NCDEX Nidhi
Next-Gen Mutual Fund Platform

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SIP – FAQs (English)

Frequently Asked Questions (FAQs)

SIP - FAQs

This FAQ is made for SIP - 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 :

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

Q3. What is Systematic Investment Plan (SIP) – Physical Folio?

A SIP is a method of investing a fixed amount in a mutual fund scheme at regular intervals, such as monthly or daily. AMFI explains that SIP is a convenient method in which the amount can be debited from a bank account through standing instructions. The investor chooses a fund, fixes an amount and date, and authorizes automatic debit from the bank account. Units are allotted on the applicable NAV (Net Asset Value) of the transaction day subject to cut-off time and payment receipt rules. Over time, the investor buys more units when prices are low and fewer when prices are high. SIPs help investors invest in a disciplined way and reduce the impact of timing decisions by spreading purchases over time.

Q4. What is Physical Folio?

A Physical Folio is a mutual fund folio where the investor’s holdings and related records are maintained in folio form directly with the Asset Management Companies (AMCs) or its Registrar & Transfer Agents (RTAs). Transactions such as Lumpsum purchase, SIP, redemption, and updates are linked to this folio.

Q5. What is a Folio Number?

A Folio Number is a unique reference number assigned to a particular mutual fund folio by the

AMC for the investor to identify and manage their mutual fund holdings. It is used to track investments, process transactions, and maintain investor records for a specific mutual fund.

Q6. What is Net Asset Value (NAV)? How is it calculated?
NAV stands for Net Asset Value. In simple terms, it is the market value of one unit of a mutual fund scheme on a given day. NAV is computed by dividing the net assets of the scheme by the number of units outstanding on the valuation day. NAV rises or falls as the market value of the underlying portfolio changes. It is not a fixed rate like a bank deposit interest rate. For more details on NAV, visit AMFI website (Link).

Q7. What is a mandate in the SIP process?
A mandate is an authorisation provided by the investor to allow recurring debits for SIP installments from the selected bank account or UPI handle. On NCDEX Nidhi, SIP payments can be processed through mandate options such as E-NACH and UPI Autopay.

Q8. Why is a mandate required for SIP transactions?
A mandate is required because SIP installments are collected automatically on scheduled dates. The SIP becomes active only after the mandate is successfully approved and linked to the transaction.

Q9. Who can initiate a SIP transaction on NCDEX Nidhi?
A SIP transaction is initiated by the distributor on behalf of the investor. The distributor logs into the NCDEX Nidhi platform, selects the investor, chooses SIP as the transaction type, and proceeds with scheme selection and SIP setup details.

Q10. What SIP details are selected during order creation?
The distributor selects the SIP frequency, such as monthly or daily, enters the installment amount, chooses the number of installments, and selects the installment date wherever applicable. These details define how the SIP installments will be processed going forward.

Q11. How is a mutual fund scheme selected during SIP setup?
The distributor selects the mutual fund scheme using either the ISIN (International Securities Identification Number) or the scheme name. Only schemes belonging to empanelled AMCs are visible and enabled for transaction on the platform.

Q12. Can the SIP transaction be linked to a new or existing folio?
Yes. The distributor can either select a new folio or enter an existing folio number while setting up the SIP transaction. This ensures the SIP is processed under the correct investor folio.

Q13. What happens after the distributor reviews the SIP details?
After reviewing the SIP setup details, the distributor sends the transaction to the investor for confirmation, consent, and mandate setup. At this stage, a draft order link is generated for the investor.

Q14. How does the investor receive the SIP 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 SIP details, choose the payment mode, and complete the consent and mandate process.

Q15. What can the investor review before confirming the SIP?
The investor can review the SIP details, folio details, installment information, and payment setup details before proceeding further. This allows the investor to verify the transaction information before completing consent and mandate approval.

Q16. What payment and mandate options are available to the investor?
The investor can choose available payment and mandate options such as E-NACH and UPI Autopay. Existing mandates already created earlier may also be available for selection during the SIP setup process.

