



**Say Goodbye to Mutual Funds
Application Forms**



**Commonly Asked
Questions for Mutual
Fund Intermediaries
(MFIs)**



Commonly Asked Questions on BSE StAR MF

1. How is StAR MF different from the existing process for subscription to and redemption of mutual funds?

Till now, an investor who wanted to subscribe to a mutual fund had to identify a distributor of the mutual fund and submit all documents along with the payment instrument where applicable, to the distributor or directly to Mutual Fund / AMC/RTA. The subscription/redemption request would then get processed and the investor would know about the status of the request only in the form of a direct communication from Mutual Fund/AMC/RTA. In StAR MF, the investor has a chance to deal with a SEBI-registered BSE member who is eligible to participate in StAR MF for subscription / redemption of units. Members would enter the order into StAR MF. Investors would be able to know the order details and modify their order details till the order acceptance time ends i.e. up to 3.00 pm. By the end of the day, the investor would also get to know about the validity of his order and the value at which the units/proceeds would get credited/redeemed to his account.

2. Who all can use this new electronic platform?

All mutual fund investors can use this electronic platform of the BSE. This stock exchange platform is an additional facility and the existing physical route through MF distributor / IFA will continue as before. Individuals, HUF and Corporate Body can participate in StAR MF subject to completing the KYC procedure. In case of a minor, the guardian would have to be KYC compliant.

3. Does a MFI/BSE Member always have to go through a separate empanelment process each time to be able to transact on the related schemes?

The BSE would enable the AMC for MFIs/Members under the following circumstances:

1. When BSE receives a confirmation OR an instruction from the AMC for enabling the particular ARN i.e. MFI for their schemes or;
2. When BSE receives the confirmation letter of AMC, forwarded by MFIs, with regard to their being appointed / empanelled as a Distributor of their schemes. On receiving any of the above, the respective MFI is enabled / activated for the specific AMC. It is only a one-time process for each AMC and does not require to be activated for each scheme.



4. Can an investor invest in any and all Mutual Fund schemes?

An investor would be able to deal in MF units of only those Mutual funds that have signed up with BSE {Called participating MFs} for availing this facility. The AMCs would then notify the schemes that they wish to permit on the BSE platform. All schemes available on this platform as well as additions or deletions thereto would be informed to the BSE MFIs and investors through notices.

5. Who does an investor have to contact for availing this facility?

An investor has to simply contact a BSE MFI. He will guide the investor through all the modalities. If the investor is not dealing in the secondary market, he can sign up with any BSE MFI who offers this facility of electronic buy / sell of MF units and commence his investments subject to the easy fulfillment of the KYC norms, etc. that are to be statutorily followed as laid down by SEBI.

6. What are the days and time of availability of the platform?

BSE StAR MF is available on all business days of the Equity Cash Market segment. The BSE StAR MF is open between 9 a.m. and 3 p.m. - however on a need basis such as NFO, etc. it may be kept open longer after due notice to the market as required by the AMC.

7. Can the investor approach any member for placing an order on BSE StAR MF?

As mentioned in SEBI circular SEBI/IMD/CIR No.11/183204/2009, trading members of the BSE who are ARN holders and who have passed the AMFI now NISM certification examination will be permitted to participate herein known as Mutual Fund Intermediary. Trading members who are eligible and wish to participate will be required to apply to the Exchange and provide an undertaking in the prescribed format. Specific reference is drawn to all requirements as brought out in the above SEBI circular ref. SEBI/IMD/CIR No.11/1832Q4/2009 dated November 13, 2009.

Further, eligible members also have to register as distributors with the Mutual Fund Company. Hence, eligible members would be able to place orders only in respect of Mutual Fund Companies where they have registered as distributors.

8. What are the basic requirements of Investor /Client registration?

All MFIs would need to register their clients in the BSE StAR MF before submitting any applications on their behalf. The facility is available to the MFI to register the client details. The platform user shall not be allowed to place an order for the client if registration details of the client are not already available in the system. The MFI



user can modify / delete client registration already maintained subject to certain restrictions. A batch upload facility is also available to set up client registration.

9. If an investor is already having an existing relationship with a StAR MF eligible member, what is the additional documentary requirement for BSE StAR MF?

