NCDEX Nidhi
Next-Gen Mutual Fund Platform

NCDEX Nidhi

Clearing and Settlement - FAQs (English)

Frequently Asked Questions (FAQs)

Clearing and Settlements - FAQs

Q1. What is the role of NCCL in NCDEX Nidhi?

The National Commodity & Derivatives Exchange (NCDEX) has appointed National Commodity Clearing Limited (NCCL) to provide clearing and settlement services for its mutual fund platform, **NCDEX Nidhi.**

Under this arrangement, NCCL will manage key settlement-related operations, including:

- Fund collection through various payment modes such as UPI, Net Banking, eNACH & UPI AutoPay.
- Payment processing including fund validation, reconciliation, and mapping of the funds to the respective subscription orders.
- Unit settlement, covering unit pay-in and payout related activities
- Refund processing, including reconciliation of rejected transactions and payout of refund amounts to investors.

Q2. What transactions are covered under NCCL settlement services?

NCCL's clearing and settlement services cover all transactions executed through NCDEX NIDHI, including:

- Subscription transactions
- Redemption transactions
- Switch transactions
- Systematic Investment Plan (SIP) transactions
- Other mutual fund transaction types supported on the platform

NCCL facilitates the clearing and settlement process for these transactions, including fund collection, payment processing, reconciliation, fund mapping, unit settlement, and refund processing, as applicable.

Q3. Does NCCL provide settlement guarantee?

NCCL acts solely as a facilitator for transactions executed on the **NCDEX Nidhi** platform. It does not provide any settlement guarantee and does not act as a counterparty to such transactions.

NCCL's role is limited to enabling and supporting the settlement process through coordination and integration with various stakeholders, including:

- Banks
- Registrar and Transfer Agents (RTAs)
- Asset Management Companies (AMCs)
- Depositories
- Payment aggregators
- Sponsor banks

Through these integrations, NCCL facilitates the smooth processing, settlement, reconciliation, and related activities for transactions executed on the NCDEX Nidhi platform. However, NCCL neither guarantees settlement nor assumes any counterparty risk for such transactions.

Questions Related to Payments and Subscriptions (Physical/Non-Demat Mode)

Q1. How should an investor make the payment?
Once a participant places a subscription order, the investor will receive a payment link from NCDEX. To proceed with the payment, the investor must first authorize the transaction by providing consent through Two-Factor Authentication (2FA) using the link provided.

After successful authentication, the investor should initiate the payment and complete the transaction immediately using the available payment options.

Failure to complete the payment after successful 2FA authentication may result in the transaction remaining incomplete or being processed as per the applicable system timelines.

Q2. What happens after the investor makes payment?
Upon successful payment by the investor through UPI or Net Banking, a reference number is generated and displayed on the payment aggregator's payment page, and the payment status is updated to "Success."

In the payment unsuccessful, the payment status is updated to "Failed".

In case the investor reattempts the payment and the transaction is completed successfully, the latest status of the payment is updated to "Success."

Q3. What is Direct and Non-Direct Settlement?
NCCL has opened designated bank accounts for the collection of funds from investors against subscription orders placed on the NCDEX NIDHI platform. Based on the timing of fund receipt, these accounts are categorized as Direct Settlement Banks and Non-Direct Settlement Banks.

Under the Direct Settlement arrangement, funds are transferred from the Payment Aggregator's (PA) Pool Account to NCCL's designated bank account on the same day at periodic intervals. Under the Non-Direct Settlement arrangement, the funds are credited to NCCL's bank account on the next business day.

Banks for Direct Settlement	- ICICI Bank
Banks for Non-Direct Settlement	- All other Banks

Q4. What is validation and reconciliation process for mapping the funds to the subscription order?
NCCL performs a reconciliation process of the funds received in its designated bank accounts, including accounts maintained with payment aggregators and sponsor banks, against the corresponding MIS reports received from these entities.

Following reconciliation, NCCL conducts a validation process to ensure that:

- The source bank account matches the bank account registered under the investor's Unique Client Code (UCC) and is in an active status.
- The amount of funds received matches the corresponding subscription order amount.

Upon successful completion of the reconciliation and validation processes, the funds are mapped to the respective subscription orders for further processing and settlement.