Q17. What happens after the investor confirms the SIP details?
Once the investor confirms and continues, the transaction moves to the pending stage and proceeds to investor consent and mandate approval. The SIP becomes active only after the required consent and mandate verification steps are completed successfully.

Q18. Why is investor consent required for a SIP transaction?
Investor consent is collected to ensure that the investor themselves have authorised and initiated the specific SIP transaction. This acts as an additional verification layer before the SIP is activated at the exchange.

Q19. How is investor consent collected during SIP setup?
Investor consent is obtained through two-factor authentication using the investor's registered email address and mobile number. The SIP transaction is marked confirmed only after successful consent verification.

Q20. What happens after investor consent and mandate approval are completed?
Once consent and mandate approval are successfully completed, the SIP is created at the exchange and moved to the activated state. The mandate also becomes active for future installment processing.

Q21. Can the first SIP installment be paid immediately?
Yes. The investor may choose to generate and pay the first SIP installment immediately using available payment options such as UPI or netbanking. This happens during the order confirmation and payment stage.

Q22. When are SIP installments created?
For an active SIP, installments are created one day before the scheduled debit date. This allows the platform to prepare the debit instructions and settlement process before the actual installment date.

Q23. What is the 24-hour pre-debit notification?
A 24-hour pre-debit notification is sent to the investor before the scheduled debit date. This notification informs the investor that the SIP installment debit is about to be processed.

Q24. What happens during SIP installment payment processing?
During installment processing, the payment aggregator processes the debit request through the approved mandate. The installment amount is collected from the investor's linked bank account or UPI handle and settled further for transaction processing.

Q25. What happens after a SIP installment payment is successfully processed?
Once a SIP installment payment is successfully processed, the transaction undergoes the necessary validation and settlement checks before being forwarded to the respective AMC and its Registrar & Transfer Agent (RTA) for processing. The AMC/RTA processes the installment at the applicable NAV and allots mutual fund units to the investor's folio in accordance with the applicable regulatory timelines. Upon successful processing, the transaction status is updated on the NCDEX Nidhi platform, and the investor receives confirmation through the applicable communication channels.

Q26. What is three-way reconciliation in SIP processing?
Three-way reconciliation is the process where NCCL matches the SIP order created on the platform, the settlement MIS received from the payment aggregator, and the actual bank credit received in the NCCL collection account. This process ensures that the installment order, payment, and fund receipt details are fully aligned before settlement activities continue.

Q27. What happens to successfully reconciled SIP orders?
Successfully reconciled SIP orders are marked and moved to the AMC settlement queue. These transactions then proceed for fund transfer and order submission to the AMC/RTA.
Q28. What happens when the AMC/RTA processes the SIP installment successfully?
The RTA processes the installment at the applicable NAV and allocates mutual fund units to the investor's folio. For new folios, the folio number is generated during this stage and the updated details are sent back to NCDEX through reverse feeds.

Q29. What happens if a SIP installment fails or is rejected?
If the SIP installment fails or is rejected by the AMC/RTA, the failure details are shared with NCDEX through reverse feeds and the transaction is marked as failed on the platform. Failure codes are displayed to help distributors identify and resolve the issue.

Q30. How is the investor informed about the final SIP installment status?
Once the SIP installment is completed or rejected, the investor receives SMS and email communication confirming the final transaction status. This marks the completion of the installment journey for that SIP cycle.

Q31. What happens if the investor does not complete the SIP setup journey?
If the investor does not complete mandatory actions such as consent or mandate approval, the SIP is not created at the exchange and no further processing takes place.

Q32. How can a SIP be cancelled?
A SIP can be cancelled through the 'Cancel SIP' option by providing the required cancellation reason. Investor consent is required through OTP to cancel a SIP. Once the cancellation process is completed, future SIP installments linked to that SIP are not processed further, provided that the

cancellation is done before T day, otherwise if cancelled on T day, T+1 day installment will still go through, as SIP installments are created 1 calendar day before actual installment day (debit collection).

Q33. 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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