



**Say Goodbye to Mutual Funds
Application Forms**



**Commonly Asked
Questions for Mutual
Fund Distributors
(MFDs)**



Commonly Asked Questions on BSE StAR MF

1. How is StAR MF different from the existing process for subscription 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 an AMFI registered Mutual Fund Distributor who is eligible to participate in StAR MF for subscription / redemption of units. MFD 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 status of his order and the value at which the units/proceeds would get credited/redeemed to his account.

2. What is the registration process for MFD?

A very simple process of registering by paying a Lifetime MFD Fee of Rs. 15,000/- plus service tax and other requirements specified by BSE. For detailed documentation and checklist for Registration as the 'Mutual Fund Distributor' on the BSE StAR MF Platform, please refer our website www.bseindia.com.

3. Who all can use this new electronic platform?

All mutual fund investors can use this electronic platform of the BSE. This BSE StAR MF Platform is an additional facility and the existing physical route 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.

4. What is the empanelment procedure of AMC's for the MFDs?

The MFDs must approach the AMC and get the empanelment/appointment letter. The letter should be submitted to the Exchange for activation of the Schemes.

5. Does a MFD 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 MFDs under the following circumstances:

1. When BSE receives a confirmation OR an instruction from the AMC for enabling the particular ARN i.e. MFD for their schemes or;
2. When BSE receives the confirmation letter of AMC, forwarded by MFDs, with regard to their being appointed / empanelled as a Distributor of their schemes. On receiving any of the above, the respective MFD 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.



6. 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 MFDs and investors through notices.

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

An investor has to simply contact a MFD. He will guide the investor through all the modalities. The investor can sign up with any MFD 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. He would have to submit his PAN, Bank Account, Demat Account details to the MFD for Client Registration.

8. 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.

9. Can the investor approach any MFD for placing an order on BSE StAR MF?

As mentioned in SEBI circular CIR/IMD/DSA/32/2013 dated October 4, 2013 only a Mutual Fund Distributor registered with Association of Mutual Funds in India (AMFI) and who has been permitted by the BSE shall be eligible to use the exchanges' infrastructure to purchases and redeem mutual fund units directly from Mutual Fund/Assets Management Companies.

10. What are the basic requirements of Investor/Client registration or how can MFDs transfer existing clients to online platform?

All MFDs would need to register their clients in the BSE StAR MF and give them a Unique Client Code (UCC). The client must have a demat account. The facility is available to the MFD 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 MFD can modify / delete client registration already maintained subject to certain restrictions. A batch upload facility is also available to set up client registration.

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

If you are already using the services of a MFD, the MFD would require you to sign up a letter consenting to participate on BSE StAR MF (optional). Thereafter, you could place a subscription/redemption order by meeting the requirements applicable for placing such an order.



12. 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>

13. Will the MFDs do the Settlement process for the investors?

SEBI vide its Circular No. CIR /MRD/DSA/32/2013 dated 4th October, 2013 made it clear that MF Distributors (MFDs) shall not handle payout and pay in of funds as well as units on behalf of investors. The pay in will be directly received by ICCL and payout will be directly made to investor's account. In the same manner, units shall be credited and debited directly from the demat account of the investors by ICCL.

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

SEBI vide its Circular No. CIR/MRD/DSA/32/2013 dated October 4, 2013 states that the investor units shall be credited and debited directly from the demat account of investors.

15. 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.

16. When an investor wishes to subscribe for a mutual fund through BSE StAR MF, what are the details investors needs to give to the MFD 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 MFD 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, mode of payment, whether his/her subscription is fresh, first time investor for a Mutual Fund scheme or additional.

17. At the time of placing an order if the MFD 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 MFD for correction of mistakes if any, including cancellation of order or placing a fresh order altogether.



18. What is the status of a Subscription Order placed by MFD in the Platform and when is it confirmed?

All Orders placed in the Platform will be given the status of orders as “Confirmed Orders” as per the existing process. When the full payment for the order is received by the ICCL from the investor by 9:30 a.m. on T+1 day, the orders would be further processed.

19. How will the investor know that the Subscription Order has been placed by MFD on the Platform?

Immediately after placing of order on BSE StAR MF by MFD, the investor would receive an email/sms on the registered mobile number and email ID, giving details of Confirmed Order ID, Value of Order, Bank details for payment.

20. For Subscription orders, how should an investor make the payment?

For Subscription orders, the investor can make the payment in favour of ICCL designated account through Net Banking/IMPS/RTGS/NEFT.

