



**Say Goodbye to Mutual Funds
Application Forms**



**A Quick Reference Guide
for Mutual Fund
Distributors (MFDs)**

INDEX

Sr. No.	Details
1	About BSE
2	Genesis of the StAR MF platform
3	Benefits for the stakeholders
4	StAR MF platform Features
5	Eligibility for Participation
6	Advantages of platform vis-à-vis physical distribution mode
7	Broad structure of the StAR MF platform
8	Timelines
9	Exchange SIP or 'XSIP' Facility
10	Transactions on behalf of NRIs
11	Physical Settlement
12	Switch Facility

About BSE:

BSE – Driving the Indian capital market:

Asia's first stock exchange, BSE continues to bring trust and stability to the capital market in India. It has over 100,000 trading terminals connected through 2700+ high-speed lease Lines and 1500+ VSATs which are spread over 191 cities (as on May 2014).

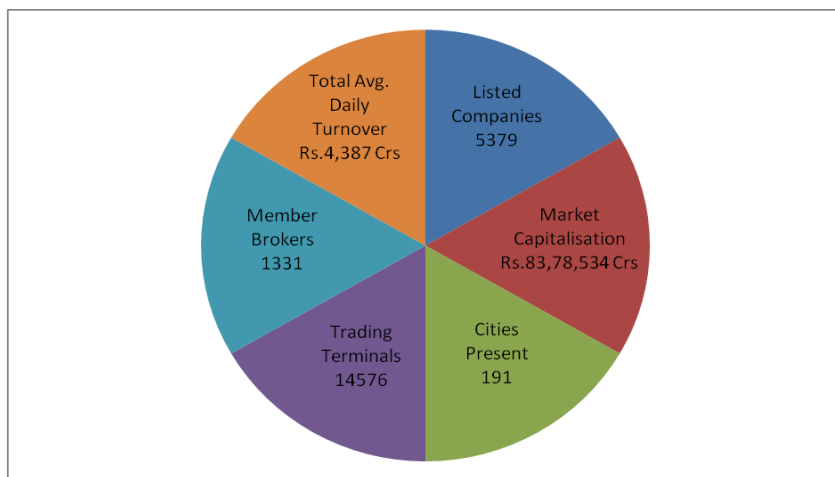
BSE has a proven trading and settlement platform assuring efficient on-time transactions and is a Self-Regulatory Organization (SRO) ensuring transparency to all stakeholders. It has ISO certified processes governing clearing and settlement, Information Technology and Surveillance and offers seamless settlement processes.

Also, BSE has 2 of the world's best exchanges, Deutsche Börse and Singapore Exchange, as its strategic partners. BSE's flagship product – **SENSEX**, India's first stock market index launched in 1986 is regarded as the barometer of the Indian capital markets and is widely tracked worldwide.

BSE offers an array of products in the Indian capital market for its members to trade. The products that are currently available are Equity, Equity Derivatives (F&O segment), Debt segment, SME Segment, Direct Market Access, Securities Lending & Borrowing, Automated Trading, Exchange Traded Funds (ETFs) and Mutual Funds.

BSE's popular equity index - the S&P BSE SENSEX - is India's most widely tracked stock market benchmark index. It is traded internationally on the EUREX as well as leading exchanges of the BRCS nations (Brazil, Russia, China and South Africa).

Salient Facts about BSE:



(May 2014)

2. Genesis of the StAR MF platform:

In order to extend the same convenience as investors in the secondary market have, to investors in Mutual funds, a SEBI Committee comprising exchanges, industry and depositories mapped out the modalities for collecting applications for Mutual Fund transactions through Stock Exchanges. The Committee had representatives from Industry, RTAs and of course, BSE and NSE.

