFI has to maintain the funds in the account for the frequency of SIP selected.
8. The Exchange / Clearing Corporation will take appropriate action including fines / penalty on MFIs who fail to fulfil their funds obligation as required.
9. Allotment information will be provided to the MFIs so that they can provide allotment details to the investor. In the case of demat transaction, demat statement given by depository MFI shall be considered as fulfilling the requirement of Statement of Account. MFIs may also issue a Transaction Confirmation Note containing details of allotment/redemption.
10. RTA/AMC will facilitate crediting the Demat accounts of the MFIs through Clearing Corporation. MFIs will credit the MF units to the demat accounts of the investors within one working day. In case the option of 'Direct Payout to Client' is selected at the time of placing the order, the Credit will be provided directly to the Demat accounts of the investors.

#### **K. SIP- NON DEMAT**

1. MFI shall register the SIPs on the ICEX MF system with the option of 'Non-Demat' settlement. For Non-Demat order the folio number (if available) will be captured on the ICEX MF. All subscription orders would be accepted in terms of amount in INR. Once the order is submitted, system will generate a unique Order Confirmation Number for the order submitted. SIP will be auto triggered in ICEX MF platform as per the frequency selected at the time of order placement.
2. The Exchange will validate these transactions with the RTA and in case of any discrepancy in the transaction details will be informed to the MFI.
3. The Clearing Corporation will also provide the MFIs with funds obligation for the valid transactions received from the RTA.
4. The Clearing Corporation will debit the designated clearing bank account of the MFIs for the required funds obligation. Thus, the Member has to ensure the funds are available in his account.

5. In case, MFI fails to keep the required amount as per the frequency and if there is a shortage of funds in MFI's bank account, the orders will not be processed further and will be rejected. In such cases, the funds collected, if any, shall be returned to the designated bank account of the MFI.
6. The Exchange / Clearing Corporation will take appropriate action including fines/penalty on MFIs who fail to fulfil their funds obligation as required.
7. The Exchange/Clearing Corporation will notify RTA for all such defective transactions and rejections due to non-payment of funds. The RTA will reverse such transactions for respective MFIs. However, other MFIs' transactions for which the fund obligation has been fulfilled will be processed by the RTA. The RTA will intimate the allotment details for the accepted transactions including folio numbers.
8. Allotment details will be provided to the MFIs as they can forward to their respective clients. Exchange/ Clearing Corporation will upload the allotment details along with the final status which will be reflected on MFI module.

#### **L. X SIP – DEMAT (Exchange Systematic Investment Plan)**

1. MFIs will register XSIP on ICEX MF platform only after registration of National Automated Clearing House (NACH) mandate facilitated by the National Payments Corporation of India (NPCI). ICEX MF offers NACH mandate registration through below mentioned modes:

**A. Physical mandate Registration:** In this mode, MFI has to take the signature of the client on duly filled mandate form and courier the mandate original copy to the below mentioned address.

Mutual Fund Department,  
 ICEX, Reliable Tech Park, 403-A, B – WING, 4th floor,  
 Thane- Belapur Rod, Airoli (E), Navi Mumbai- 400708, India  
 Contact no: 022 4038 1500/1300

It takes 15 – 20 working days for the mandate to get the final response (accepted / rejected) from NPCI. In case of rejection, the MFI will have to initiate a new mandate registration for the client.

**B. Scan mandate Registration:** In this mode, after taking the signature of the client, the MFI has to take the scan copy of the mandate and upload it on the exchange portal for further processing.

It takes 15 – 20 working days for the mandate to get the final response (accepted / rejected) from NPCI. In case of rejection, the MFI will have to initiate a new mandate registration for the client.

**C. E-mandate Registration:** In this mode, after mandate registration in the ICEX MF platform, the client receives an authentication mail, which needs to be validated and authorized through Net-banking or Debit card mode for further processing at the client's bank end.

It takes around 7 – 10 working days for the mandate to get the final response (accepted / rejected) from NPCI. In case of rejection, the MFI will have to initiate a new mandate registration for the client.

