



LIST OF EXCEPTIONAL SITUATIONS AND ADDITIONAL TIMELINES FOR MAKING REDEMPTION PAYMENT

Sr. No.	Exceptional Situations	Additional Timelines allowed	Justification
(i)	<p>Payment of redemption proceeds through physical instruments (cheque / DD) where electronic fund transfer is not possible (such as old / non-Core Banking account / IFSC non-available records / IMPS failed records for reasons like name mismatch*, technical error / Investor Bank not participating in Electronic Fund transfers or failure of electronic credit for any reason which are at the bank's end.</p> <p><i>* Name mismatch typically occurs where the bank account is held jointly, but the 1st holder in MF Folio may not be first holder in the bank account or the investor's name in MF folio and his/her bank account may not be exactly identical e.g., MF folio is held by A+B, but the bank account is in the name of B +A; OR the name as per bank a/c & MF folio are recorded a bit differently e.g.,</i></p> <p><i>(i) Given Name + Middle Name + Surname</i></p> <p><i>(ii) Given Name + Surname</i></p> <p><i>(iii) Surname + Given Name etc.</i></p>	Additional 2 working days	<p>Where electronic fund transfer is not possible, the RTAs need to approach the banks for issuance of bankers' cheque / DD. Thus, physical pay orders/bank drafts can only be issued on T+4 day.</p> <p>While in majority of the instances, banks issue the cheques /DDs on the same day and RTAs can collect & dispatch on the same day, few banks take additional time to print and issue the DD/Pay Order, which may delay the physical dispatch. Also in certain instances, cheques/DDs get issued/delivered very late in the day, as a result of RTAs are unable collect them for same day dispatch. Further where the bank is dependent on a correspondent bank for issuance of cheque/DD, additional time is required by the bank to deliver the cheque to the RTA.</p>
<p><i>Note: When payment is made through cheque / DD, the investor's bank account details registered with the RTA shall be printed on the cheque/DD, so that the amount is paid only through the investor's bank account to mitigate the risk of fraudulent encashment.</i></p>			

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(ii)	Redemption in case of funds where payout schedule of underlying instruments/ funds is different e.g., Domestic Fund of Funds, Overseas funds, Overseas FOF scheme, wherein the redemption proceeds can be paid after 1 day of payout schedule	<p>Additional 1 working day after receiving proceeds from underlying instruments/ schemes for electronic payouts.</p> <p>{For physical payouts, i.e., issuance and dispatch of cheque/ DD, additional days as per (i) above would also be allowed, after receiving proceeds from underlying instruments/ schemes}.</p> <p>For example, in case of Domestic FoFs, where funds are received on T+3 days, timeline applicable would be -</p> <p>a) T+4 days for Electronic payment; and</p> <p>b) T+6 days physical payout.</p>	The payout schedule in such instances may be specified in the offer documents.
(iii)	On such days, where it is a bank holiday in some or all the states, but a business day for the stock exchanges.	Additional 1 working day following the bank holiday(s) in the State where the investor has bank account.	In such scenarios, the payout schedule would not be uniform across all states, as bank holidays for different festivals / occasions may be on different dates in different states.

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(iv)	Exceptional circumstances such a sudden declaration of a business day as a holiday (as it happened on the day the famous singer Lata Mangeshkar passed away) or as a non-business day due to any unexpected reason / Force Majeure events.	In all such exceptional situations, the timelines prescribed in SEBI circular dated November 25, 2022 shall be counted from the date the situation becomes normal.	<p>In the event of unforeseen events / disruptions / sudden declaration of a business day as a holiday or as a non-business day due to any unexpected reason /force majeure event, the AMCs/ RTAs would also require more time for processing redemption payouts.</p> <p>Since the timeline allowed for redemption payout was T+10 days all these years, the AMCs/RTAs had cushion for managing exceptional situations in case of delays due to external factors like bank delays, bank strike, force majeure events such as floods, fire, power failure, system outage etc.</p>
(v)	In all such cases where a request for Change of Bank account has been received just prior to (upto 10 days prior) OR simultaneously with redemption request.	<p>In all such cases, the AMCs / RTAs can make the redemption payment after the cooling off period of 10 days from the date of receipt of COBM.</p> <p>The redemption transaction shall be processed as per the applicable NAV on the basis time stamp.</p> <p>The credit may either be given in the existing bank account or</p>	Currently, as per AMFI Best Practice Guidelines, redemption request received simultaneously with request for change of bank mandate (COBM) is processed after a cooling off period 10 days from the date of receipt of COBM, to mitigate the risk of fraudulent change of bank account. There could also be instances whereby request for COBM is received separately, just before the redemption request. It is imperative to adopt the same precaution in such cases as well i.e., process the redemption request after a cooling off period 10 days from the date of receipt of COBM to mitigate the risk of fraud.

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		the new bank account post due diligence within 1 working day after cooling off period.	<p>In most frauds witnessed by the industry in the recent past, the modus operandi was to change the bank account in the folio and submitting redemption post that.</p> <p>As a risk mitigation measure, a 10-day cooling period is followed so that the investor has sufficient time to receive the alert / raise an alarm.</p> <p>With bank mandates going through IMPS validation and communication on bank mandate updates transmitted through electronic mode (email / SMS), given the limitations in IMPS process, RTAs will still be left with residuals, which would call for additional due diligence. Hence, the need for cooling off period.</p>
(vi)	Need for additional due diligence in instances such as Transmission reported in one fund, but not in the current fund, proceedings by Income Tax authorities, Folio under lock/bank lien etc.	Additional 3 working days	The processing of payment requires additional due diligence like taking legal view for IT orders, coordinating with financiers/depositories/clients etc. to get the lien released and thus additional 3 days are required.