Q5. What are the payment modes available on NCDEX Nidhi Platform?
Currently, NCCL facilitates fund collection through the following payment modes:

- UPI (Unified Payments Interface)
- Net Banking
- eNACH (Electronic National Automated Clearing House) for mandate registration and recurring payments
- UPI AutoPay for mandate-based recurring transactions

Q6. What are the mandate collection types NCCL facilitates?
Currently, NCCL facilitates mandate collection through payment aggregator using the following modes:

- eNACH (Electronic National Automated Clearing House)
- AutoPay

These mandate-based payment options enable investors to authorize recurring transactions in a secure and convenient manner on the NCDEX NIDHI platform.

Q7. Which are the payment aggregators NCCL has appointed for fund collection?
NCCL has appointed BillDesk as its Payment Aggregator for facilitating the collection of funds against subscription orders placed on the NCDEX NIDHI platform. Going forward, NCCL may onboard additional payment aggregators to further enhance and streamline the payment experience for investors. Participants will be informed of any such additions or changes from time to time through the issuance of circulars.

Q8. When investor account will get debited for SIP orders?

On the SIP due date, funds will be collected through the mandate collection process. NCCL will forward the transaction details to the payment aggregator or sponsor bank to initiate the mandate collection.

The investor's bank will be debited in accordance with the approved mandate, and the funds will be collected by payment aggregator or sponsor bank. Thereafter, the payment aggregator or sponsor bank will credit the collected funds to NCCL's designated settlement bank account and provide NCCL with corresponding collection details.

The applicable NAV for the SIP order will be determined based fund realization of funds and the collection details received from the payment aggregator or sponsor bank.

Questions Related to Payments and Subscriptions (Physical/Non-Demat Mode)

Q1. When units will debit from investor against the redemption order?

Units are debited from the investor's folio specified at the time of order placement directly by the Registrar and Transfer Agent (RTA), in accordance with the applicable processes and guidelines of the respective RTA.

Q2. When investor will get redemption amount in his bank account?

The payout is processed in accordance with the settlement cycle applicable to the respective scheme, typically within T+1 to T+8 business days, where T represents the transaction date order is submitted to the RTA\AMC.

The actual credit timeline may vary depending on factors such as the scheme type (Liquid, Debt, or Equity), applicable cut-off timings, processing timelines of the AMC\RTA, and the bank's processing time for crediting the funds to the investor's account.

The redemption proceeds are directly credited by the AMC\RTA to the bank account registered under the respective folio after the redemption order has been successfully processed by the Asset Management Company (AMC).

Q3. How will an investor be information about redemption credited to their bank account?

The investor is informed about the redemption credit through multiple channels:

- **AMC/RTA Communication:** The respective AMC or RTA sends a transaction confirmation via email and/or SMS and provide a statements of account (SOA) containing details such as the redemption amount, units redeemed, applicable NAV and relevant transaction information.
- **Bank Notification:** The investor also receives a credit notification (SMS and/or email) from their bank once the redemption amount proceeds are credited to the bank account registered under the respective folio.

These communications enable investors to track and confirm the successful credit of redemption proceeds to their bank account.

Q4. Who is responsible for redemption payout to investor?

In case the investor does not receive the redemption amount on the expected settlement date, the following steps may be taken:

- The investor should check the email and/or SMS communication received from the AMC/RTA regarding the redemption transaction and redemption proceeds. The investor should also verify any credit notification received from their respective bank through SMS and/or email.
- If investor has received communication from the AMC/RTA that the redemption proceeds have been processed, but the amount has not been credited to the registered bank account, the investor should contact their respective bank to check for delays or issues in crediting the funds.
- In the event of any discrepancy or delay, the investor may contact the respective AMC/RTA as they are responsible for processing the redemption request and crediting the redemption proceeds to the investor's registered bank account.
- The investor may also reach out to the NCDEX Nidhi Support/Helpdesk through participant for assistance in tracking the status of the redemption transaction.

Question related to refund

Q1. What is refund in mutual fund?

A refund in mutual funds refers to the return of funds to the investor by the AMC/RTA when a subscription transaction cannot be processed and is rejected after the receipt of fund.