With a new emphasis on gaining market share, the BSE has been focusing on enhancing performance through technology differentiation and innovation in products and services. This is apparent in some of the announcements made by the BSE in recent months. While we seek out new avenues for growth, bringing in greater financial inclusion and promoting efficiency in the Indian capital market, the Mutual Fund platform BSE Stock Exchange Platform for Allotment and Redemption of Mutual Fund Units or StAR MF, that was launched by the SEBI Chairman on December 4, 2009, is one of our key initiatives in this direction. It may be mentioned here that the BSE StAR MF Platform has also won recognition from the IT Industry by bagging the prestigious CNBC Nasscom IT Users' Award and the SKOCH Excellence Award. The platform is entirely browser-based and the authorized user simply requires a PC and an internet connection.

SEBI vide its circular CIR /MRD/DSA/32/2013 dated 4th October, 2013 has allowed Mutual Fund Distributors to use recognised stock exchanges' infrastructure to purchase and redeem mutual fund units directly from Mutual Fund / Assets Management Companies on behalf of their clients.

3. Benefits for the stakeholders:

Investors

1. **Reduction in paper work:** With respect to application forms, collection statements. Demat account holders benefit from much shorter delivery times than Physical account holders as Demat obviates significant amount of paper movement.
2. **Faster Execution:** Allotment by way of Demat credit. Hence investors can get Demat units on the **same day**/next working day following their date of application as well as redemption proceeds as per the respective TATs followed by the RTAs for each scheme.
3. **Convenience:** Existing investors can now invest through the registered Mutual Fund Distributors (MFDs) on BSE StAR MF Platform. Investors have the added convenience of viewing their Mutual fund investments all in one place along with the other investments in a single Demat account.



MFDs

1. **More products to offer:** Now investors can buy MF units through their MFDs.
2. **Increased Convenience:** The platform is web-based and hence far more easily accessible to MFDs. The platform is also extremely user-friendly.
3. **Broader Customer base:** Investor who are currently investing in MFs can be introduced to secondary markets and vice versa leading to higher client capture.
4. MF distributors shall not handle payout and pay in of funds as well as units on behalf of investor. The pay in will be directly received by recognised the Indian Clearing Corporation Ltd (ICCL) and payout will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account of investors.

The platform is continuously upgraded and also incorporates useful suggestions from our constituents, AMCs and, of course, the all-important investors. As of May 2014, we have 36 AMCs covering over 97% of the industry AUM on platform offering over 4000 scheme options.

4. StAR MF platform features:

BSE StAR MF™ is a browser-based fully automated online MF transaction processing system. The platform is feature-rich and highly flexible with:

- Browser-based front-end with a feature-rich and highly flexible platform
- Architecture that provides scalable operation and flexible deployment options
- Link-ups with both depositories - CDSL and NSDL and all RTAs
- Facility for one-time registration of client
- Facility of Branch, Dealer creation & Client level limit allocation – in-built risk management
- Bulk upload facility to Register Clients, Mapping client with Dealers/Branches, Client Payment Rejection, Order Entry (including SIP orders), updating Branches/Dealers/Clients balances
- Detailed & easy-to-use information on various schemes on offer
- Relevant report management features for BO and MIS
- Report Generation facilities
- Offers to investors for friendly and popular SIP (Systematic Investment Plan) facility
- User-friendly Order Entry with option of viewing schemes AMC wise, NFO/Open Market wise, Scheme Type wise, Institutional / Retail wise



- User-friendly XSIP or Exchange SIP Facility with multiple SIPs under single mandate for any AMC
- MIS for the AMCs who are our partners
- BSE StAR MF is configured to accept and process applications for Mutual Fund units in Demat form
- Handles schemes of various TATs – Upto T+8 Settlement

5. Eligibility for participation:

All Mutual Fund Distributors (MFDs) who are registered with Association of Mutual Funds in India (AMFI) and who have been permitted by BSE are eligible to participate on this platform as Mutual Fund Distributors (MFDs). This requires certain formalities to be completed and the interested MFD may please visit www.bseindia.com for further details

BSE now conducts NISM Certification Examination (mandatory for obtaining ARN number) through its BSE Training Institute and also offers courses that provide knowledge and information on the Mutual Fund industry. If you or your employees are interested in taking the AMFI certification examination, you may please visit www.bseindia.com for further details on training courses as well as Certification / Examination details.

