

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

FUND MANAGEMENT SYSTEM PROCEDURES

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Chapter 1 SHORT TITLE AND COMMENCEMENT

1.1 Short title

- 1.1.1 These Procedures may be called the Fund Management System Procedures, FMS Procedures or these Procedures.

1.2 Commencement

- 1.2.1 These Procedures shall come into force with effect from the date of commencement of FMS as announced by the Company.

1.3 Binding effect of FMS Elements

- 1.3.1 As provided under the FMS Service Level Agreement, the Tripartite FMS Agreement and FMS Payment Services Agreement, the FMS Procedures shall serve as a contract between the Company, being the Trustee of the Fund and each of the FMS Element and shall have a binding effect on to each of the FMS Element according to which each FMS Element undertakes to the Company to comply with the FMS Procedures and to perform their respective duties and obligations as set forth in the FMS Procedures.
- 1.3.2 The Company shall have the right at any time to make such change or changes in the FMS Procedures, including addition, deletion or substitution ("**changes**"), as it may deem necessary, provided that the Company shall give notice of not less than ten (10) Business Days to the FMS Elements prior to implementing such changes. Provided that, where immediate changes are required to be made in the FMS Procedures in view of any governing laws, rules and regulations including directives or notifications issued by the Commission, State Bank of Pakistan, Stock Exchanges or NCCPL or any other competent authority or regulator, shorter period notice may be given by the Company.
- 1.3.3 Where any changes in the FMS Procedures are notified by the Company to the FMS Elements, same shall be deemed to have been consolidated and merged with the existing FMS Procedures and shall be binding on all FMS Elements.

1.4 Phased implementation

- 1.4.1 Considering the phase-wise implementation of the FMS, the FMS Procedures shall also be revised in phases by the Company. Presently, the FMS Procedures provides for handling of matters relating to equity settlement, money market / debt securities settlement and unit management of Funds.

Chapter 2 DEFINITIONS

Admission Form	means the relevant admission form, prepared and made available by the Company for use by the person seeking admission in the FMS in the capacity of a Fund Manager, Fund, Stock Broker, Settling Bank or Paying Bank.
Authorized Person(s)	means any natural person who is duly authorized by the party to the FMS Service Level Agreement, the Tripartite FMS Agreement or FMS Payment Services Agreement, as the case may be, to act on its behalf for the purposes of FMS.
Balance Order	is a process which shall net off the security obligations of a Fund against its affirmed buy and sell Outright Transactions with a Stock Broker, of which Settlement Date is same to arrive at its net receive or deliver security obligation (quantity) in each Security.
Business Day	means any day on which the Company is open for business.
CDS	means the Central Depository System established by the Company.
CFS Transaction	means financing transactions executed by the Stock Broker at Stock Exchange terminal in CFS market on behalf of the Fund. This also includes CFSR transactions.
Clearing Member	means a Fund admitted as a Non-Broker Clearing Member or CFS Financier Clearing Member, as the case may be, of the Clearing Company under the NCSS Regulations.
Collect Screen (Equity Module)	means the details displayed on a Designated Branch's computer system connected to FMS enabling such Designated Branch to perform functions relating to collection of funds from the Stock Broker's Settling Bank account and payment to Fund's Settling Bank Account.
Commission	means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).
Company	means the Central Depository Company of Pakistan Limited (CDC).
Constitutive Documents	means the principal documents governing the formation of a Fund / Scheme including the trust deed and all related material agreements.
Designated Branch	means the branch of the Settling Bank or Paying Bank and includes any successor of such branch.
Designated Time Schedule (DTS)	means the time schedule specified by the Company from time to time according to which all FMS related activities are to be performed in terms of the FMS Procedures.
FMS	means fund management system established by the Company using FMS software to receive on-line information and instructions from the FMS Elements to enable the Company as Trustee to manage various systems including electronic pay and collect system for the benefit of the Funds / Schemes in terms of these Procedures.
FMS Element	includes the Fund Manager, Stock Broker, the Designated Branch of a Settling Bank (for Pay & Collect) and Designated Branch of a Paying Bank

(for Pay).

FMS Eligible Securities	means all CDS eligible securities and Debt/Money Market securities which are eligible for clearing & settlement through FMS pursuant to FMS Procedures.
FMS Payment Services Agreement	means an agreement, in the form prescribed by the Company from time to time, entered into between the Company and a Paying Bank whereunder the Paying Bank undertakes to perform money settlement services for the Fund in connection with all its Unit Management and Debt/Money Market Transactions pursuant to FMS Procedures.
FMS Procedures	means procedures of FMS and includes any amendment, modification, revision and / or substitutions thereof made or to be made therein by the Company from time to time.
FMS Service Level Agreement	means an agreement, in the form prescribed by the Company from time to time, entered into between the Company and Fund Manager whereunder both the parties undertakes to maintain service standards pursuant to FMS Procedures.
Force Majeure	means: <ul style="list-style-type: none">(a) fire, explosion, earthquake, lightning, tsunami, floods, storm, cyclone, typhoon, tornado, chemical contamination, epidemic, plague, power failure or restriction, communication breakdown, accident, war or threat of war (declared or undeclared), invasion, armed conflict, act of enemy, embargo, blockade, revolution, riot, insurrection, civil commotion, act of terrorism, radioactive contamination or ionizing radiation, strike, works to regulation or go slows, boycott, labour dispute or action, unavailability of data processing or any other computer system or facility, act of God or any other similar event; or(b) other event beyond the control of the Company which prevents or significantly hinders the operations of the Company or of FMS.
Fund	means a mutual fund established pursuant to NBFC Regulations, 2007, pension fund established pursuant to the VPS Rules, 2005 and any other Fund or unit trust scheme which may be similarly established under any regulations framed by the Commission or any other competent authority and includes any managed discretionary / non-discretionary portfolios or any other arrangements.
Fund Manager	means the Asset Management Company, Investment Advisor or the Pension Fund Manager, as the case may be.
Integrated Debiting Bank	means the bank which is integrated with FMS through any suitable mechanism.
Money Market Instruction	means the instructions initiated by the Fund Manager and affirmed by the Trustee on behalf of the Fund on FMS for Debt/Money Market transactions.
NCCPL	means the National Clearing Company of Pakistan Limited.
NCSS	means the National Clearing and Settlement System established and administered by the NCCPL.

NCSS Procedures	means procedures as described by NCCPL under NCSS Regulations, and include any amendment, modification, revision and/or substitution thereof.
NCSS Regulations	means the National Clearing and Settlement System Regulations 2003 of the Clearing Company including all amendments and revisions thereof and any regulations made in substitution for the same.
Outright Transaction	means the transaction under the contract executed between the Fund and the Stock Broker / Counter Party.
Paying Bank	means a bank acceptable to the Company which meets the eligibility criteria set out in FMS Procedures and is a party to the FMS Payment Services Agreement whereby such bank undertakes to perform payment services on the instructions of the Trustee.
Pay & Collect Id	means an Id generated through FMS as reflected in the Collect Report, Pay Report, Collect Screen and Pay Screen and other reports generated through FMS.
Pay Screen (Equity Module)	means the details displayed on a Designated Branch's computer system connected to FMS enabling such Designated Branch to perform functions relating to collection of funds from Fund's Settling Bank account and payment to Stock Broker's Settling Bank account.
Pay Screen (Unit Management /Money Market Module)	means the details displayed on a Designated Branch's computer system connected to FMS enabling such Designated Branch to perform functions relating to Fund's account maintained with the Designated Branch of the Paying Bank and payment to the Payee.
Payee	means the beneficiary named in the Pay Report.
Pay Id	means an Id generated through FMS as reflected in the Pay Report, Pay Screen and other reports generated through FMS.
Pay & Collect Report (Equity Module)	means the report generated through FMS in the manner provided under these Procedures reflecting funds payable to the Broker and receivable from the Fund's Settling Bank account and <i>vice versa</i> .
Pay Report (Unit Management /Money Market Module)	means the report generated through FMS reflecting funds payable to the Payee and receivable from the Fund's Paying Bank account.
Payment Date	means the date on which the payment is due.
Settlement Date	means the date on which the delivery/receipt of and payment/collection for securities is due.
Settling Bank	means a bank acceptable to the Company which meets the eligibility criteria set out in FMS Procedures and is a party to a Tripartite FMS Agreement whereby such bank undertakes to perform money settlement services for the Stock Broker and for the Fund through its Designated Branch.
Stock Exchange	means a stock exchange registered under the Securities and Exchange Ordinance, 1969 (XVII of 1969).
Technical and Performance	means the requirements to be satisfied by the FMS Elements as set forth under the FMS Procedures

Requirements**Tripartite FMS Agreement**

means an agreement, in the form prescribed by the Company from time to time, entered into between the Company, a Stock Broker and a Settling Bank whereunder the Settling Bank undertakes to perform money settlement services for the Fund and Stock Broker in connection with all Outright Transactions of the Funds pursuant to FMS Procedures.

Trustee

means the Trustee & Custodial Operations Department of the Company which carries out the duties and obligations of the Company as Trustee of the Funds under the statute and matters incidental thereto using the FMS. The term "Trustee" wherever used in the FMS Procedures shall also include "Custodian" where applicable.

Unit Management Instruction

means the instructions initiated by the Fund Manager and affirmed by the Trustee on behalf of the Fund on FMS for releasing payment to the unit holder / Payee through the Paying Bank.



Chapter 3 FUND MANAGEMENT SYSTEM (FMS)

3.1 Background and Objective

- 3.1.1 The Central Depository Company of Pakistan Limited ('Company'), is a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984). As per the Memorandum of Association of the Company, it can act as Custodian and as Trustee of the companies, corporations, financial institutions, banks or any other persons or authorities.
- 3.1.2 Under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations) and Voluntary Pension System Rules, 2005 (the VPS Rules), the Commission, from time to time approve the Company to act as Custodian and/or as Trustee of the Funds.
- 3.1.3 The Company has established the FMS for *inter alia* recording and executing settlement instructions of Fund Mangers in an efficient and risk free manner, for the performance of its obligations as custodian / controller of all the property of the Fund / Scheme as Trustee and for the performance of its other obligations as prescribed under the Constitutive Documents.