If you are already using the services of a BSE member for your other investment needs and you already hold units of one or more mutual fund, the member would require you to sign up a letter consenting to participate on StAR MF. Thereafter, you could place a subscription/redemption order by meeting the requirements applicable for placing such an order.

10. What are the KYC requirements for a Mutual Fund Investor on BSE StAR MF ?

As per a SEBI circular dated November 13, 2009, where an investor is transacting in the demat mode i.e. through a beneficiary account, there would be no additional requirement of KYC and the KYC performed by the DP in terms of SEBI Circular no. 29 dated August 24, 2004, would be deemed sufficient.

For more details on KYC visit AMFI site:

<http://www.amfiindia.com/showhtml.aspx?page=kyc>

11. Should mutual fund units be held in Physical form or Demat form?

Investors have a choice of holding units either in Physical form or in Demat. However, for convenience of operations and ease of entry and exit it would be advisable to hold the units in Demat form.

12. For the purpose of holding units in Demat account, is there a requirement of opening a separate demat account?

If an investor already has an existing Demat account for holding of securities, the same account can be used for holding mutual fund units in Demat form also.

13. When an investor wishes to subscribe for a mutual fund through BSE StAR MF, what are the details investor needs to give to the Member for placing the order?

For placing a subscription order, an investor would need to mention the Unique Client Code assigned to the investor by the broker and give transaction details such as the name of the Mutual Fund, Name of the Scheme, the value i.e. money that investor intends investing, whether investor would like units in Physical form or Demat form, whether his/her subscription is fresh first time investor for a



Mutual Fund scheme or additional. In case investor chooses the physical option for an additional purchase investor needs to provide the existing folio number also.

14. At the time of placing an order if the MFI Mutual Fund Intermediary makes a mistake in giving details would they be in a position to correct or modify the order?

Orders can be placed between 9.00 am to 3.00 pm. Within this time period, you would be able to request your member for correction of mistakes if any, including cancellation of order or placing a fresh order altogether.

15. What will be the number of units that an investor would get for the value that they decides to invest?

For all orders received in equity schemes up to 3.00 p.m Net Asset Value NAV of the business day will be the rate at which units would be allotted to the investor. For liquid and debt schemes in Normal Category, the NAV applicability will be based on the date of receipt of funds by the AMC, i.e. normally T+1. For liquid schemes in L0 Category, the NAV applicability would be T-1 and in Debt/Equity schemes in L1 Category, the NAV applicability would be T day.

16. For subscription, how should an investor make the payment?

For subscribing to Mutual funds through BSE StAR MF, an investor needs to make the payment in favour of the broker through whom the transaction is put through. The broker is responsible for making the payment to the ICCL on T + 1 in respect of all the valid transactions in Normal Category that have been submitted on the platform. In L0 and L1 Categories, the broker is responsible for making the payment to the ICCL on T day itself before 1:00 p.m. for all the valid transactions.

17. When and how will an investor get the credit of units to his/her Demat account?

After closure of order acceptance time, the Exchange would provide details to Mutual Fund / AMC / RTA and to the Depository in case of NFOs for validation. On receipt of the valid order information from both of these entities, on T+1 day as per the settlement calendar, the Exchange would debit the Settlement account of the Member towards all valid orders and then transfer the money to the concerned AMC/Mutual Fund Company. Thereafter the AMC/Mutual Fund/RTA would process the subscription request and credit Brokers Pool account on T+1 for onward transmission of units to investors Demat account. In case of L0 Category, units are credited to the Member on T day.



18. What would be the process in case the investor has opted for subscription of units in physical form?

In case the investor has subscribed for units in physical form, the subscription form along with documents like copy of PAN of all holders, KYC acknowledgement of all holders needs to be sent by member to RTA/Mutual Fund essentially before 4.00 pm. Based on the order data sent by the Exchange RTA/Mutual Fund would validate the order information along with physical papers received and return the validated order information to the Exchange. The Exchange would debit the funds from the settlement account of the member only in respect of valid orders. In case the papers have not reached, RTA/Mutual Fund order would get invalidated. The information on invalid orders would be given to the Trading members who would in turn inform the investor.

19. What are the particulars that the investor needs to provide the member while placing a redemption order?

At the time of placing the order for redemption in respect of demat units, the investor needs to mention the Unique Client Code assigned to them by the broker and give transaction details such as the name of the Mutual Fund, name of the Scheme, and Number of Units to be redeemed.

