Subject : Change in timelines for handling subscription applications in StAR MF of value Rs.2 lakhs and above

Category : Trading **Segment :** Mutual Fund

Content :

Attention of MFIs is drawn to Clause G of the captioned SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012. Clause G of the said circular says, *"In respect of purchase of units of mutual fund schemes (other than liquid schemes), the closing NAV of the day on which the funds are available for utilization shall be applicable for application amount equal to or more than 2 lakhs, irrespective of the time of receipt of such application"*.

Consequent to the above, payin of funds for all transactions (other than those for Historic NAV) was hitherto conducted on T+1 irrespective of the value of the transaction. Thus investors of subscription transaction worth Rs 2 lakhs or more were getting NAV of T+1 while applications for transactions of less than Rs. 2 lakhs were getting NAV of T day itself. This was creating an anomaly and also disadvantageous to investors who had the funds ready on T day itself but had to pay on T+1 and get that day's NAV.

It has therefore been decided to modify the process for handling subscription transactions (other than liquid schemes) of Rs. 2 lakhs and above w.e.f. Monday, November 26, 2012, on BSE StAR MF, as under :

1) The schemes (other than liquid schemes) where transactions of minimum Rs 2 lakhs and above would be accepted, will have a **separate Settlement Type called L 1 (L One).** MFIs may note that where they need to submit subscription orders in schemes (other than liquid schemes) of transactions of Rs. 2 lakhs and above, they would need to select the settlement type as L1 and only then would they be allowed to do so. In any scheme, orders of less than Rs. 2 lakhs would be accepted only under Settlement Types starting with T i.e. T1, T2, T3, T4, T5, and T6 and in case of NFOs, Settlement Type MF.
2) Cutoff for accepting SUBSCRIPTION transactions of value of Rs. 2 lakhs and above will be at 1 pm (instead of 3 pm as hitherto)
3) Funds in respect of these L1 transactions would be collected from the MFIs on the same day by approx**.** 1.45 pm and remitted to the respective AMC bank account BEFORE 3pm (on a best efforts basis). This will allow investors of transactions of Rs 2 lakhs or more to get the SAME DAY NAV as per above mentioned SEBI circular.
4) Units allotted in respect of these L1 transactions would be received on T+1 along with the units in respect of transactions of less than Rs. 2 lakhs.
5) There will be **no change in the process of handling subscription transactions in schemes** (other than liquid schemes) **where the transaction value is less than Rs. 2 lakhs.** Thus these transactions will continue to be accepted up to 3 pm on the STAR MF platform and the funds for these will be collected on T+1 as is being done presently.
6) There will be NO CHANGE is handling of redemption transactions, as well as acceptance of transactions for Historical NAV (T-1 day NAV) since these aspects remain untouched by the aforesaid changes.

Consequent to the above changes the settlement timings for T Day Payin will undergo a change and the **REVISED SETTLEMENT CALENDAR** will be issued shortly by ICCL**.**

In case of any clarifications, please do contact the following:

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