3.2 Scope

3.2.1 The FMS shall cater to the following broad areas of operations relating to the Funds:

- a. Clearing and settlement activities in respect of Equity Outright Transactions under the contract executed between the Fund (which are not non-broker Clearing Member of NCCPL) and the Stock Broker.
- b. Recording on FMS, settlement activities in respect of Outright Transactions under the contract executed between the Fund (which are non-broker Clearing Member of NCCPL) and the Stock Broker and which are then affirmed by the Fund Manager on behalf of the Fund as non-broker Clearing Member of NCCPL.
- c. Recording on FMS, settlement activities in respect of CFS Transactions on NCSS. CFS Transactions are the financing transactions executed by the Stock Brokers on behalf of the Fund at Stock Exchange terminal in CFS market and are then affirmed by the Fund Manager on behalf of the Fund as financier Clearing Member of NCCPL.
- d. Clearing and settlement activities in respect of Debt/Money Market Outright Transactions under the contract executed between the Fund and the Counter Parties.
- e. Settlement of Unit Management Instructions which are initiated by Fund Manager and affirmed by the Trustee on behalf of the Fund on FMS.
- f. Settlement activities in respect of other instructions (e.g. Transfer of fund, Expense payment etc.) which are initiated by the Fund Manager and affirmed by the Trustee on behalf of the Fund on FMS, excluding settlement instructions of Outright, CFS and Unit Management.
- g. Auto Pay & Collect of money obligations of Fund and Stock Broker relating to Outright Transactions, payment of money obligations towards unit holders relating to Unit Management Instructions and settlement of money obligations of other instructions as referred above.
- h. Maintaining Investment and Collateral portfolio of the Fund.
- i. Handling of corporate actions.
- j. Tariff calculations.
- k. Threshold monitoring and compliance of settlement instructions pursuant to the NBFC Regulations, the VPS Rules and the Constitutive Documents.
- l. Strengthening internal control and operational capacity of the Trustee.

3.3 System Overview – Equity Module

- 3.3.1 FMS shall connect all FMS Elements through a network and shall execute settlement using Straight Through Processing (STP).
- 3.3.2 Through FMS, the Fund Manager shall issue on-line settlement instructions to the Trustee.
- 3.3.3 These instructions are processed on FMS to generate Balance Orders (net quantity of securities) to be delivered or received by the Stock Brokers and/or the Trustee; and corresponding Pay / Collect (net amount) to be paid or received by the Stock Brokers and/or the Trustee on behalf of the Fund.
- 3.3.4 The Designated Branch of the Settling Bank shall confirm collections and payments on behalf of the Fund based on the on-line report of the Trustee transmitted through FMS.
- 3.3.5 On each Settlement Date, FMS shall settle the instructions on delivery versus payment basis in the following manner:
 - 3.3.5.1 In case of Fund's equity sale transaction, the Designated Branch of the Settling Bank shall first collect the funds from Stock Broker's Settling Bank account; and then Trustee shall tender deliveries to the Stock Broker.
 - 3.3.5.2 In case of Fund's equity purchase transaction, the Stock Broker shall first tender deliveries to the Trustee and then Designated Branch of the Settling Bank shall pay funds to the Stock Broker.
- 3.3.6 On each Settlement Date, the book-entry securities shall be tendered through FMS in accordance with the FMS Procedures which shall automatically move such book-entry securities in the relevant account maintained in the CDS.

3.4 System Overview – Unit Management Module

- 3.4.1 FMS shall connect all FMS Elements through a network and shall execute settlement using Straight Through Processing (STP).
- 3.4.2 Through FMS, the Fund Manager shall issue on-line instructions to the Trustee.
- 3.4.3 These instructions are processed by Trustee to update unit holders' portfolio in FMS and releasing corresponding amount to the Payee (where applicable) through the Paying Bank.
- 3.4.4 On each Payment Date, FMS shall settle the instructions in the following manner:
 - 3.4.4.1 In case of Unit Management Instruction resulting in net inflow of funds, based on the confirmation received from the Fund Manager (for receipt of Payment and corresponding updation of unit holders register), Trustee, after verification, shall add number of units to the unit holders' portfolio maintained in FMS.
 - 3.4.4.2 In case of Unit Management Instruction resulting in net outflow of funds, based on the confirmation received from the Fund Manager (for updation of unit holders register), Trustee shall first remove the number of units from the unit holders' portfolio maintained in FMS and then shall:
 - 3.4.4.2.1 instruct the Designated Branch of Paying Bank or Integrated Debiting Bank (for Unit Management) to credit the Payee's account; or
 - 3.4.4.2.2 issue physical payment instrument in the name of the Payee.
- 3.4.5 The Designated Branch of the Paying Bank or Integrated Debiting Bank shall confirm payments on behalf of the Fund based on the on-line report of the Trustee transmitted through FMS.

3.5 System Overview – Money Market Module

- 3.5.1 FMS shall connect all FMS Elements through a network and shall execute settlement using Straight Through Processing (STP).
- 3.5.2 Through FMS, the Fund Manager shall issue on-line instructions to the Trustee.
- 3.5.3 These instructions are processed on FMS to generate net quantity of securities to be delivered or received by the Counter Parties and/or the Trustee; and corresponding Pay / Collect (net amount) to be paid or received by the Counter Parties and/or the Trustee on behalf of the Fund.
- 3.5.4 On each Settlement Date, FMS shall settle the instructions in the following manner:
 - 3.5.4.1 In case of sale transaction, based on the confirmation of corresponding funds received, Trustee, shall tender deliveries.
 - 3.5.4.2 In case of purchase transaction, based on the confirmation of receipt of corresponding deliveries, Trustee, shall release payment.
- 3.5.5 The Designated Branch of the Paying Bank or Integrated Debiting Bank shall confirm payments on behalf of the Fund based on the on-line report of the Trustee transmitted through FMS.

3.6 System Overview – Miscellaneous Module

- 3.6.1 FMS shall connect all FMS Elements through a network and shall execute settlement using Straight Through Processing (STP).
- 3.6.2 Through FMS, the Fund Manager shall issue on-line instructions to the Trustee for transactions such as Transfer of funds, Brokerage payment and Other Expense Payment etc.
- 3.6.3 These instructions are processed on FMS to generate Pay amount to be paid to the Brokers / Counter Parties on behalf of the Fund.
- 3.6.4 On each Payment Date, FMS shall settle the instructions in the following manner:
 - 3.6.4.1 instruct the Designated Branch of Paying Bank or Integrated Debiting Bank to credit the Payee's account; or
 - 3.6.4.2 issue physical payment instrument in the name of the Payee.
- 3.6.5 The Designated Branch of the Paying Bank or Integrated Debiting Bank shall confirm payments on behalf of the Fund based on the on-line report of the Trustee transmitted through FMS.

3.7 Type of Funds and Portfolios

3.7.1 Following are the types of Mutual Funds under NBFC Regulations, 2007 which are catered through FMS.

3.7.1.1 Closed-end Mutual Fund

Closed-end Mutual Fund has a fixed capital which can be invested in the allowed avenues under the Constitutive Documents. The Closed-end Funds are of two types:

a. Investment Company

An investment company is a company formed for the purpose of making investments in the capital markets, as a primary business activity. It can only invest the money raised through issuance of paid-up capital. Here, the Company is acting as "Custodian".

b. Closed-end Scheme

Where an Investment Advisor, as defined in the NBFC Regulations, 2007 with the permission of the Commission arranges with a Trustee to launch a closed-end trust and collect funds from investors through the issuance of certificates. These certificates, once issued cannot be redeemed back to the Fund; however, they can be sold to and traded with other prospective investors like shares of listed company. However, where the Investment Advisor, considers it appropriate to increase the capital base of a Fund, they can do so by way of further issue of capital including right and bonus shares. Here, the Company is acting as "Trustee".

3.7.1.2 Open-end Mutual Fund

An open-end Mutual Fund, which is a unit trust scheme, is different from a Closed end Fund in that it does not have a fixed capital. Instead the units of an Open end Fund are regularly issued by and redeemed back to the Fund thereby its capital continuously fluctuates. Where the certificates of a Closed end Scheme may be launched at their face value or at premium, the units of an Open end Fund are issued and redeemed at their Net Asset Value (NAV). Here, the Company is acting as "Trustee".

The above types of Mutual Fund are further categorized into conventional Funds (viz. Income Fund, Money Market Fund, Equity Fund, Composite / Balanced Fund etc.), Islamic Fund, Fund of Funds and Sector specific Fund.

3.7.2 Under VPS Rules, 2005, Pension Schemes are unit trust scheme. Here, the Company is acting as "Trustee".

3.7.2.1 The Funds under VPS Rules, 2005 are further categorized into conventional Funds (viz. Equity sub-fund, Debt sub-fund and Money Market sub-fund etc.) and Shariah-compliant Islamic Fund.

3.7.2.2 The contribution from the participant shall be used to purchase units of the sub-funds based on the allocation scheme selected by the participant.

3.7.3 The FMS may also cater to other Fund or unit trust scheme which may be similarly established under any statute framed by the Commission or any other competent authority. Furthermore, it may also cater to other managed discretionary / non-discretionary portfolios or any other arrangements.

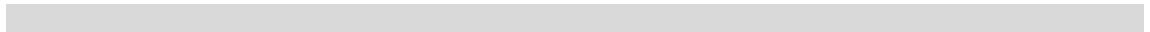
3.8 Type of Instructions Settled / Recorded on FMS

3.8.1 The type of instructions to be processed for the settlement through FMS shall include the following:

- a. Outright (Equity) Transaction settlement instruction.
- b. Unit Management instruction – Include instructions for sale of unit, redemption of unit, unit transfer, Fund to Fund unit conversion, payment of sales load, Fund details etc.
- c. Transfer of funds instruction – For movement of funds from Fund's one bank account to another.
- d. Debt / Money Market settlement instruction - Include instructions for investment in Bonds, TFCs, COI, LOP, TDR, instruments issued by SBP etc., payment of commission to Money Market Brokers etc.
- e. Expense payment instruction - Include instructions for payment of Trustee fee, Management fee, SECP fee, Auditors fee etc.