20. Once the investors subscription/redemption order is placed on the BSE StAR MF, what confirmation would the investor get from a BSE Member?

Immediately after placing of order on BSE StAR MF, a member would be in a position to confirm the details of the order to the investor. By the end of the day, a member would be able to issue order confirmation notes containing particulars like Mutual Fund, Scheme, value of subscription, Physical/Demat mode, brokerage and service tax applicable. In cases of rejection of the order, reason for rejection would also be communicated by the member.

21. In case of redemption of units in Demat form, to whom and how should the investor transfer the units?

In respect of redemption of units in Demat form, the investor should transfer units to the pool account of Indian Clearing Corporation Ltd. ICCL. He/she should ensure that he/she has given appropriate delivery instruction to the Depository participant before 4.30 pm.



22. When and how would the investor get redemption proceeds after transferring the units to ICCL?

ICCL on T day at the specified time would transfer units from its pool account to the concerned AMC/RTA's pool account. Thereafter AMC/RTA would process the redemption request at Transaction day's NAV and process payment of proceeds in the desired mode.

23. Are there any restrictions on maximum value or quantity for a single order on BSE StAR MF?

However, individual schemes of AMCs may have certain minimum amount for subscription / redemption which the system would validate at order entry.

24. What is the grievance handling mechanism under this platform? Is there any guarantee provided by the Exchange?

For any application related grievances, the Department of Investor Services of BSE will intermediate and resolve. However, for any insufficient allotment and related issues, the investor would need is the respective AMC which is, for all practical purposes, the counter party for all transactions.

25. Can an investor invest in any and all Mutual Fund Schemes?

An investor would be able to deal in MF units of only those Mutual Funds that have signed up with the BSE Called participating MFs for availing this facility. The AMCs would then notify the schemes that they wish to permit on the BSE platform. All schemes available on this platform as well as additions or deletions thereto would be informed to the BSE MFIs and investors through Notices.

You can also go to www.bseindia.com or www.sebi.gov.in for FAQs related to Mutual Fund Order routing through Stock Exchanges platform.

FREQUENTLY ASKED QUESTIONS ON XSIPs

26. What is XSIP ?

XSIP or EXCHANGE SIP is a facility offered by the Exchange to the MFIs/brokers on STAR MF platform to register their client's ECS Bank Mandates and upon successful registration with the destination bank, to start registering SIPs for their mutual fund clients.



27. How many SIPs can be registered under a mandate?

The Bank mandates have to be collected as per the prescribed limit with an upper limit. e.g. Mandate can be for say Rs. 10,000/- (with Daily frequency) under which client can open say, 5 SIPs of Rs. 2,000/- each on any given single day or it can be one single mandate per SIP also, as per the desire of the client. **Thus, multiple SIPs can be registered under a single mandate.**

28. How to register the mandate on BSE StAR MF ?

In BSE StAR MF go to **XSIP → Mandate Registration**, enter client details, the member would be allotted an Unique Mandate Registration Number (UMRN). The physical form with the client UCC and UMRN to be arranged to be dispatched to BSE Limited, Mutual Fund Dept., P J Towers, Dalal Street, Fort, Mumbai – 400001.

29. When to register the SIPs ?

Once the mandate status is shown in the system (**PATH : XSIP → Mandate Search**) as **SUCCESSFUL**, the MFI/broker can start registering SIPs for the client under that mandate. The Number & Value of SIP Registration at Client level will be restricted to the Upper Limit of the Registered Mandate selected.

30. How do I indicate the brokerage ?

At the time of SIP registration under XSIP facility, the MFI/broker has an option to indicate the amount of brokerage that will be charged to his client per SIP transaction. E.g. for a XSIP of Rs. 1000/- per installment for 12 months, if the broker has indicated the amount of brokerage as Rs.10/- then the actual amount debited to the client's bank account would be Rs.1010/-.

31. What are the benefits to the members ?

Members don't have to do any administrative activity like registering mandates, collecting SIP payments. Since the funds are taken away directly from Client's A/c., member need not worry about the receipt of client's funds in member's pool A/c.



You can also visit our website www.bseindia.com for further details on StAR MF Platform and Deposit Based Membership.

For any queries related to operations / process please do mail us at mutual.funds@bseindia.com

Thank you

Very much

for your interest.

Welcome

On board

BSE StAR MF

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