

BSE StAR MF

**Operating Instructions
And
Process Manual for
Exchange SIP (XSIP)
On BSE StAR MF**

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XSIP or EXCHANGE SIP is a facility offered by the exchange to the MFIs/MFDs 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. As mentioned earlier, presently this facility is offered free of charge to MFIs /MFDs in order to take away their burden of administrative activity for registering mandates and collecting SIP payments from the clients on the due date.

XSIP Process : The following simple process needs to be followed by the MFIs/MFDs for using XSIP :

- 1) Collect an ECS Bank Mandate from the client for the SIP. **The mandate has to be in favor of BSE Limited.** The mandate can be of 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. **The format in which the XSIP MANDATE is to be given is attached as Annexure II. MFIs need to ensure that the XSIP mandates are given by their clients in the format attached herewith ONLY – mandates in any other format may not be accepted by BSE for registration.**
- 2) Register couple of basic details of the mandate and the UCC of the client who has given the mandate, in StAR MF system under the (PATH : XSIP → Mandate Registration). Upon successful registration of the mandate the system will display a success message along with a **UNIQUE MANDATE REGISTRATION NUMBER (MRN)**.
- 3) Write the MRN number generated by the system and UCC of client (under the heading **Customer No.**) upon the hard copy of the ECS bank mandate of the client and arrange to dispatch the same to BSE immediately. All envelopes containing the mandates must be specifically marked to: **BSE Limited, Mutual Fund Dept., P J Towers, Dalal Street, Fort, Mumbai – 400001.**
- 4) Once BSE Mutual Fund Dept receives the physical mandate, the status in the system will be updated and the **MFI/MFD will see the status “RECEIVED BY EXCHANGE”**. The MFI's/MFD's work ends here and they do not have to do anything further as far as mandate is concerned. BSE will arrange to dispatch the mandate to the Third Party Vendors (Agency) appointed for this purpose and they will arrange to get the same registered with the respective client's bank. **Based on information from the destination bank, the status of the mandate will be updated by the Agency in the StAR MF system as “SUCCESSFUL / REJECTED” and this will be visible to the MFI / MFD.** It may be noted

here that the TAT for mandate registration by the destination (client) bank is 21 working days.

- 5) Once the mandate status is shown in the system (**PATH : XSIP → Mandate Search**) as **SUCCESSFUL**, the **MFI/MFD 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. Where XSIP has been used for a client, the MFI/MFD will be able to see the list of successful mandates under that client (in case more than one) and select a particular mandate against which a SIP is to be registered. The screen for registering the SIP is exactly the same as the existing screen with the only change being the selection of MRN against which SIP is being registered.
- 6) 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 MFIs/MFDs will be allowed up to T-10 working days only.
- 7) Once the SIP is registered in the system, the MFI's / MFD's 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 MFI / MFD's obligation to pay money on T+1 in the pay-in to the exchange will be reduced.
- 8) At the time of SIP registration under XSIP facility, **only MFI/broker** has an option to **indicate the amount of brokerage that will be charged to his client per SIP transaction**. Thus if the broker has indicated the amount of brokerage to be recovered at the time of XSIP registration, the actual amount of debit to the client's account for each XSIP transaction would be the amount of XSIP installment PLUS the amount of brokerage indicated by the MFI/broker at the time of registering the XSIP. Thus say 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 under the specified bank mandate that has been registered in the StAR MF system, would be Rs.1010/- and the same would be recovered by the agency and credited to the designated ICCL Bank Account of BSE on or before the due date. The brokerage so collected from the client will be credited to the MFI/broker's Settlement Bank Account by the ICCL from time to time. MFIs/brokers may please note that this arrangement of

collection of brokerage for all XSIP transactions is entirely between the broker and their client and that full disclosure should be made to the client upfront and their consent duly obtained before opting for this option. For this purpose, the brokers are free to create their own Terms and Conditions on which the client's consent may be obtained and recorded. It is clarified that the exchange is in no way connected with this arrangement and is merely acting as a collection agent for the broker.

- 9) It may be noted that in case the funds i.r.o any SIP installment are not received by BSE by the SIP due date, on account of shortage of funds or any other reason (dependency on bank / agency), the particular SIP order will be rejected.
