

Process note for DEMAT; Redemption & REMAT of Mutual Fund Units

An existing investor who wants to dematerialize units to his D'MAT account has to approach his depository participant (DP) directly and follow the procedure given below:

- ⇒ Complete Conversion Request Form [CRN] in triplicate and submit duly signed by the unit holder(s) along with his latest statement of account of the Mutual Fund units you wish to dematerialize
- ⇒ DP will check the information filled in the CRF with enclosure and if found valid in all respect, will give the 3rd copy of the CRF duly signed and stamped as acknowledgement to investor retaining the other 2 copies.
- ⇒ DP will further process the request in his system to register the request when an electronic number gets generated [CRN] in his system.
- ⇒ DP will write down this CRN on the physical CRN request; upload the CRN to NSDL/CDSL central system and send the physical request to R & T
- ⇒ R & T has to receive both electronic file from NSDL/CDSL and the physical request from DP for processing.

Process at R & T on receipt of Conversion request forms

- ⇒ R & T will verify for the holdings in their records, vis-à-vis CRF received from the DP; the signatures and the CRN soft feed received from NSDL/CDSL at Scheme/Plan/Option level, ISIN being the Key.
- ⇒ Tally the information given in the CRF with the electronic file. At times the Client ID- DP ID; ISIN & the Units lodged do not match with electronic CRN file itself and are rejected. Rejection confirmation is uploaded.
- ⇒ If all the details match with the records, R& T will process the CRN and confirm to NSDL/CDSL for the units to credit in investors demat account directly with respective Depository Participant(s).
- ⇒ Endorse each transaction to electronic file. This is when the physical holding becomes "0" against each physical Folio at Scheme/Plan/Option level in R & T records.
- ⇒ Create soft copy separately for each of such requests and submit to DP Registry for uploading to NSDL / CDSL system, when units get credited to respective investors D'MAT accounts.

- ⇒ Dematerialized Register to be printed and submitted for internal audit. In case of physical units certificate, shredding of certificates is carried out after the auditor has certified and signed off
- ⇒ Generate letters for valid CRNs confirmed and dispatch to DPs through whom the CRN has been received with CC to investor for information.
- ⇒ Generate letter for rejections if any with rejection reason and return the physicals to the concerned DP through whom the CRF has been received enclosing latest statement of account, to enable the investor to re-submit his request again with his DP.
- ⇒ If the physical CRF is not received within 15 days from the date of electronic request, a letter to be sent to DP, reminding him to send at the earliest. The time for effecting D'MAT is 15 days as per SEBI, from the date of electronic request raised by each DP.
- ⇒ If a physical DRF request is received and electronic request is not received for such CRF within 7 days from the date of receipt, a letter to be sent to DP, reminding him to release the CRN at the earliest
- ⇒ All the transactions information gets permanently stored in the system for future reference, the Key being the CRN No.

Redemption process:

Process at Depository Participant & Depository:

- ⇒ Investor should approach DP for redemption of units, which are in demat form
- ⇒ Duly filled in and signed (by all the holders) Repurchase Request Form [RRN] shall be submitted in triplicate along with DP statement, showing such units of redemption
- ⇒ DP will check the information filled in the RRF with enclosure and if found valid in all respects, will give the 3rd copy of the RRF duly signed and stamped as acknowledgement to investor, retaining the other 2 copies.
- ⇒ DP will further check for signatures of unit holders in their system, if found valid, will affix stamp /signature and allow for redemption.
- ⇒ Details are entered in DP system and register the request. An electronic number gets generated [RRN] automatically in the system.
- ⇒ Once RRN is generated, investor will not have access to units opted for redemption.
- ⇒ DP will release the request electronically to NSDL/CDSL central system with RRN, where in electronic time stamp is generated automatically for identifying the cut off time and applicability of NAV.
- ⇒ KFINTTECH downloads such electronic files directly from NSDL/CDSL after the cut-off time i.e. 3.00 pm as applicable to Mutual Funds. The electronic file will have the entire Unit holder profile including name/Joint holder(s) name / units / amount /date /time /address /bank mandate / account type etc.,
- ⇒ This is ONE single file across all funds serviced by KFINTTECH.