6. Advantages of platform vis-à-vis physical distribution mode:

- Reduction of paperwork and ensuing errors
- Reduction of redundancy in process and data duplication at RTA and Distributor levels
- De-risking MF settlement processes by using superior Delivery v/s Payment (DVP) process provided by Stock Exchanges
- Efficiently & effectiveness in addressing customer servicing issues
- Enable transparency to customers
- Charging customers for service at the point where it is rendered

7. Broad structure of the StAR MF platform:

- Stock Exchange platform offers collection of buy/sell orders in demat mode for those MFs that desire so.
- Under Demat Route, investors need to open a Demat Account with a Depository Participant of their choice
- MFDs with ARN & NISM certification can extend the facility of online transaction in Mutual funds through BSE StAR MF after fulfilling few formalities with BSE and empanelling with respective AMCs (where necessary)
- Existing NAV norms (cut-off at 3pm) to apply. Platform available from 9.00 a.m. to 3.00 p.m.
- Equity, Debt and Liquid Schemes of MFs available on this platform
- MF to be counter party for all transactions – no Settlement Guarantee provided by BSE as it acts as facilitator only – however, Investor Grievance Mechanism that is presently available to equity transactions is available for Mutual Fund transactions also.

8. Basic timelines for the StAR MF Platform

Subscription Activities:

Process	Time		
	T Day		
	L0	L1	Normal
Upload the final subscription transaction feed to RTAs for all the valid purchase transactions received from 9:00 a.m. to 3:00 p.m. (L0/L1 upto 11:30 a.m). In case of any rejections from the RTA then the same would be rejected from the Exchange's system and will not be considered for any further process	1:00 p.m.	1:00 p.m.	3:30 p.m.
	T Day	T Day	T+1 Day
Fate of Pay-in to be received from Clearing Banks	1:30 p.m.	2:00 p.m.	9:30 a.m.
Credit confirmation to be given to the RTAs	1:45 p.m.	2:45 p.m.	10:30 a.m.
Transfer of Funds related to subscription transactions to the credit of AMC account	Before 2:00 p.m.	Before 3:00 p.m.	Before 12:00 noon
		L1/Normal	
Receipt of Reverse Feed File for subscription transactions	2:00 p.m.	11:30 a.m.	
Uploading of Corporate Action (CA) file to both the Depositories (Done by RTA/AMC)	Before 3:30 p.m.	Before 2:30 p.m.	
Processing of CA file and generation of the Units in AMC beneficiary account (Done by Depository under instructions of RTA/AMC)	Before 3:30 p.m.	Before 2:30 p.m.	
Transfer of the units from AMC Beneficiary account to AMC Pool account in NSDL depository (Done by Depository under instructions of RTA/AMC)	Before 3:30 p.m.	Before 2:30 p.m.	
Making the Client level pay-in from the AMC beneficiary account to BSE's Clearing Corporation (ICCL) in CDSL Depository (Activity to be conducted by respective AMC)	Before 3:30 p.m.	Before 2:30 p.m.	
Uploading of Auto DO instructions by the ICCL in NSDL Depository	Not Applicable	Before 2:30 p.m.	
Receipt of Pay-in files from both the Depositories	By 3:45 p.m.	By 2:45 p.m.	
Uploading the pay-out file in both the Depositories resulting in transfer of units in Client's Account	By 4:00 p.m.	By 3:00 p.m.	