3.8.2 The type of instructions to be processed for recording through FMS shall include the following:

- a. Equity (Outright) settlement instruction settled on NCSS.
- b. Equity (CFS) settlement instruction settled on NCSS.



Chapter 4 FMS ELEMENTS

FMS Element includes Fund Manger, Stock Broker, Settling Bank and the Paying Bank. Each FMS Element agrees with the Company to observe the FMS Procedures and to perform the obligations which the Constitutive Documents purport to impose on them, in the manner provided by the FMS Procedures.

4.1 Admission of Funds

4.1.1 Eligibility Criteria of Fund/Fund Manager

- 4.1.1.1 In considering application for admission of a Fund into the FMS, the Company shall adhere to and apply the appended eligibility criteria on Fund Manager.
- a. The Fund Manager has signed Trust Deed / Custodial Service Agreement with the Company for the Fund which is required to be admitted in to the FMS
 - b. The Fund Manager has signed or agreed to sign with the Company FMS Service Level Agreement in the form prescribed by the Company whereby it undertakes to participate in FMS to the extent it is applicable to the Fund Manager in respect of the Funds subject to the terms and conditions of the FMS Service Level Agreement and the FMS Procedures.
 - c. In case where the Fund is not non-broker Clearing Member of NCCPL, the Fund Manager's Stock Brokers and Designated Branch of Settling Bank (for Pay & Collect) have signed with the Company the Tripartite FMS Agreement for the money settlement of Outright Transactions in the form prescribed by the Company
 - d. The Fund Manager meets the Technical and Performance Requirements as specified in the FMS Procedures
 - e. The Fund Manager has agreed to abide by the FMS Procedures.

4.1.2 Admission Process

- 4.1.2.1 The Fund Manager shall submit Admission Form duly signed by its authorized signatory(ies), to be admitted for clearing and settlement through FMS;
- 4.1.2.2 The Fund Manager shall ensure that the details supplied to the Company through Admission Form are correct and complete in every respect and shall be responsible for any and all inaccuracies and / or inadequacy in such details and other information;
- 4.1.2.3 The Company is satisfied with the information provided by the Fund Manager;
- 4.1.2.4 The Fund Manager has arranged the required hardware as specified by the Company from time to time; and
- 4.1.2.5 The proposed FMS users' of Fund Manager has obtained required training of FMS software.

4.1.3 Application Processing

- 4.1.3.1 A period of upto two (2) Business Days may be taken by the Company, once all the admission requirements are fulfilled, to complete the process of Fund's admission.
- 4.1.3.2 The Company shall have the right to reject any application for admission of a Fund in to the FMS if the documents / details and other information set out in the prescribed Admission Form or as part of admission requirements is found to be incorrect or incomplete. The

Company shall communicate any such defect to the concerned Fund Manager within two (2) Business Days from the date of receipt of an Admission Form.

4.2 Admission of Stock Brokers

In case where the Fund is not a non-broker Clearing Member of NCCPL, it shall settle all its Equity Outright Transactions through Stock Broker.

4.2.1 Eligibility Criteria

- 4.2.1.1 The Stock Brokers shall be appointed by the Fund Manager with specific reference to its Fund(s) under management.
- 4.2.1.2 The Company shall adhere to and apply the appended eligibility criteria, for admitting the Stock Broker in to FMS.
 - a. Stock Broker who shall be a member of Stock Exchange has completed all the required formalities prescribed by Fund Manager;
 - b. Where applicable under the Constitutive Documents, the Company as Trustee has issued consent on the appointment of the Stock Broker for the Fund under application;
 - c. The Stock Broker is an active CDS Participant and an active NCSS Clearing Member;
 - d. The Stock Broker has signed or agree to sign with the Company and the Settling Bank the Tripartite FMS Agreement in the form prescribed by the Company;
 - e. The Stock Broker meets the Technical and Performance Requirements as specified in the FMS Procedures; and
 - f. The Stock Broker has agreed to abide by the FMS Procedures.

4.2.2 Admission Process

- 4.2.2.1 Fund Manager shall submit Admission Form duly signed by authorized signatory(ies) of the Stock Broker to be admitted for clearing & settlement through FMS.
- 4.2.2.2 Stock Broker shall ensure that the details and other information supplied to the Company through Admission Form are correct and complete in every respect and shall be responsible for any and all inaccuracies and / or inadequacy in such details and other information.
- 4.2.2.3 The Company is satisfied with information provided by the Stock Broker.
- 4.2.2.4 The Stock Broker has arranged the required hardware as specified by the Company.
- 4.2.2.5 The proposed FMS users' of Stock Broker has obtained required training of FMS software.
- 4.2.2.6 Where the Stock Broker is already having relationship with the Company in relation to the FMS, and has already completed the admission formalities for a specific Fund as per the FMS Procedures, then the Stock Broker need not be required to again comply with the admission requirements for acting as Stock Broker in case of other Fund(s) except for signing of Tripartite FMS Agreement.
- 4.2.2.7 The authorized signatories of the Fund Manager shall furnish its written consent to the Company for the admission of the Stock Broker to the FMS with reference to the specific Fund under its management.

4.2.3 Application Processing

- 4.2.3.1 A period of upto two (2) Business Days may be taken by the Company, once all the admission requirements are fulfilled, to complete the process of Stock Broker's admission.
- 4.2.3.2 The Company shall have the right to reject any application not meeting the eligibility criteria as set forth herein for admission of Stock Broker to the FMS or the documents / details and

other information provided by the Stock Broker in the prescribed Admission Form is found to be incorrect or incomplete. The Company shall communicate any such shortcomings/defect to the Stock Broker within two (2) Business Days from the date of receipt of Admission Form.

4.2.3.3 Under the scenario where Stock Broker is already having relationship with the Company with reference to the FMS, the Company shall complete the process of Stock Broker's admission within one (1) Business Day.

4.2.3.4 Once the Stock Broker is set-up in the FMS, the same will be associated with Fund(s) based on the consent issued by the respective Fund Manager. In other words, Stock Broker shall only be functional for those specific Fund(s) for which the Fund Manager has issued consent.

4.2.4 Accounts

Each Stock Broker shall open and maintain following accounts, for settlement of its Outright Transactions with the Fund(s) through FMS.

4.2.4.1 Bank Account

4.2.4.1.1 For Pay & Collect, each Stock Broker, who is providing Brokerage services to the Fund shall open a settling bank account, with same title as that of his Participant Account in CDS with that Designated Branch of a Settling Bank which is being used by the Fund as its Designated Branch of a Settling Bank (for Pay & Collect), for the settlement of his money obligations pertaining to Outright Transactions. For this settling account, Stock Broker shall sign Tripartite FMS Agreement.

4.2.4.1.2 The Stock Broker should use his above Settling Bank account (for Pay & Collect) for more than one Fund provided, each of these Funds have selected common Designated Branch of a Settling Bank (for Pay & Collect).

4.2.4.2 CDS Account

4.2.4.2.1 Stock Broker shall have a Participant Account in CDS and the same shall be conveyed to the Company through Admission form. All the settlement of book entry securities pertaining to all the Funds in which he is acting as Stock Broker shall be routed through this Participant account i.e. Each Stock Broker shall be aligned with his one Participant account of CDS.

4.2.4.2.2 Stock Broker shall be admitted to FMS with same title and Id as that of his CDS Participant Account and shall be linked through live interface between FMS and CDS.

4.2.4.2.3 Where a Stock Broker is having more than one Participant Account in CDS due to his membership in more than one Stock Exchange; then in such case he may apply to the Company as separate Stock Broker in FMS with his another CDS participant Id.

4.2.4.2.4 If Stock Broker's CDS participant account title is changed, his Stock Broker title in FMS will accordingly be changed, at the request of the Stock Broker, after required formalities pertaining to Tripartite FMS Agreement are completed. Any further requirements to be completed in this regard shall be prescribed by the Company from time to time.

4.3 Admission of Settling Banks (For Equity Settlement through auto Pay & Collect)

The Settling Bank shall be appointed by the Fund Manager and the Trustee shall maintain Fund's Settling Bank account with Designated Branch, for equity settlement through auto Pay & Collect.

4.3.1 Eligibility Criteria of Settling Bank and its Designated Branch

4.3.1.1 The Company may accept a bank/branch as a Designated Branch of Settling Bank (for Pay & Collect) if it meets the following eligibility criteria:

- a. It is duly licensed to carry on banking business in Pakistan under the Banking Companies Ordinance, 1962 or (being a statutory corporation) it is otherwise entitled to carry on banking business under the law by which it is created;
- b. It has signed or agree to sign with the Company and Stock Broker Tripartite FMS Agreement wherein it has agreed to perform money settlement services through its Designated Branch for the benefit of his account holders (Stock Brokers and Fund(s));
- c. It has Designated Branch having physical presence in the premises or building in which Stock Exchange(s) are located;
- d. It meets the Technical and Performance Requirements as specified in the FMS Procedures; and
- e. It has agreed to abide by the FMS Procedures.

4.3.2 Admission Process

4.3.2.1 The Settling Bank shall submit Admission Form duly signed by its authorized signatory(ies), for each Designated Branch to be admitted for equity settlement through auto Pay & Collect.

4.3.2.2 Every Settling Bank shall ensure that the account details and other information supplied to the Company through Admission Form are correct and complete in every respect and shall be responsible for any and all inaccuracies and / or inadequacy in such account details and other information.

4.3.2.3 The Company is satisfied with information provided by the applicant.

4.3.2.4 The Settling Bank for its Designated Branch has arranged the required hardware as specified by the Company.

4.3.2.5 The proposed FMS users' of its Designated Branch has obtained required training of FMS software.

4.3.2.6 Once the Designated Branch of a Settling Bank is already having relationship with the Company in relation to the Trustee business and has already completed the admission formalities for a specific Fund as per the FMS Procedures, then the Designated Branch of a Settling Bank need not required to comply with the above requirements again except for signing the Tripartite FMS Agreement.