- ⇒ The physical request submitted at DP will not be sent to KFINTTECH for redemptions and will be retained by DP.
- ⇒ Investor cannot submit redemption request at any of KFintech/ AMC ISCs for the units held in demat form. AMCs shall include this point as a “disclaimer” in addendum.

Process at R & T after downloading of Redemption electronic file:

- ⇒ KFINTTECH uploads the electronic redemption request file into back office process system.
- ⇒ Respective MF units will be port the file to ensure that, these are get into process queue for daily transaction processing.
- ⇒ These transactions will for part of DTR along with all other transactions with branch code - DP88.
- ⇒ KFintech will do auto validation with DP/Client ID, while porting takes place for unit position and allow for redemption at ISIN Level (Scheme Option level).
- ⇒ If all the details match with the records available at DP, RRN gets processed and get endorsed with applicable NAV as per date/time in the electronic file.
- ⇒ Create soft copy separately for each RRN request for confirmation/rejection reverse feed and submit to DP Registrar for uploading to NSDL / CDSL system.
- ⇒ On uploading and execution, units locked for redemption get extinguished / unlocked from respective investors DMAT account
- ⇒ Proceeds are paid directly to investors account as per the existing TATs and mode of payment and will be part of funding for payout.
- ⇒ KFintech generate letters and send as confirmation to investors, providing the details of proceeds paid with mode of payment and other information.
- ⇒ In case of any rejections, such communication to investor will be sent with a copy to DP for information with same rejection reason as available in RRN rejection file
- ⇒ All the transactions with corresponding information will get permanently stored in the system for future reference with RRN.

List of Rejection reasons with their codes No's as given by NSDL and CDSL

NSDL Rejections Reasons		CDSL Rejection Reasons	
Description	Rejection Code	Description	Rejection Code
Signature Mismatch	1	Stop transfer	11
Signature of the 1 st /2 nd /3 rd holder(s) not present	2	Statement of Account not received with MF-CRF	12
Rejection due ACA	3	De-Stat request initiated under wrong MF ISIN	13
Units already in demat form	4	MF Units not admitted	14

Incorrect holder(s) name / pattern	5	Separate MF-CRFs required for separate KFINTTECH	15
Unit statement details mismatch	6	Mismatch in the electronic and physical details	16
CRF sent to incorrect registrar	7	Document not received within 21 days	17
Unit statement(s) not received within 21 days	8	Transposition-cum destatementization not allowed	18
Court injunction pending	9	Transmission-cum-destatementization not allowed	19
Conv. Of units request initiated under wrong ISIN	10	Signature mismatch	21
Units received not available for conversion	11	Signature of 1st/2nd/3rd holder not present	22
Mismatch between unit qty received & CRF qty	12	Qty received and CRF qty mismatch	23
KFINTTECH Unit stmt recd instead of AMC Unit stmt	13	Incorrect holder(s) name / pattern	30
Transposition form not submitted	14	CRF sent to incorrect Registrar	32
Transmission form/Death certificate not submitted	15	Court injunction pending	34
Investor request for rejection and a/c closure	16	Rejected due to ACA	38
Units under lien / stop transfer	17	Investor requested for rejection & account closure	42
Changes in DP ID/Client ID or CRF not authorized	18	CRF not signed / stamped by DP	46
Mismatch of DP ID/ Client ID on CRF	19	Others	99
CRF not signed / stamped by DP	20		
Miscellaneous	21		
Requested units are already redeemed	22		
Unit statement not enclosed with CRF	23		

RTA DP/Back office INTERFACE

⇒ Download Electronic requests received from NSDL/CDSL on daily basis & forward to respective Operations Departments (OD)

⇒ Receive soft copies from OD for CRNs processed and upload for confirmation to NSDL/CDSL in the given file format for valid/rejections with reasons thereof for rejections as per the above rejection codes.