2. Once the mandate is registered, MFI can register XSIP with the option of 'Demat' settlement. XSIP subscription orders will be created in terms of amount only. Once the order is created, the system will generate a Unique Confirmation Number for the order. XSIP orders will be auto triggered on ICEX MF platform as per the frequency & date selected at the time of XSIP registration.
3. In case of "generate first order today" (in case the client wants to invest some amount on the day of registration), collection of the funds will be done from the MFI's bank account. From the start date of the XSIP i.e. 2<sup>nd</sup> instalment onwards, the funds will be collected directly from client's account only, if the mandate is accepted by NPCI and registered in their records.
4. In case, the MFI has not opted for "generate first order today" option, then first order will be triggered as per the defined start date on the XSIP registration. In such cases, the client's account will be debited on T-2 working day.
5. Based on the credit confirmation, the ICEX MF will trigger the orders and validate with respective RTAs for further processing. The response will be available in the MFI Module.
6. The investor will receive from the MFI an Order Confirmation (which will contain unique confirmation number and date and time stamp of order entry) generated from the ICEX MF system. Till the MFI provides allotment details to the investor, the Order Confirmation will be the proof of the transaction. In case of demat mode, demat statement given by depository will be deemed to be adequate compliance of the requirement of Statement of Account as specified in SEBI circular number SEBI/IMD/CIR No.11/183204/2009.
7. Allotment information will be provided to the MFIs so that they can provide allotment details to the investors. MFIs may also issue a Transaction Confirmation Note containing details of allotment/redemption.
8. RTA/AMC will facilitate crediting the Demat accounts of the MFIs through Clearing Corporation. MFIs will credit the MF units to the demat accounts of the investors within one working day. In case the option of 'Direct Payout to Client' is selected at the time of placing the orders, the credit will be provided directly to the Demat accounts of the investors.

## **M. X- SIP NON DEMAT**

1. MFIs will register XSIP on ICEX MF platform only after registration of National Automated Clearing House (NACH) mandate facilitated by the National Payments Corporation of India (NPCI). ICEX MF offers NACH mandate registration through below mentioned modes:

A. Physical mandate Registration: In this mode, MFI has to take the signature of the client on duly filled mandate form and courier the mandate original copy to the below mentioned address.

Mutual Fund Department,  
ICEX, Reliable Tech Park, 403-A, B – WING, 4th floor,  
Thane- Belapur Rod, Airoli (E), Navi Mumbai- 400708, India  
Contact no: 022 4038 1500/1300

It takes 15 – 20 working days for the mandate to get the final response (accepted / rejected) from NPCI. In case of rejection, the MFI will have to initiate a new mandate registration for the client.

B. Scan mandate Registration: In this mode, after taking the signature of the client, the MFI has to take the scan copy of the mandate and upload it on the exchange portal for further processing.

It takes 15 – 20 working days for the mandate to get the final response (accepted / rejected) from NPCI. In case of rejection, the MFI will have to initiate a new mandate registration for the client.

C. E-mandate Registration: In this mode, after mandate registration in the ICEX MF platform, the client receives an authentication mail, which needs to be validated and authorized through Net-banking or Debit card mode for further processing at the client's bank end.

It takes around 7 – 10 working days for the mandate to get the final response (accepted / rejected) from NPCI. In case of rejection, the MFI will have to initiate a new mandate registration for the client.

2. Once the mandate is registered, MFI can register XSIP with the option of 'Non-Demat' settlement. XSIP subscription orders will be created in terms of amount only. Once the order is created, the system will generate a Unique Confirmation Number for the order. XSIP orders will be auto triggered on ICEX MF platform as per the frequency & date selected at the time of XSIP registration.

3. In case of “generate first order today” (in case the client wants to invest some amount on the day of registration), collection of the funds will be done from the MFI’s bank account. From the start date of the XSIP i.e. 2nd instalment onwards, the funds will be collected directly from client’s account only, if the mandate is accepted by NPCI and registered in their records.
4. In case, the MFI has not opted for “generate first order today” option, then first order will be triggered as per the defined start date on the XSIP registration. In such cases, the client’s account will be debited on T day.
5. Based on the credit confirmation, the ICEX MF will trigger the orders and validate with respective RTAs for further processing. The response will be available in the MFI Module.
6. The investor will receive from the MFI an Order Confirmation (which will contain unique confirmation number and date and time stamp of order entry) generated from the ICEX MF system. Till the MFI provides allotment details to the investor, the Order Confirmation will be the proof of the transaction.
7. Allotment information will be provided to the MFIs so that they can provide allotment details to the investors. MFIs may also issue a Transaction Confirmation Note containing details of allotment/redemption.