Refunds may arise due to various reasons, including:

- Invalid or incomplete investor details.
- Regulatory or compliance-related issues.
- Rejection of the subscription transaction by the AMC/RTA for any other valid reason.

In such cases, the subscription amount received is refunded to the investor in accordance with the applicable refund process and timelines.

Q2. How will the investor receive a refund?

Upon receipt of the refund amount from the AMC and the details of the rejected subscription orders from the RTA, NCCL performs a reconciliation process to validate the funds and the corresponding transaction details.

After successful reconciliation, NCCL initiates the refund process and credits the refund amount to the source bank account from which the investor originally made the payment.

The investor will receive the refund in the same bank account used for the subscription transaction, subject to successful validation and processing.

Q3. When investor will get refund?

Generally, the AMC initiates the refund for regular subscription orders within T+2 working days from the later of:

- The date of receipt of funds, or
- The date on which the order is reported to the RTA.

For New Fund Offer (NFO) subscriptions, the refund is generally initiated within T+5 working days from the date of NFO closure.

Upon receipt of the refund amount from the AMC and the corresponding rejected order details from the RTA, NCCL performs the required reconciliation and validation processes and thereafter initiates the refund to the investor's source bank account.

Questions related to unreconciled/unallocated fund

Q1. What happens if the funds are not matched to any subscription order?

If funds received by NCCL in its designated settlement bank accounts cannot be matched to any mutual fund subscription order, it may be due to reasons such as:

- Receipt of funds from a bank account that is not registered under the investor's UCC.
- Mismatch between the amount received and the subscription order amount.
- Incorrect or incomplete transaction details received from the payment aggregator.
- Any other discrepancy identified during the reconciliation and validation process.

In such cases, the funds cannot be mapped to a subscription order. Accordingly, NCCL will initiate the process to return or reverse the funds to the investor's source bank account within the prescribed timeline of T+3 business days, subject to successful reconciliation and validation.

Questions related to Cut offs and NAV

Q1. Who is responsible for calculating and declaring the NAV?

The Asset Management Company (AMC) is responsible for calculating and declaring the Net Asset Value (NAV) of its mutual fund schemes in accordance with the applicable regulatory guidelines.

The NAV is calculated based on the market value of the scheme's underlying securities and assets, after adjusting for liabilities and expenses, and is declared for each scheme on the prescribed valuation date.

The applicable NAV for a transaction is determined by the AMC based on factors such as the transaction type, cut-off timings, and the realization of funds, in accordance with the applicable regulatory and scheme-specific provisions.

NCCL does not calculate, determine, or declare the NAV. Its role is limited to facilitating the settlement and fund collection processes for transactions executed on the NCDEX platform.

For more detail related to NAV please refer AMFI website:
https://www.amfiindia.com/investor/knowledge-center-info?zoneName=CutOffTimingsAndNewRuleOnApplicableNAV

Q2. What are the cut-off timings for different types of transactions?

Settlement schedule applicable for various categories available on "NCDEX Nidhi" Mutual Fund Transaction Platform is as below. The Market timings given are stipulated by NCDEX.

<table>
<tr><th>Category</th><th>Market Timings</th><th>Funds
(Cut off Time/Day)</th><th>Units
(Cut off Time / Day)</th></tr>
<tr><td>LIQUID*</td><td>9:00 am to 1:00 pm</td><td>01:00 pm on T day</td><td rowspan="5">Units settlement is done directly by AMC / RTA to investor</td></tr>
<tr><td>NORMAL (Subscription)</td><td>9:00 am to 2:30 pm</td><td>02:30 pm on T day</td></tr>
<tr><td>NORMAL (NFO)</td><td>9:00 am to 3:00 pm</td><td>03:00 pm on T day</td></tr>
<tr><td>NORMAL (Redemption)</td><td>9:00 am to 3:00 pm</td><td>T+1 day to T+8 days **</td></tr>
<tr><td>Overnight Schemes (Redemption)</td><td>9:00 am to 7:00 pm</td><td>T+1 day**</td></tr>
</table>

* Historical NAV for liquid subscriptions (LIQUID)

**Fund settlement is done directly by AMC/RTA to investor in accordance with the scheme master of respective AMCs

In case of change in timelines, NCCL shall inform Participants by issuing circular.

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