4.3.3 Application Processing

4.3.3.1 A period of upto two (2) Business Days may be taken by the Company, once all the admission requirements are fulfilled, to complete the process of Designated Branch of Settling Bank admission.

4.3.3.2 The Company shall have the right to reject any application not meeting the eligibility criteria as set forth herein for admission of Designated Branch of Settling Bank to the FMS or the documents / details and other information provided by the Designated Branch of Settling

Bank in the prescribed Admission Form is found to be incorrect or incomplete. The Company shall communicate any such shortcomings/defect to the Designated Branch of Settling Bank within two (2) Business Days from the date of receipt of Admission Form.

- 4.3.3.3 Where Designated Branch of Settling Bank is already having relationship with the Company with reference to the Trustee business, the Company shall complete the process of Settling Bank Admission within one (1) Business Day.

4.3.4 Functions of Designated Branch

- 4.3.4.1 A Designated Branch of a Settling Bank (for Pay & Collect) shall perform money settlement services for the settlement of Outright Transactions through FMS for those Stock Brokers who have opened and maintained settling account(s) with that branch and has entered into Tripartite FMS Agreements with them.

4.3.5 Details of Settling Banks

- 4.3.5.1 As and when the Designated Branch of Settling Bank is approved by the Company and setup in FMS, a list of approved Settling Banks and their Designated Branches shall be available on the FMS.

4.3.6 Change of Settling Bank

- 4.3.6.1 The Fund Manager shall have the right to change Fund's Settling Bank with any other eligible Settling Bank as per the FMS Procedures.
- 4.3.6.2 In case of change of Settling Bank (for Pay & Collect), on request of Fund Manager, the Trustee shall open Fund's settling account with another Designated Branch of the Settling Bank (for Pay & Collect), once another Tripartite FMS Agreement is signed and notified to relevant Designated Branch and to all the Stock Brokers who maintain their settling accounts with that Designated Branch (for Pay & Collect). The notification includes the details of new Settling Bank account and effective date from which the new account will be operational.
- 4.3.6.3 Simultaneously, the old settling account will become non-operational and the same shall be closed by the Trustee on request of Fund Manager.

4.4 Admission of Paying Banks (for settlement of instructions other than equity market)

The Paying Banks shall be appointed by the Fund Manager and the Trustee shall maintain Fund's Paying Bank account with Designated Branch for making payment to the Payee transmitted through FMS.

The Paying Banks through their Designated Branch(es) can perform money settlement services by using either of the following mechanism as per details provided in the admission form:

- **Single Designated Branch payment mechanism** – by opting this mechanism, payment instructions of the branches of a Paying Bank are transmitted to a Centralized Designated Branch for settlement purpose;
- **Multiple Designated Branch wise payment mechanism** – by opting this mechanism, payment instructions are transmitted to respective Designated Branch(es) of Paying Bank for settlement purpose;

The decision of selecting any of the above option should be finalized by a Paying Bank at the time of admission into the FMS. However, a paying bank can also request for change in mechanism of settling transactions at any given point of time.

4.4.1 Eligibility Criteria of Paying Bank and its Designated Branch

4.4.1.1 The Company may accept a bank/branch as a Designated Branch of Paying Bank for settlement of payment instructions, if it meets the following eligibility criteria:

- a. It is duly licensed to carry on banking business in Pakistan under the Banking Companies Ordinance, 1962 or (being a statutory corporation) it is otherwise entitled to carry on banking business under the law by which it is created;
- b. It has signed or agreed to sign with the Company, FMS Payment Services Agreement wherein it has agreed to perform money settlement services through its Designated Branch(es) for the benefit of its account holders (Funds and unit holders);
- c. It has Designated Branch(es) operating in Pakistan under license from State Bank of Pakistan;
- d. It meets the Technical and Performance Requirements as specified in the FMS Procedures; and
- e. It has agreed to abide by the FMS Procedures.

4.4.2 Admission Process

4.4.2.1 The Paying Bank shall submit Admission Form duly signed by its authorized signatory(ies), for each Designated Branch or for its Centralized Designated Branch as the case may be to be admitted for settlement of instructions through auto Pay.

4.4.2.2 Every Paying Bank shall ensure that the details and other information supplied to the Company through Admission Form are correct and complete in every respect and shall be responsible for any and all inaccuracies and / or inadequacy in such account details and other information.

4.4.2.3 The Company is satisfied with information provided by the applicant.

4.4.2.4 The Paying Bank for its Designated Branch(es) has arranged the required hardware as specified by the Company.

4.4.2.5 The proposed FMS users' of its Designated Branch(es) has obtained required training of FMS software.

4.4.2.6 If a Designated Branch of a Paying Bank has already completed admission formalities for a specific Fund as per the FMS Procedures, then the Designated Branch of a Paying Bank need not required to comply with the above requirements for other Funds again except for signing the FMS Payment Services Agreement.

4.4.3 Application Processing

4.4.3.1 A period of upto two (2) Business Days may be taken by the Company, once all the admission requirements are fulfilled, to complete the process of Designated Branch of Paying Bank admission.

4.4.3.2 The Company shall have the right to reject any application not meeting the eligibility criteria as set forth herein for admission of Designated Branch of Paying Bank to the FMS or the documents / details and other information provided by the Designated Branch of Paying Bank in the prescribed Admission Form is found to be incorrect or incomplete. The Company shall communicate any such shortcomings/defect to the Designated Branch of Paying Bank within two (2) Business Days from the date of receipt of Admission Form.

4.4.3.3 If a Designated Branch of a Paying Bank has already completed the admission formalities as per the FMS Procedures, the Company shall complete the process of Paying Bank Admission within one (1) Business Day.

4.4.4 Functions of Designated Branch

4.4.4.1 A Designated Branch of a Paying Bank shall perform disbursement of funds on the basis of electronically transmitted instructions (refer 'Money Settlement chapter) for the settlement of instructions through FMS for the Fund for which an account has been opened and maintained with any of the branch of the Paying Bank or with the Designated Branch of the Paying Bank as the case may be and the FMS Payment Services Agreement has been entered into between the Paying Bank and the Company.

4.4.4.2 Where FMS is not available for whatsoever reason, a Designated Branch of a Paying Bank shall also perform its functions specified under the FMS Payment Services Agreement on the basis of manual instructions (refer 'Money Settlement chapter of these Procedures), which are duly signed by the authorized signatories of the Company for the settlement of instructions.

4.4.5 Details of Paying Banks

4.4.5.1 As and when the Designated Branch of Paying Bank is approved by the Company and setup in FMS, a list of approved Paying Banks and their Designated Branches shall be available on the FMS.

4.4.6 Change of Paying Bank


4.4.6.1 The Fund Manager shall have the right to change Fund's Paying Bank with any other eligible Paying Bank as per the FMS Procedures.

4.4.6.2 In case of change of Paying Bank, on request of Fund Manager, the Trustee shall open Fund's Paying Bank account with another Paying Bank, subject to signing of another FMS Payment Services Agreement and completion of other admission formalities as outlined in these Procedures. The Fund Manager may notify the change of Paying Bank to all the unit holders and sales agents who maintain their paying accounts with the Designated Branch of Paying Bank that has been changed by the Fund Manager. Such notification shall include the details of new Paying Bank account with new Designated Branch and effective date from which such new account will become operational.

4.4.6.3 With change of Paying Bank, the old Paying Bank Account including the Designated Branch shall become non-operational and the same shall be closed by the Trustee in FMS on formal request of Fund Manager.

4.5 Setting-up of Trustee

4.5.1.1 Apart from its role of protecting the interest of the unit / certificate holders, the Trustee shall be setup in FMS so as to perform the appended functions in terms of the NBFC Regulations, the VPS Rules and the Constitutive Documents:

- a. Settling transactions on behalf of the Fund; and
 - b. Managing the custody of the Funds' assets.
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Chapter 5 OTHER SETUPS

5.1 Securities

5.1.1 FMS Eligible Securities

5.1.1.1 All CDS eligible securities and Debt/Money Market eligible securities shall be treated as FMS Eligible Securities pursuant to these Procedures.

5.1.1.2 In order to maintain the investment portfolio of the Fund on FMS where:

5.1.1.2.1 the Fund is a non-broker Clearing Member of NCCPL, all Outright Transactions in NCSS Eligible Securities shall be cleared and ultimately settled through NCSS and the same shall be recorded on FMS.

5.1.1.2.2 the Fund is not a non-broker Clearing Member of NCCPL, all Outright Transactions in FMS Eligible Securities may be cleared and settled through FMS.

5.1.1.3 In order to maintain the collateral portfolio of the Fund on FMS, all CFS Transactions in NCSS Live Securities shall be recorded on FMS.

5.1.2 Details of Securities

5.1.2.1 For all FMS Eligible Securities, the Trustee shall obtain from time to time all relevant information and particulars relating to such securities including details pertaining to any book closure and corporate actions from the CDS.

5.1.2.2 Updated list of FMS Eligible Securities along with their symbol, marketable lot etc. shall be available on FMS.

Chapter 6 FUND ACCOUNT STRUCTURE

6.1 Settlement Account

- 6.1.1 The settlement account is an account established in FMS for each Fund, to record all the settlement transactions.
- 6.1.2 Upon admitting the Fund, the Trustee shall establish a unique settlement account in FMS through which based on Fund Short Name, all clearing and settlement obligations of the Fund (for Outright, CFS and Unit Management Transactions) and settlement of other instructions shall be aligned.
- 6.1.3 Fund's settlement account in FMS shall bear the same title as that of its CDS Account Holder account and shall be linked through live interface between FMS and CDS; where applicable.
- 6.1.4 Fund's settlement account in FMS shall also be aligned with Clearing Member id of the Fund assigned by NCSS; where applicable.
- 6.1.5 The settlement account of a Fund shall bear such account details and other information as are supplied by its Fund Manager in the Admission Form and/or obtained from CDS, as the case may be.
- 6.1.6 If at any time a change occurs in the account details, the Fund Manager shall promptly notify such change to the Trustee, upon receipt of which the Trustee shall give effect to such change in the FMS.