21. For subscription orders, when should an investor make the payment?

For subscribing to Mutual funds through BSE StAR MF and for order confirmation, an investor needs to make the payment by 9:30 a.m. on T+1 day in favour of ICCL, for all the valid transactions in Normal Category that have been submitted on the platform. In L0 and L1 Categories, the investor is responsible for making the payment to the ICCL before 1:20 p.m. for all the valid transactions.

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

For all confirmed orders received in normal category up to 3.00 p.m., Net Asset Value (NAV) of T day will be the rate at which units would be allotted to the investor. 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.

23. 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 of the Confirmed Orders to Mutual Fund / AMC / RTA and to the Depository in case of NFOs for validation. After validation, funds received from the investor for all valid orders would be sent to AMC/RTA. Thereafter the AMC/Mutual Fund/RTA would process the subscription request and credit ICCL Pool account for onward transmission of units to investors Demat account. In case of L0 Category, units are credited to the investor on T day.



24. What are the particulars that the investor needs to provide the MFD 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 MFD and give transaction details such as the name of the Mutual Fund, name of the Scheme, and Number of Units to be redeemed.

25. What is the status of the redemption order placed by MFD on BSE StAR MF and when is it confirmed?

All Orders placed on BSE StAR MF Platform will be confirmed only when the investor submits the Delivery Instruction Slip (DIS) for the full units to the DP and then the units are transferred to the pool account of ICCL.

26. How will the investor know that redemption order has been placed by MFD on BSE StAR MF?

In case of redemption, immediately after placing of order on BSE StAR MF by MFD, the investor would receive an email/sms on the registered email ID and mobile number giving details of order no., no. of units and the demat account no.

27. 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.

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

ICCL on T + 1 day of confirmed order (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. The redemption proceeds received by ICCL will be directly credited to the investors account by RTGS/NEFT.

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

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



30. 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 to approach the respective AMC which is, for all practical purposes, the counter party for all transactions.

31. How will MFDs know the status of the orders placed by them?

The MFDs will be able to view the status of the orders placed by them in the BSE StAR MF Platform through various MIS Reports. For Orders that are confirmed, they can print/email the confirmation note and can send to their clients.

32. When will the orders be cancelled by the Exchange System?

All orders for which funds/units have not been received/partial funds received by ICCL within T+1 day shall be cancelled automatically by the system at the end of day on T+1.

33. When will partial funds paid by investor be returned?

All the confirmed orders are matched against the complete funds received from the investors. If the partial amount is received, the orders would be matched on FIFO basis and unmatched funds would be returned to the investor on T+1 day.

34. How do MFDs receive commission/brokerage payments? Do the AMCs pay the commission as per the rates communicated or is it lower?

The Brokerage/Commission is paid by AMC/RTA to the Distributor directly and will continue to do so as per the industry practice.

35. How can MFDs start this platform for investor?

The access to the platform is given to MFDs and not to the investors. However the MFD, an ARN Holder can enter orders on behalf of their investors.

36. What are the basic infrastructural requirements of MFDs?

BSE StAR MFTM is a web browser-based fully automated online MF transaction processing system. The MFD would need a computer / printer and internet connection to place orders and print reports/confirmations.

37. How can MFDs place Subscription / Redemption Order in the BSE StAR MF Platform?

For placing subscription / redemption orders the MFDs can either go for Quick Order or Open MF's Screen and enter the type of scheme your client requires and other details such as your client code, demat type etc. and submit the order. The bulk upload facility to upload the bulk subscription/redemption is also available.



38. For any fresh investment through BSE StAR MF platform will MFDs continue to get feeds from the registrar or will the units reflect in the client demat statement?

The investor will be able to view their investment statement in their demat account/statement.

39. Can we get an API which can be connected with the website?

At present, the system is developed only on web portal. Yes, going forward, we may provide the API.

40. What are the costs involved to the distributor and the investor- Transaction Cost and Holding Cost?

There is no cost for the distributor as well to the investor.

FREQUENTLY ASKED QUESTIONS ON XSIPs

41. What is XSIP ?

XSIP or EXCHANGE SIP is a facility offered by the Exchange to the MFDs on BSE 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.

42. 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.**

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

In BSE StAR MF go to **XSIP → Mandate Registration**, enter client details, the MFD 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.



44. When to register the SIPs ?

Once the mandate status is shown in the system (**PATH : XSIP → Mandate Search**) as **SUCCESSFUL**, the MFDs/Distributors 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.

45. What are the benefits to the Distributors ?

Distributors don't have to do any administrative activity like registering mandates, order generation etc. Since orders are generated by the system and the funds are taken away directly from Client's A/c.

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.

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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