Redemption Activities:

T Day	
Process	Time
Upload the validation transaction feed to RTA's for all the valid redemption transactions received up to 03:00 p.m. In case of any rejections from the RTA, the same would be rejected from the Exchange's system and will not be considered for any further process	3:30 p.m.
Investors to give the DIS in respect of the units redeemed to their respective Depository Participant (DP)	Latest up to 04:30 p.m.
Clearing house to upload the Receipt in file in both the depositories to enable the transfer of units from the Investors account to the Clearing House account	Up to 04:30 p.m.
Clearing house to upload the Delivery Out file in both the Depositories to enable transfer of units from Clearing House account to the AMC beneficiary account	Up to 05:30 p.m.
Exchange to upload the final Redemption transaction feed to RTA for all the valid redemption transactions received up to 03:00 p.m. and those transactions in case of which securities are received by the Clearing House and transferred to AMC beneficiary account.	Up to 06:00 p.m.

T + 1 Day

Process	Time
Receipt of Reverse Feed File for valid Redemption Transactions in case of both Debt/Liquid and Equity Scheme	09:30 a.m.
Credit of ICCL Bank Account for Valid Redemption transactions in case of Debt and Liquid Scheme	11:30 a.m.
Transfer of Funds Pay-out in respect of Debt / Liquid Scheme to the Client's Bank Account	01:00 p.m.

9. XSIP – Exchange Systematic Investment Plan

In order to take away the burden of MFDs in administrative activity for registering mandates and collecting SIP payments from the clients on the due date, the Exchange has offered XSIP facility on BSE StAR MF Platform on Friday July 27, 2012.

XSIP or EXCHANGE SIP is a facility offered to the MFDs 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. Once the SIP is registered, the exchange would be sending the SIP installment collection data to the vendor Agency well in advance of the SIP installment due date and hence the SIP registration (effective START date for XSIP) and STOP request by the MFDs will be allowed up to T-10 working days only.

Once the SIP is registered in the system, the MFDs work ends. The StAR MF system will automatically generate SIP orders on due date and the ICCL will arrange to collect the SIP installments thru the Agency (vendors) and send the same to the respective participating AMC on the due date. The client bank account will be debited between 3 to 5 working days before the SIP Due date as per the Location of the Clients Bank Account. Thus to the extent of value of XSIP orders on due date the MFDs obligation to pay money on T+1 in the pay-in to the exchange will be reduced. Presently this facility is offered free of charge to MFDs and the Exchange is bearing the cost of this facility with some contribution from the participating AMCs.

It may be noted that this XSIP facility is offered as an OPTION and the MFDs may choose to continue registering SIPs and collecting funds from their client as they are doing today OR may shift to the XSIP process. Further, the XSIP facility would be available to MFDs only in respect of those AMCs that have agreed to participate in the XSIP process with the Exchange.

The detailed operating instructions as well as the process guidelines for transacting in XSIP for those schemes that are allowed on the BSE StAR MF platform can be viewed on the following URL :

<http://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20120725-19>
<http://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20120810-28>

10. Transactions on behalf on NRIs

BSE StAR MF Platform has started accepting subscription and redemption transactions on behalf of Non Resident Indians (NRIs) through their respective NRE/NRO accounts as applicable. This was an important facility that was missing on the online platforms and has now been introduced with sufficient safeguards regarding source and destination of funds invested in AMCs. MFDs transacting on behalf of NRI clients are required to send a scanned copy of the Foreign Inward Remittance Certificate (FIRC) or



Debit letter in support of each and every subscription transaction to the AMC, superscribing thereon the Investor DP and Client ID as well as the ORDER ID of StAR MF. With these safeguards, the RTA would be able to track the source of funds as per RBI requirements.

11. Physical Settlement

In our endeavour to provide you the best platform, we are in process to make BSE StAR MF Platform, a **Hybrid** mode, that shall cater to both Demat and Non-demat (SOA / Physical) transaction on the same platform.

Everything will be on E-submission mode, without any requirement of flow of physical documents including addition purchase slips or redemption slips, just one time client set-up, a brief process note is attached for your reference.

12. Switch Facility

In addition to the facilities available in BSE StAR MF Platform e.g. fresh purchase, additional purchase, redemption and SIPs, now, we are in the process of developing the switch facility on BSE StAR MF Platform. The investors shall switch from one option to other option of the same scheme or one scheme to another scheme within the same AMC.

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

May 2014