6.2 Bank Accounts

6.2.1 For Settlement of Equity Outright Transactions of Fund

- 6.2.1.1 For Pay & Collect, upon instruction from the Fund Manager, the Trustee shall open a bank account of the Fund, with same title as that of its Account Holder Account in CDS with Designated Branch of Settling Bank (for Pay & Collect) in connection with settlement of Fund's money obligations pertaining to Outright Transactions not settled through NCSS. For this settling bank account the Company shall enter into a 'Tripartite FMS Agreement' with the Stock Broker and the Settling Bank.
- 6.2.1.2 Where the Company is acting as Trustee, the Fund's bank account(s) opened for the specific reason shall be in the name of the Trustee (i.e. "CDC-Trustee" shall be used as prefix followed by the Fund's name). Such bank accounts shall be operated by the Company from time to time as Trustee of the Fund on the instructions of the Fund Manager.
- 6.2.1.3 Where the Company is acting as Custodian, the Fund's bank account(s) opened for the specific reason as prescribed in the Custodial Service Agreement shall be in the name of the Fund. However, the bank account shall be operated by the Company from time to time as Custodian of the Fund on the instructions of the Fund Manager.

6.2.2 For Settlement of Transactions other than Equity Market

- 6.2.2.1 For releasing Payment, upon instruction from the Fund Manager, the Trustee shall open bank account(s) of the Fund, with Designated Branch of Paying Bank in connection with settlement of Fund's money obligations pertaining to Unit Management, Money Market and Expense Payment etc. transactions. For this paying bank account the Company shall enter into an 'FMS Payment Services Agreement' with the Paying Bank.

6.3 Security Account(s) for Settlement of Equity Outright Transactions of Fund

6.3.1 In case where the Company is acting as Trustee:

- a. Where the securities of the Fund are held in book entry form, security account(s) opened with CDC as Account Holder for the specific reasons as prescribed in the relevant laws, shall be in the name of the Trustee (i.e. "CDC-Trustee" shall be used as prefix with the Fund name). This is to satisfy the requirements of the NBFC Regulations where title to all the moneys and assets forming part of the trust property shall vest in the Trustee as legal owner to protect the interest of the beneficial owners (the unit / certificate holders). Such CDS accounts shall be operated by the Company from time to time as Trustee of the Fund on the instructions of the Fund Manager.
- b. Where the securities of the Fund are held in Mutual Fund units either in physical or electronic form, the same shall be held in the name of the Trustee (i.e. "CDC-Trustee" shall be used as prefix with the Fund name). In case of physical certificates, they shall be kept in Trustee's own custody or with any sub-custodian appointed for the purpose and shall be dealt with on the instructions of the Fund Manager.

6.3.2 In case where the Company is acting as Custodian:

- a. The Fund's CDS account(s) opened with CDC as Account Holder for the specific reasons as prescribed in the relevant laws shall be in the name of the Fund. However, the CDS account(s) shall be operated by the Company as Custodian on the instructions of the Fund Manager.
- b. Where the securities of the Fund are held in Mutual Fund units either in physical or electronic form, the same shall be held in the name of the Fund. In case of physical certificates, they shall be kept in Trustee's own custody or with any sub-custodian appointed for the purpose and shall be dealt with on the instructions of the Fund Manager.

Chapter 7 CLEARING AND SETTLEMENT (EQUITY)

7.1 Type of Transactions

7.1.1 The type of transactions to be processed for the settlement through FMS shall include the following:

- a. All Outright Transactions executed either by the Stock Broker on behalf of the Fund through Stock Exchange terminal and are then settled directly between the Fund and Stock Broker or executed directly by the Fund such as Debt/Money Market transactions.
- b. Instruction of all other transactions (e.g. Transfer of fund, Expense payment etc.) excluding settlement instructions of Outright and CFS Transactions.

7.1.2 The type of transaction to be recorded on FMS shall include the following:

- a. All Outright/CFS Transactions which are executed by the Stock Broker on behalf of the Fund through Stock Exchange terminal in CFS market and are then affirmed by the Fund Manager on behalf of the Fund (financier Clearing Member of NCCPL) on NCSS.

7.2 Settlement Types

- 7.2.1** FMS shall carryout clearing and settlement of Equity Outright transactions with the following settlement types:
- a. Balance Order T+2 rolling settlement cycle used for settlement of Outright Transactions or any other settlement cycle as adopted by the NCCPL from time to time for the settlement of Regular, Futures and Provisional market trades; and
 - b. Balance Order T+1 rolling settlement cycle used for settlement of Outright Transactions as adopted by the clearing and settlement company. These settlement cycles shall be used for settlement of Outright Transactions in FMS Eligible Securities of which book closure has been announced by the Issuer for ascertaining of the names of the holders who are entitled to dividend or any other benefits, including rights or bonus shares and for ascertaining of the names of the holders in connection with merger, de-merger, split and consolidation.
- 7.2.2** The Trustee shall follow Balance Order T+2 rolling settlement cycle or any other settlement cycle as adopted by the NCCPL from time to time for the settlement of CFS Transactions through NCSS.
- 7.2.3** In case of Debt/Money Market related transactions, the transaction shall be settled as per the settlement date as transmitted by Fund Manager.

7.3 Security Settlement through FMS

- 7.3.1** Affirmed Outright Transactions in FMS Eligible Securities shall be settled on a Settlement Date in accordance with the Balance Orders (BO) generated by FMS.
- 7.3.2** In case where Outright Transactions of more than one day are settled on a particular single Settlement Date due to declaration of spot, bank holiday or postponement of settlement for any other reason, securities obligations shall be settled on net basis between the Fund and Stock Broker in accordance with the BO generated by FMS.

7.4 Security Settlement through NCSS

- 7.4.1** Outright/CFS Transactions in NCSS live securities, eligible for Non-Exchange transactions through Institutional Delivery System (IDS) shall be settled between the Fund and the NCCPL in accordance with the BO generated by NCSS.
- 7.4.2** In case where Outright/CFS Transactions of more than one day are settled on a particular single Settlement Date due to, bank holiday or postponement of settlement for any other reason, securities obligations shall be revised and shall be settled between the Fund and NCCPL in accordance with the NCSS Procedures.

7.5 Money Settlement through FMS

- 7.5.1** For the purpose of money settlement, for each Fund the Trustee shall maintain a Settling Bank account with any Designated Branch of a Settling Bank (for Pay & Collect) whereas each Stock Broker shall maintain a Settling Bank account, with that Designated Branch of a Settling Bank (Pay & Collect) wherein the Fund is maintaining its Settling Bank account.
- 7.5.2** In case for more than one Fund, if the Trustee is maintaining Fund wise Settling Bank accounts with a particular Designated Branch of a Settling Bank (for Pay & Collect), then the Stock Broker shall maintain one common Settling Bank account, with that Designated Branch of a Settling Bank (Pay & Collect) wherein the Funds are maintaining its Settling Bank accounts.
- 7.5.3** On each Settlement Date, the amounts reflected in Fund's settlement account held in FMS shall comprises of Pay & Collect Id wise, debit / credit amounts, resulted from the Pay & Collect Obligation Procedure falling due for settlement on that Settlement Date.
- 7.5.4** As per the standing instructions provided under the Tripartite FMS Agreement, the Designated Branch shall debit / credit the Settling Bank account of Stock Broker and of the Fund for FMS money settlement, in accordance with the FMS Procedures.
- 7.5.5** In case where Outright Transactions of more than one day are settled on a particular single Settlement Date due to declaration of spot, bank holiday or postponement of settlement for any other reason, money settlement in FMS shall be carried out on net basis.

7.6 Money Settlement through NCSS

- 7.6.1** For the purpose of money settlement, each Fund (being the Clearing Member of NCCPL) shall maintain a settling bank account with Designated Branch of a settling bank as per NCSS Procedures.
- 7.6.2** A Fund may have common settling bank account for FMS and NCSS with Designated Branch of a Settling Bank (for Pay & Collect) as per FMS and NCSS Procedures respectively.
- 7.6.3** As per the standing instructions provided under the NCSS tripartite agreement, the Designated Branch shall debit / credit the settling bank account of the Fund for NCSS money settlement, in accordance with NCSS Procedures.
- 7.6.4** On each Settlement Date, the amounts reflected in Fund's Settlement account held in FMS shall comprise of activities as covered in NCSS Procedures.
- 7.6.5** In case where Outright/CFS Transactions of more than one day are settled on a particular single Settlement Date due to bank holiday or postponement of settlement for any other reason, money obligations shall be settled between the Fund and NCCPL in accordance with the NCSS Procedures.

7.7 Activities on Trade Day (TD)

7.7.1 Outright Transactions (not settled through NCSS).

The Fund Manager shall transmit to the Trustee, settlement instruction for Outright Transactions of the Fund(s) under management in FMS Eligible Securities carried out at Stock Exchange through Stock Broker in Provisional, Regular and Futures trade types.

7.7.1.1 Initiation Process

7.7.1.1.1 Outright Instructions shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.

7.7.1.1.2 Outright Instructions can be initiated by entering the instructions one by one manually or by uploading the bulk of the instructions to the FMS through text file.

7.7.1.1.3 Upon saving of Outright Instruction(s) by the Fund Manager, the FMS shall assign a unique Batch Id.

7.7.1.1.4 Each Batch Id may contain more than one Instruction Ids. Each Instruction Id shall contain multiple Contracts Ids for a particular Fund on a specific settlement date for a particular Stock Broker.

7.7.1.1.5 Fund Manager can cancel the initiated Outright Instructions at any time before it is affirmed / rejected by the Trustee.

