NCDEX Nidhi

Redemption – FAQs (English)

Frequently Asked Questions (FAQs)

Redemption - FAQs

This FAQ is made for Redemption - Physical Folio, not for Demat.

Q1. What is NCDEX Nidhi?

NCDEX Nidhi is a Mutual Fund transaction platform that enables Members, Mutual Fund Distributors (MFDs), Mutual Fund Intermediaries (MFIs), and Registered Investment Advisors (RIAs) to seamlessly onboard investors and transact in mutual funds through a single integrated ecosystem. The platform supports end-to-end mutual fund transaction journeys including investor onboarding, lumpsum investments, SIPs, redemptions, mandate management, reconciliation, refunds, and transaction notifications.

Q2. How is this new NCDEX Nidhi platform unique?

NCDEX Nidhi is designed with a structured verification, consent, reconciliation, and settlement framework and has the following 5 USPs :

1. **Accurate NAV Timestamping :** Timestamping for NAV ensures precise transaction timing and full compliance with regulatory standards.
2. **Transaction Failure Transparency :** Complete visibility into transaction failures helps users and investors identify and resolve issues efficiently.
3. **Universal UPI Autopay Access :** Granted to all members without restrictions, unlike competitors who limit it to select users.
4. **Flexible Transaction Support :** Allowing External Folio investment through NCDEX Nidhi platform.
5. **Flexible SIP Execution :** Calendar-day SIP feature allows investors to select any day, including weekends, for SIP order executions.

Q3. What is a Redemption in Mutual Funds?

Redemption in a mutual fund refers to the process of withdrawing your investment by selling some or all of your mutual fund units back to the fund house (AMC). The redemption amount is calculated based on the applicable Net Asset Value (NAV) of the scheme on the transaction date, after adjusting for any applicable exit load or statutory deductions. Once the redemption request is processed, the proceeds are credited to the investor's registered bank account within the prescribed settlement timelines.

Q4. Who can initiate a redemption transaction on NCDEX Nidhi?

A redemption transaction is initiated by the distributor on behalf of the investor. The distributor logs into the NCDEX Nidhi platform, selects the investor, chooses the redemption transaction type, and proceeds with the redemption flow for the selected mutual fund scheme.

Q5. How does the distributor begin a redemption transaction?

The distributor begins the process by logging into the distributor application or NCDEX Nidhi portal and selecting the investor for whom the redemption transaction needs to be placed. Once the investor is selected, the distributor chooses redemption as the order type and proceeds with the redemption details.

Q6. How is a mutual fund scheme selected during a redemption transaction?
The distributor selects the mutual fund scheme for redemption using either the ISIN (International Securities Identification Number) or the scheme name. Only schemes belonging to empanelled AMCs are visible and enabled for transactions on the platform.

Q7. What details are entered while placing the redemption order?
The distributor enters the required redemption details such as scheme, folio number, redemption amount, number of units, or redeem-all option. These details are reviewed before the transaction is sent to the investor for confirmation.

Q8. What does the initiated order status mean in redemption?
When the transaction is sent to the investor, a draft order link is generated but the investor has not yet confirmed the transaction. At this stage, the order status is marked as 'Initiated' on the platform.

Q9. How does the investor receive the redemption transaction link?
The investor receives the transaction link through SMS and email on the registered contact details. The link allows the investor to review the redemption details and continue with confirmation and consent.

Q10. What can the investor review before confirming the redemption transaction?
The investor can review the redemption order details before proceeding further. This allows the investor to verify that the correct scheme, folio, units, or redemption amount has been selected before authorising the transaction.

Q11. What happens after the investor confirms the redemption details? How is investor consent collected during redemption processing? What happens after investor consent is completed?
Once the investor confirms and continues, the transaction moves to the pending stage on the platform. After confirmation, investor consent is obtained through two-factor authentication using the investor's registered email address and mobile number. Once consent is successfully completed, the redemption order is created at the exchange and timestamped. The order status at the exchange then moves to the confirmed state before submission to the AMC/RTA.

Q12. Why is investor consent required for redemption transactions?
Investor consent is collected to ensure that the investor themselves have authorised and initiated the specific redemption transaction. This acts as an additional verification layer before the order is created at the exchange.

Q13. What happens after a redemption transaction is confirmed by the investor?
Once the investor successfully confirms and authorises the redemption transaction, it is processed by the respective AMC and its Registrar & Transfer Agent (RTA) in accordance with applicable mutual fund regulations. Upon successful processing, the redemption is executed at the applicable NAV, the transaction status is updated on the NCDEX Nidhi platform, and the AMC credits the redemption proceeds directly to the investor's registered bank account within the applicable settle-

ment timelines. The investor is subsequently informed of the transaction status through the applicable communication channels.

Q14. How are redemption payouts processed for the investor?

Once the redemption order is successfully processed, the AMC initiates the redemption payout directly to the investor's registered payout bank account. The payout is not routed through NCDEX Nidhi or through the distributor.

Q15. Does NCDEX Nidhi directly handle the redemption payout to the investor?

No. The redemption payout is processed directly by the AMC to the investor's registered bank account. NCDEX Nidhi supports the transaction workflow and order processing journey but does not directly hold or transfer the redemption payout amount to the investor.

Q16. How is the investor informed about the final redemption transaction status?

Once the redemption transaction is completed or rejected, the investor receives SMS and email communication confirming the final transaction status. This marks the completion of the end-to-end redemption journey.

Q17. What happens if the investor does not complete the redemption journey?

If the investor does not complete mandatory steps such as consent or confirmation, the redemption order is not created at the exchange and no further processing takes place.

Q18. What happens if the redemption order is rejected after submission to the RTA?

If the redemption order is rejected after submission to the RTA, the transaction is marked as failed on the NCDEX Nidhi portal. The failure code is displayed to help distributors identify the issue and take corrective action wherever required.

Q19. Where can one find the reason for failure of execution?

Failure Codes are displayed on NCDEX Nidhi portal to identify and resolve transaction issues quickly. The Failure Code Reasons can be found in the Document named "Order Failure Codes_NCDEX Nidhi" on NCDEX Nidhi and NCDEX websites.

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