- ⇒ Upload the file to NSDL/CDSL, for giving credit to respective client demat accounts with various other DPs
- ⇒ Sending reminders to OD if CRNs are pending for greater than 15 days as per depository rules.
- ⇒ Download weekly beneficiary positions for all ISINs and send to respective OD for uploading and reconciling closing units at ISIN level

REMAT – Reconversion of DEMAT mode to Physical form of Mutual Fund Units:

- ⇒ Complete Rematerialisation Request Form [RRN] in triplicate and submit duly signed by the unit holder(s) along with his latest statement of account in proof of holding units in DEMAT form
- ⇒ DP will check the information filled in the RRF with enclosure and if found valid in all respect, will give the 3rd copy of the RRF duly signed and stamped as acknowledgement to investor retaining the other 2 copies.
- ⇒ DP will further process the request in his system to register the request when an electronic number gets generated [RRN] in his system.
- ⇒ DP will write down this RRN on the physical request given by investor; upload the RRN to NSDL/CDSL central system as the case may be and send the physical request directly to R & T
- ⇒ R & T has to receive both electronic file from NSDL/CDSL for RRNs registered and the physical request from DP for processing.

Process at R & T on receipt of REMAT request forms

- ⇒ R & T will verify for the DEMAT holdings in their records, vis-à-vis RRF received from the DP and the RRN soft feed received from NSDL/CDSL at Scheme/Plan/Option level, ISIN being the Key.
- ⇒ Tally the information given in the RRF with the electronic file. At times the Client ID- DP ID; ISIN & the Units lodged do not match with electronic RRN file itself and are rejected. Rejection confirmation is uploaded.
- ⇒ If all the details match with the records, R& T will process the RRN and confirm to NSDL/CDSL for the units to Debit in investors DEMAT account directly with respective Depository Participant(s).
- ⇒ Generate letters for valid RRNs confirmed and dispatch to DPs through whom the RRN has been received with CC to investor for information.

- ⇒ Statement of account is enclosed with CC copy of above letter to investor for his information and record.
- ⇒ Generate letter for rejections if any with rejection reason and return the physicals to the concerned DP through whom the RRF has been received enclosing latest statement of account, to enable the investor to re-submit his request again with his DP.
- ⇒ If the physical RRF is not received within 15 days from the date of electronic request, a letter to be sent to DP, reminding him to send at the earliest.
- ⇒ If a physical RRF request is received and electronic request is not received for such RRF within 7 days from the date of receipt, a letter to be sent to DP, reminding him to release the RRN at the earliest
- ⇒ All the transactions information gets permanently stored in the system for future reference, the Key being the RRN No.

Exception Notes to users:

- ⇒ Entire process for conversion from SOA to D'MAT would take a week to 15 days time which includes from the date of submission of such request at depository participant counter; transit time for physical to reach RTA and processing.
- ⇒ Entire process for conversion from D'MAT to SOA would take a week to 15 days time which includes from the date of submission of such request at depository participant counter; transit time for physical to reach RTA and processing
- ⇒ D'MAT to SOA may not allowed by all Funds, applicable as per SID or Addendums released from time to time by respective Funds.
- ⇒ Few Mutual Funds have released Addendums, quoting the specific Schemes where REMAT facility is available hence, RRN received for such ISINs alone can be processed. Others may be rejected with codes for Miscellaneous/Others however clearly mention the reason in the letter to DP with copy to Investor as "REMAT facility not available"
- ⇒ D'MAT to SOA is not allowed for Transactions routed through BSE StAR & NSE MFSS Platforms for across all Mutual Funds as no physical documentary proofs are made available for these transaction at any given point of time. Complete ownership and liabilities lies with the brokers and depositories as per SEBI CIR/IMD/DF/17/2010 dated 9th Nov 2010