7.7.1.1.6 The process for uploading Outright Transactions to the FMS shall be covered in FMS User Manual.

7.7.1.2 Details of Outright Instruction

Each Outright Instruction / contract shall contain the appended key fields but the same shall not be limited to the following:

- a. Fund Short Name
- b. Fund's Settling Bank Account #
- c. Stock Broker Short Name
- d. Trade Date
- e. Trader Id
- f. Settlement Type
- g. Buy / Sell
- h. Security Symbol
- i. Investment Class
- j. Quantity
- k. Rate
- l. Gross Amount
- m. Brokerage Amount
- n. CVT/WHT on Trade
- o. WHT on Brokerage
- p. Other charges
- q. Net Amount

7.7.1.3 Validation Process

7.7.1.3.1 Each Outright Instruction shall be validated while saving into FMS. Details of Instructions successfully validated shall be available to the Trustee for further processing.

7.7.1.3.2 Outright Instructions failing validation process described below shall be dropped from further processing. Details of such invalid Instructions shall be available through Equity Instruction Error Report showing the appropriate error message(s), so that the reason for rejection is known. Instructions can be invalidated due to various reasons such as:

- a. Detail(s) of instruction not matching with FMS e.g. Invalid Security symbol.
- b. Detail(s) of instruction not as per the required format provided by the Company.
- c. Fund Short Name and Stock Broker Id used in a contract are not associated with each other in FMS.

7.7.1.4 **Instruction enclosures**

7.7.1.4.1 For each Outright Instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

7.7.1.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

7.7.1.5 **Affirmation / Rejection Process**

7.7.1.5.1 The Trustee shall be required to affirm or reject the Outright Instructions within specified time as per DTS.

7.7.1.5.2 The FMS shall not allow the Trustee to edit the details of the Outright Instructions posted by the Fund Manager.

7.7.1.5.3 While rejecting the Outright Instructions, the Trustee shall notify through FMS the reason for rejection.

7.7.1.5.4 Outright Instruction rejected by the Trustee due to the appended reasons shall be moved to Rejected Outright Instructions file and shall be dropped from further processing. Details of such rejected instructions shall be available through Equity Instruction Report (Rejected Status) which shall show the appropriate rejection message(s), so that the reason for rejection is known. Instructions can be rejected due to the following reasons:

- a. No / Incomplete support received from Fund Manager and the affirmation / rejection time at Trustee's end as defined in DTS is lapsed; or
- b. Discrepancy(ies) observed by the Trustee remain pending with Fund Manager and the affirmation / rejection time at Trustee's end as defined in DTS is lapsed; or
- c. Restrictions prescribed in the NBFC Regulations and Constitutive Documents.

7.7.1.5.5 For the rejected Outright Instructions, Fund Manager may re-initiate fresh Contact / Outright Instruction(s), within the DTS.

7.7.1.5.6 All affirmed Outright Contact / Instructions shall be used by FMS in Balance Order generation process.

7.7.1.6 **Outright Instruction Report**

7.7.1.6.1 As per DTS, FMS shall provide Equity Instruction Report within DTS on real time basis to all the relevant FMS Elements showing details of their respective Outright Instructions in FMS Eligible securities.

7.7.2 Outright/CFS Transactions (settled through NCSS)

Outright/CFS Transactions are the transactions executed by the Stock Brokers on behalf of the Fund through Stock Exchange terminal in relevant markets and are then affirmed on NCSS by the Fund Manager on behalf of the Fund

7.7.2.1 Initiation Process

7.7.2.1.1 Unlike Outright Instructions in FMS, it is not required for the Fund Manager to initiate settlement instruction for such transactions. However, the Trustee shall directly download the transactions from Non-Exchange Transactions Report of NCSS and making it available in FMS by uploading the same within specified time as per DTS.

7.7.2.1.1.1 The Trustee shall upload the transactions of a particular Fund of a specific Settlement date to be settled on T+2 basis.

7.7.2.1.1.2 The FMS shall generate one single instruction Id for the total transactions of a Fund of a specific Settlement Date uploaded in FMS.

7.7.2.2 Details of Outright/CFS Transaction

Each transaction shall contain appended key fields but the same shall not be limited to the following:

- a. Fund Short Name
- b. Fund Name
- c. Stock Broker Short Name
- d. Trade Date
- e. Trader Id
- f. CFS / CFSR
- g. Ticket Number
- h. Security Symbol
- i. Quantity
- j. Rate
- k. Amount

7.7.2.3 Validation Process

7.7.2.3.1 Each transaction shall be validated while saving into FMS. Details of Transactions successfully validated shall be available to the Trustee for further processing.

7.7.2.3.2 Transactions failing validation process shall be moved to CFS Transactions Error file and shall be dropped from further processing. Details of such invalid Transactions shall be available to the Trustee through error report which shall show the appropriate error message(s), so that the reason for rejection is known.

7.7.2.4 Instruction enclosures

7.7.2.4.1 Enclosure / documentary evidence shall not be required in normal circumstances. However, the Trustee may require copy of the bill issued by Stock Broker to ascertain the transaction details so as to confirm the brokerage amount.

7.7.2.5 Affirmation / Rejection Process

7.7.2.5.1 Affirmation / Rejection process is applicable only for CFS transaction.

7.7.2.5.2 The FMS shall not allow the Trustee to edit the details of the CFS Transactions.

7.7.2.5.3 The Trustee shall be required to affirm or reject the CFS Transactions within specified time as per DTS.

7.7.2.5.4 All CFS Transactions rejected by the Trustee due to the appended reasons shall be moved to Rejected CFS Transactions file and shall be dropped from further processing.

- a. Transactions not reconciling with NCSS
- b. On instruction of the NCCPL

7.7.2.5.5 In case of rejection, the Trustee shall re-upload the total CFS Transactions, within the DTS.

7.7.2.6 **Transaction Report**

7.7.2.6.1 FMS shall provide IDS Detail, IDS Summary and CFS Transaction Report within DTS on real time basis to the Trustee containing Fund wise details of transactions in NCSS live securities eligible for Non- Exchange transactions through IDS.

7.8 End of Day Process

7.8.1 System Date Change

7.8.1.1 Upon completion of all the activities as prescribed in the DTS on TD, the Trustee shall execute System Date Change process on FMS so as to move ahead the FMS to the next system date which shall be based on settlement calendar and holiday calendar as defined in FMS.

7.8.1.2 With the execution of this process, the window allowing FMS activities covered in the DTS for that day shall be closed.

7.9 Activity on Settlement Date (SD) minus 1

7.9.1 Mid Day Processes

7.9.1.1 Balance Order Generation – Outright Transactions

On SD minus 1 by executing the Balance Order Generation process by the Trustee, the FMS shall net off the security obligations of a Stock Broker / Fund against his affirmed buy and sell Outright Transactions with a Fund / Stock Broker in a FMS Eligible Security in a Regular, Futures and Provisional market of all settlement types of which Settlement Date is same, to arrive at his net receive or deliver security obligation (quantity) in each FMS Eligible Security of a Fund i.e. the Stock Broker / Trustee shall be required to settle a single net deliver or net receive security obligation in that FMS eligible Security on the Settlement Date.

The above process may also be executed on SD under exceptional circumstances.

7.9.1.2 Balance Order Generation – Outright/CFS Transactions settled through NCSS

As per NCSS Procedures, NCSS shall net off the security obligations (separate for outright and CFS) of a Fund in a security of which Settlement Date is same, to arrive at his net receive or deliver security obligation (quantity) in each NCSS live security.

The above mentioned security obligations shall be settled on the Settlement Date.

7.9.1.3 Pay & Collect obligation - Outright Transactions

On SD minus 1 by executing the Pay & Collect obligation process by the Trustee, the FMS shall net off the cash obligations separately for each Stock Broker / Fund against his affirmed buy and sell Outright Transactions with a Fund in all FMS Eligible Securities in Regular, Futures and Provisional market of all settlement types of which Settlement Date is same, to arrive at his Fund wise single net pay or receive money obligation for each Stock Broker / Fund.

The above process may also be executed on SD under exceptional circumstances.

7.9.1.4 Pay & Collect obligation – Outright/CFS Transactions settled through NCSS

On SD, as per NCSS Procedures, NCSS shall net off the cash obligations (separate for outright and CFS) of a Fund in all securities of which Settlement Date is same, to arrive at his single net pay or collect money obligation.

The above mentioned cash obligations shall be settled on the Settlement Date.

7.10 Settlement obligations in case of postponement of Settlement

- 7.10.1** In case where the market settlement (i.e. settlement carried out on NCSS) is postponed and the Trustee also agrees to postpone all settlements to a new Settlement Date, provided the original Settlement Date and the new Settlement Date both are in sequence, the Trustee shall convey the revised Settlement Date through FMS.
- 7.10.2** During Mid Day procedures on new Settlement Date minus 1, FMS shall net off the security obligations of Stock Broker and of Fund against (i) his buy and sell Outright Transactions in a Security of which Settlement Date was postponed, with (ii) his buy and sell Outright transactions of next Settlement Date, to arrive at his net receive or net deliver security obligation (quantity) in that Security and the Stock Broker and the Fund shall be required to settle a single net deliver or net receive security obligation in that Security pursuant to one balance Order delivery/receipt instructions on the next Settlement Date.
- 7.10.3** During the Mid Day process for new Settlement Date minus 1, FMS shall net off the cash obligations of a Stock Broker and of a Fund against (i) his buy and sell Outright Transactions in all Securities of which Settlement Date was postponed, with (ii) his all buy and sell Outright Transactions in all Securities of next Settlement Date, to arrive at a single net pay or receive money obligation. This net money obligation shall be settled on the new Settlement Date.

7.11 Settlement Reports in FMS

7.11.1 Upon processing of Balance Order generation and Pay & Collect procedures by the Trustee, the FMS shall produce appended settlement reports which shall be available to the relevant FMS Elements from SD minus 1 as per the DTS.

a. Pay & Collect and BO Report

From each Settlement Date minus 1, as per the DTS, the Stock Broker, Fund Manager along with the Trustee can view this report on FMS showing Pay & Collect Id wise within each Security net to receive / net to deliver (quantity) of securities for each Fund along with the corresponding Pay / Collect amount to be settled.

a. Pay & Collect Proposed Report

From each Settlement Date minus 1, as per the DTS, the Stock Broker, Designated Branch of the Settling Bank (for Pay & Collect) along with the Trustee, can view this report on FMS showing Fund wise for each Stock Broker Pay / Collect amount to be settled for each Pay & Collect Id.