#### **N. STP – DEMAT (Systematic Transfer Plan)**

1. MFI shall register the STP order on the ICEX MF system with the option of ‘Demat’ settlement. Once the order is submitted, system will generate a unique Order Confirmation Number for the order submitted.
2. The order will consist of two requests in a single window that is for switch out from one scheme and switch in to another within same AMC. ICEX MF platform will auto trigger the STP order as per the frequency and installment (in terms of units) selected at time of order placement.
3. Exchange/CC will validate the transactions with the RTA and any discrepancy in the transaction details will be updated in the report module. MFI can check for the details accordingly.
4. Subsequent to the validation, Clearing Corporation will provide valid orders to depository to validate the delivery instructions (DIS) received from the investor and accept units received if they are equal to the valid transactions. Exchange/CC will send the final validation file of switch out to RTA, who will send the response file to Exchange / Clearing Corporation.

5. RTA will run the switch in part at their end and provide to Exchange / Clearing Corporation the allotment file as per the settlement type.
6. Allotment information will be provided to the MFIs so that they can provide allotment details to the investors. In the case of demat transaction, demat statement given by depository will be considered as fulfilling the requirement of Statement of Account. MFIs may also issue a Transaction Confirmation Note containing details of allotment.
7. RTA/AMC will facilitate crediting the Demat account of the MFIs through Clearing Corporation. MFIs will credit the MF units to the demat accounts of the investors within one working day.

#### **O. STP – NON DEMAT**

1. MFI shall register the STP order on the ICEX MF system with the option of 'Non-Demat' settlement. For Non-Demat order the folio number will be captured on the ICEX MF. Once the order is submitted, system will generate a unique Order Confirmation Number for the order submitted. STP orders will be auto triggered on ICEX MF platform as per the frequency selected at the time of order placement.
2. The order will consist of two requests in a single window that is for switch out from one scheme and switch in to another within same AMC, as per the frequency and installment opted.
3. Exchange/ Clearing Corporation will validate the transactions with the RTA and any discrepancy in the transaction details will be updated in the report module. MFIs can check for the details accordingly.
4. RTA will carry out the switch out process at their end and provide final information to the Exchange / Clearing Corporation on T-day. The file will contain information about valid and invalid orders. The switch in of the particular scheme will also be done at the RTA's end and Exchange / Clearing Corporation will receive the final allotment file for the respective subscription in switched scheme as per the settlement type

## ICEX MF Settlement Calendar

The Exchange / Clearing Corporation will specify the ICEX MF settlement calendar from time to time. A sample settlement cycle for ICEX MF transactions is as under.

Activity	L0	L1	Normal
Order capture for subscription and redemption on the ICEX MF	9.00 a.m. – 12.30 p.m	9.00 a.m. – 2.00 p.m	9.00 a.m. – 3.00 p.m
Subscription and redemption order status report and Final funds obligation statement	12.40 p.m.	2.10 p.m.	6.30 p.m.
Pay-in of funds	12:45 p.m.	02:15 p.m.	09.30 a.m. (T+1)
Payment received and payment not received indication by MFIs to Clearing Corporation	01:00 p.m.	02:30 p.m	10.30 a.m. (T+1)
Allotment and redemption information from RTA	03:30 p.m.	01:00 pm (T+1)	1.00 p.m. (T+1)
Credit in the depository account of the MFI / investor	End of day process at Depository	End of day process at Depository (T+1)	End of day process at Depository (T+1)
Redemption credit in the MFI bank account	As per the current Mutual fund time lines adhered to by the respective RTA	As per the current Mutual fund time lines adhered to by the respective RTA	As per the current Mutual fund time lines adhered to by the respective RTA

- **L0** is the category of liquid schemes in which one gets the Net Asset Value (**NAV**) of **T-1 Day**. Only subscription is allowed in **L0** schemes.
- **L1** is the category of Equity/Debt schemes in which one gets the **NAV** of **T Day** and the subscription amount is more than or equal to Rs 2 lakhs. Only subscription is allowed in **L1** schemes.
- Normal is the category of Equity/Debt schemes with the subscription amount less than Rs 2 lakhs, in which one gets the **NAV** of **T Day**. Redemption of all schemes is allowed in Normal category.

## **VII Investor Grievance Redress Mechanism**

In case of any dispute between MFI and investor arising out of transactions on ICEX MF system, the Exchange will provide support for speedy redress of the dispute through its Department of Investors Services.

The aggrieved investor, however is not entitled to have any recourse to trade guarantee fund, settlement guarantee fund, investor protection fund, etc. of ICEX / MCCIL as ICEX / MCCIL does not guarantee any transaction under this arrangement.