7.11.2 Upon processing of Balance Order generation and Pay & Collect obligation procedures by the Trustee, the FMS shall produce appended settlement reports which shall be available to the relevant FMS Elements from the morning of the Settlement Date as per the DTS.

a. BO Pending Delivery / Receive Report

On each Settlement Date, as per the DTS, the Stock Broker, Fund Manager along with the Trustee can view this report on a real time basis, on FMS showing Pay & Collect Id wise within each FMS Eligible Security (quantity) Deliver / Receive obligations, Delivery / Receipt Settled and Pending Delivery / Receipt of FMS Eligible Securities for each Fund.

a. Pay & Collect Actual Report

On each Settlement Date, as per the DTS, the designated Branch of the Settling Bank along with the Trustee, can view this report on a real time basis on FMS showing Fund wise for each Stock Broker Pay / Collect amount settled against each Pay & Collect Id.

7.12 Activities on Settlement Date

7.12.1 Settlement through FMS

7.12.1.1 Collection of money obligation from Stock Broker

7.12.1.1.1 Within DTS on each Settlement Date, each Designated Branch of Settling Bank (for Pay & Collect) shall be required to:

- a. Debit Fund wise Stock Broker's Settling Bank account in the bank book with the amount as reflected in the collect column of the Pay & Collect Proposed Report; and
- b. Credit the Fund's Settling Bank account with the same amount collected from Stock Broker's Settling Bank account as per Pay & Collect Proposed Report.

7.12.1.1.2 If the required amount is not available in a Stock Broker's Settling Bank account, the Designated Branch of the Settling Bank shall **NOT** be required to debit such account in the bank book with the available amount i.e. FMS shall not allow collecting the partial amount.

7.12.1.1.3 On the basis of Collect column of the Pay & Collect Proposed Report, the Designated Branch of the Settling Bank (for Pay & Collect) shall be required to confirm collection through Collect Screen on FMS within DTS on Settlement Date.

7.12.1.1.4 This confirmation process will update Pay & Collect Actual report on real time basis.

7.12.1.2 Settlement of Book-entry Securities by Stock Broker

7.12.1.2.1 On each Settlement Date, for the settlement of book-entry securities, FMS shall provide "BO Delivery Screen" to Stock Brokers having net delivery obligations. The "BO Delivery Screen" will show Fund wise list of all delivery instructions with the option to search Security wise Balance Order within each Pay & Collect Id.

7.12.1.2.2 To execute delivery obligation of Balance Order delivery instructions, the Stock Brokers shall be required to move Securities to his Main Account in CDS. For tendering deliveries, a Stock Broker shall be required to select the individual delivery orders on BO Delivery Screen. Upon posting, Securities shall be automatically transferred from delivering Stock Broker's Main Account to receiving Fund's Main Account in the CDS. Immediately thereafter, the FMS shall automatically move such securities from the Main Account of Fund to the relevant House Account of the Fund.

7.12.1.2.3 FMS shall allow opening of 'BO Delivery Screen' more than once within the DTS, to tender outstanding deliveries. FMS shall **NOT** allow tendering partial deliveries.

7.12.1.2.4 In case of non delivery of securities associated with the particular Pay & Collect Id by Stock Broker within the DTS on the Settlement Date, the relevant Balance Order shall be marked as failed and the Trustee shall issue Fail Settlement letter to Fund Manager.

7.12.1.2.5 In order to settle the failed settlement on some future Settlement Date, the Fund Manager shall be required to initiate fresh Outright Instruction to the Trustee through FMS.

7.12.1.3 Payment of money obligation to Stock Broker

7.12.1.3.1 On completion of all associated delivery obligations in a particular Pay & Collect Id by the Stock Broker, FMS shall allow Designated Branch of the Settling Bank to release payment in the bank book to the Stock Broker as per pay column of Pay & Collect Proposed Report. However, the Designated Branch of Settling Bank (for Pay & Collect) shall be required to first debit Funds' Settling Bank account in the bank book with the amount as reflected in the Pay Report.

7.12.1.3.2 Such release of payment shall be made by the Designated Branch of the Settling Bank to all Stock Brokers as per Pay & Collect Proposed Report and confirm the same through FMS Pay Screen within the Designated Time as per DTS.

7.12.1.3.3 This confirmation process will update Pay & Collect Actual Report on real time basis.

7.12.1.4 **Settlement of Book-entry Securities by the Fund**

7.12.1.4.1 On each Settlement Date, for the settlement of book-entry securities, FMS shall provide "BO Delivery Screen" to Trustee users for each Fund under Company's Trusteeship / Custodianship having net delivery obligations.

7.12.1.4.2 FMS shall generate BO Delivery Screen for those Pay & Collect Id wherein Stock Broker(s) have settled all his money and delivery obligations through FMS.

7.12.1.4.3 The 'BO Delivery Screen' will show Fund wise list of all delivery instructions with the option to search Security wise Balance Order within each Pay & Collect Id.

7.12.1.4.4 To execute delivery obligation of Balance Order delivery instructions, the Trustee users shall be required to select Fund wise individual delivery orders on 'BO Delivery Screen' on FMS. Upon posting:

7.12.1.4.5 The securities shall be automatically moved from delivering Fund's relevant CDS House Account to Fund's CDS Main Account; and immediately thereafter,

7.12.1.4.6 The securities shall be automatically moved from delivering Fund's relevant CDS Main Account to receiving Stock Broker's CDS Main Account.

7.12.1.4.7 FMS shall allow opening of BO Delivery Screen more than once within specified time, as per DTS, to make the outstanding deliveries. FMS shall **NOT** allow tendering partial deliveries.

7.12.2 **Fund's Settlement through NCSS**

7.12.2.1 The settlement of Outright/CFS Transactions shall be carried out through NCSS and FMS shall only record settlement of transactions with the objective to update Portfolio and Pay & Collect of FMS so that complete picture of the Fund position can be obtained from one single system.

7.12.2.2 The Trustee authorized NCSS users shall obtain reports pertaining to settlement of transactions from NCSS as prescribed in NCSS Procedures.

7.12.2.3 As the NCSS is having its own tripartite agreement, DVP shall be ensured by NCSS and hence no DVP shall be ensured by FMS for the settlement of transactions.

7.12.2.4 **Recording of Trustee delivering securities through NCSS**

7.12.2.4.1 For the settlement of book-entry securities (delivery transaction) in NCSS, deliveries against NCSS deliver out transaction are automatically move out the from Fund's relevant CDS House Account. On execution of IDS Balance Order Delivery process, FMS shall record completion of delivery obligations of the Fund in FMS.

7.12.2.4.2 The delivery of securities in NCSS shall be tendered as per NCSS Procedures.

7.12.2.4.3 In case of non availability of sufficient securities, the Trustee shall intimate the same to the Fund Manager accordingly.

- 7.12.2.4.4 Similarly, upon execution of IDS Collect Settlement process, the FMS shall record Fund wise collections of funds in relevant Settling Bank.
- 7.12.2.4.5 In case of Buying-in initiated by NCCPL due to failure by the Trustee to deliver security(ies) (fully or partially) of a Fund on the Settlement Date pursuant to the NCSS Procedures and NCSS Regulations, any loss / penalty imposed on the Fund shall be charged to negligent party as specified in Constitutive Documents.
- 7.12.2.4.6 In case of Selling-out initiated by NCCPL against Fund due to failure / delay to pay money obligation (fully or partially) on the Settlement Date pursuant to the NCSS Procedure and NCSS Regulations, any penalty imposed on the Fund shall be charged to negligent party as specified in Constitutive Documents.
- 7.12.2.5 Trustee receiving deliveries through NCSS**
- 7.12.2.5.1 For the settlement of Transactions having net receiving position, the Fund shall receive through NCSS, book-entry securities directly in CDS House account in blocked form.
- 7.12.2.5.2 Once the security(ies) are unblocked (upon payment clearance) and are available in CDS House Account of the Fund, the Trustee shall be required to record actual quantity of securities received in FMS. Upon execution of IDS Balance Order Receiving process, FMS shall record completion of delivery receiving in FMS.
- 7.12.2.5.3 In case of non receipt of securities as per the BO quantity, the Trustee shall intimate the same to the Fund Manager accordingly.
- 7.12.2.5.4 Similarly, upon execution of IDS Pay Settlement process, the FMS shall record Fund wise payment of funds in relevant Settling Bank.

7.13 FI Margin Instruction

As and when, AMCs are required to deposit margin with National Clearing Company of Pakistan Limited against trading activities conducted for their Funds. The Fund Manager transmits to the Trustee instruction for providing margin.

7.13.1 Initiation Process

- 7.13.1.1 The FI Margin instruction (either Security or Cash) shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 7.13.1.2 Upon saving of FI Margin instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 7.13.1.3 Upon posting of FI Margin instruction by the Fund Manager, the FMS shall provisionally update the relevant security in the portfolio of the prescribed Fund and the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

7.13.2 Details of FI Margin

- 7.13.2.1 Each FI Margin instruction shall contain the appended key fields but the same shall not be limited to the following:

Security Margin

- a. AMC Transaction ID
- b. Fund Short Name
- c. Counter Party Short Name
- d. Execution Date
- e. Remarks
- f. Pledge Group ID
- g. Transaction Type (either Pledge or Pledge Release)
- h. Security Type (either Ordinary Shares, Preference Shares, TFC or Sukuk)
- i. Investment Classification (either HFT, AFS or HTM)
- j. Security Symbol
- k. Quantity

Cash Margin

- a. AMC Transaction ID
- b. Transaction Type (either Deposit or Deposit Release)
- c. Fund Short Name
- d. Fund Bank Account Number
- e. Counter Party Short Name
- f. Counter Party Bank Short
- g. Counter Party Bank Branch Name
- h. Counter Party Bank Branch City
- i. Counter Party Bank Account Number
- j. Execution Date
- k. Clearing Type (either Normal, Same Day or Online Transfer)
- l. Instrument Type (either Cheque, Pay Order, Demand Drafr, Electronic/Online Transfer or SBP Cheque)
- m. Deposit/Release Amount
- n. Other Charges
- o. Remarks

7.13.3 Validation Process

- 7.13.3.1 Each FI Margin instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

- 7.13.3.2 The system shall validate each field of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

7.13.4 Instruction Enclosure

- 7.13.4.1 For each FI Margin instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 7.13.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

7.13.5 Cancellation Process

- 7.13.5.1 The Fund Manager can cancel the initiated FI Margin instruction(s) at any time before it is affirm / reject saved by the Trustee.
- 7.13.5.2 Upon posting of the cancelled instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting the FI Margin instruction by the Fund Manager.

7.13.6 Affirmation / Rejection Process

- 7.13.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 7.13.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 7.13.6.3 The FMS shall not allow the Trustee to edit the details of the FI Margin instruction posted by the Fund Manager.
- 7.13.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 7.13.6.5 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 7.13.6.6 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.
- 7.13.6.7 In case the transaction is rejected by Trustee, the same shall be created again in the Save status at the Fund Manager end.
- 7.13.6.8 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

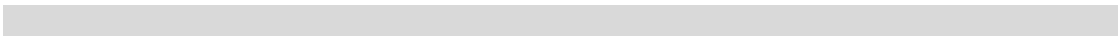
7.13.7 Money Settlement

- 7.13.7.1 The detailed procedure covering money settlement pursuant to affirmation of the FI Margin Instructions by the Trustee, are covered under the chapter "Money Settlement".

7.13.8 Security Settlement

- 7.13.8.1 Upon posting of affirmed FI Margin Instruction by the Trustee, the FMS shall permanently update involved Security of the prescribed Fund (as transmitted to FMS through FI Margin Instruction/PMR Instruction).

7.13.9 Report

- 7.13.9.1 As per DTS, FMS shall provide FI Margin instruction report (on a real time basis) to Fund Manger and Trustee showing details of FI Margin instruction.
- 7.13.9.2 As per DTS, FMS shall provide Payment Settlement Report and Collect Report (on a real time basis) to Fund Manager, Bank (only Payment Settlement Report) and Trustee showing release of payments/collection against FI Margin Instructions.
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Chapter 8 UNIT MANAGEMENT MODULE

8.1 Type of Unit Management Instructions/Information Settled through or Recorded on FMS

8.1.1 The type of Unit Management Instructions to be processed for settlement through FMS shall include the following:

- a. Redemption of unit instruction
- b. Fund to Fund unit conversion instruction
- c. Re-Investment instruction
- d. Sales load instruction

8.1.2 The type of Unit Management Instructions to be processed for recording through FMS shall include the following:

- a. Sale of unit instruction
- b. Unit transfer instruction
- c. Unit Management Balance Update

8.1.3 The type of Unit Management information to be processed for recording through FMS shall include the following:

- a. Fund Details instruction

8.2 Fund Details Instruction

In order to ensure compliance of relevant rules and regulations and in order to provide to the Trustee supporting details for Unit Management Instructions (viz. Applicable NAV), Fund Manager shall transmit to the Trustee, Fund details instruction of the Fund(s) under management.

8.2.1 Initiation Process

- 8.2.1.1 On each working day, the Fund details instructions for each calendar date shall be initiated by the Fund Manager and affirmed by the Trustee in FMS within specified time as per DTS.
- 8.2.1.2 Upon saving of Fund details instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.2.1.3 Upon posting of Fund details instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

8.2.2 Details of Fund details

- 8.2.2.1 Each Fund details instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Fund Short Name
 - c. NAV Date (date when NAV was calculated)
 - d. NAV Applicable Date (date for which NAV applies)
 - e. Not Applicable (confirmation box to fill previous days details)
 - f. Total Investment Market Value
 - g. Total Assets
 - h. Total Liabilities
 - i. Net Assets
 - j. Total Outstanding Units
 - k. NAV per Unit

8.2.3 Validation Process

- 8.2.3.1 Each Fund Detail instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.
- 8.2.3.2 The system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.2.4 Instruction Enclosure

- 8.2.4.1 For each Fund details instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 8.2.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.2.5 Cancellation Process

- 8.2.5.1 Fund Manager can cancel the initiated Fund details instruction(s) at any time before it is affirmed / rejected by the Trustee.

8.2.6 Affirmation / Rejection Process

- 8.2.6.1 The Trustee shall be required to affirm or reject the Fund Details instructions within specified time as per DTS.

- 8.2.6.2 While approving the Fund details instruction, the Trustee shall carryout required verification so as to satisfy its obligation as prescribed in NBFC Rules, NBFC Regulations, VPS Rules relevant circulars/directives and Constitutive Documents.
- 8.2.6.3 The FMS shall not allow the Trustee to edit the details of the Fund details instruction posted by the Fund Manager.
- 8.2.6.4 While rejecting the Fund details instruction, the Trustee shall notify through FMS the reason for rejection.
- 8.2.6.5 Fund details instruction rejected by the Trustee due to the appended reasons shall be moved to Rejected Fund details (name of instruction type) instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through Fund details (name of instruction type) Report - Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known. Instructions can be rejected due to the following reasons:
- a. No / incomplete support received from Fund Manager and the affirmation / rejection time at Trustee's end as defined in DTS is lapsed; or
 - b. Discrepancy(ies) observed by the Trustee remain pending with Fund Manager and the affirmation / rejection time at Trustee's end as defined in DTS is lapsed; or
 - c. Restrictions prescribed in the NBFC Regulations, VPS Rules and Constitutive Documents.
- 8.2.6.6 For the rejected Fund details instruction, Fund Manager may re-initiate fresh Fund details instruction, within the DTS.
- 8.2.6.7 The affirmed Fund detail instruction shall be used in FMS for the compliance of relevant rules / regulations and constitutive documents.

8.2.7 Report

- 8.2.7.1 As per DTS, FMS shall provide Fund details instruction Report (on a real time basis) to Fund Manager and to the Trustee showing details of Fund details instructions.

8.3 Sale of Unit Instruction

As and when, the Fund Manager issue unit(s) to the unit holder(s), it shall transmit to the Trustee, Sale of unit instruction of the Fund(s) under management so as to update the unit holders' portfolio details maintained in FMS.

8.3.1 Initiation Process

- 8.3.1.1 Once the Fund Manager ensures that the associated payment instrument is deposited / credited into Fund's bank account, the corresponding Sale of unit instruction shall be initiated by the Fund Manager and affirmed by the Trustee in FMS within specified time as per DTS.
- 8.3.1.2 Sale of unit instruction can be initiated by entering the instruction through manual key punch or by uploading the bulk of the instructions to the FMS through text file.
- 8.3.1.3 The process for uploading Sale of unit instruction(s) to the FMS shall be covered in User Manual – File Upload.
- 8.3.1.4 Upon saving of Sale of unit instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique transaction Id.
- 8.3.1.5 Upon posting of Sale of unit instruction by the Fund Manager, the FMS shall provisionally add the No. of Units of the prescribed Fund (as transmitted by the Fund Manager through Sale of unit instruction) to the unit holder's portfolio. However, while approving the Sale of unit instruction, the Trustee has already ensured that the payment is realized; no further collection shall be made upon posting of Sale of unit instruction.

8.3.2 Details of Sale of unit

- 8.3.2.1 Each Sale of unit instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Fund Short Name
 - c. Fund's Bank Account No. (having Account Type marked as "collection" in FMS)
 - d. Holding Type (either AMC Electronic, CDS Book-Entry or Physical)
 - e. Common Account Transaction Check
 - f. Realization Date
 - g. Unit Plan & Category
 - h. Applicable NAV Date
 - i. Unit Holder's Folio No.
 - j. Unit Holder's Bank Short Name
 - k. Unit Holder's (Bank) Branch Name
 - l. Unit Holders (Bank Branch) City Name
 - m. Instrument No.
 - n. Instrument Type (either Cheque, Pay Order, Demand Draft, Electronic / Online Transfer or SBP Cheque)
 - o. Gross Amount
 - p. Units
 - q. Last Balance (No. of Units) as per unit holder register
 - r. Front End Load Amount
 - s. Discount Amount
 - t. Certificate Charges (only in case where holding type is "Physical")
 - u. Processing Charges
 - v. Net Amount
 - w. Reference ID
 - x. Total Amount
 - y. Remarks
 - z. Unit Holder Details (multiple fields)

8.3.2.2 In addition to the above details transmitted through Sale of unit instruction, FMS shall use the following detail as available in FMS.

a. Applicable NAV

8.3.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Sale of unit instruction detail screen:

a. Net Amount (i.e. Gross amount – Front End Load amount – Certificate charges – Processing charges + Discount amount)

b. No. of units (i.e. Net Amount / Applicable NAV)

8.3.3 Validation Process

8.3.3.1 Each Sale of unit instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

8.3.3.2 In case where Sale of unit instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection is known. Instructions can be invalidated due to various reasons such as:

a. Details of instruction not matching with FMS e.g. Fund Short Name. However, in case where unit holder's Folio No. does not exist in FMS, the system will not fail the validation process rather it shall accept the instruction considering it as Folio No. of new unit holder.

b. Instruction not as per the required format provided by the Company.

8.3.3.3 In case where Sale of unit instruction is initiated by entering the instruction by manual key punch, the system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.3.4 Instruction Enclosure

8.3.4.1 For each Sale of unit instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

8.3.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.3.5 Cancellation Process

8.3.5.1 Fund Manager can cancel the initiated Sale of unit instruction(s) at any time before it is affirmed / rejected by the Trustee.

8.3.5.2 Upon posting the cancelled Sale of unit instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting the Sale of unit instruction by the Fund Manager.

8.3.6 Affirmation / Rejection Process

8.3.6.1 The Trustee shall be required to affirm or reject the Sale of unit instructions within specified time as per DTS.

- 8.3.6.2 While approving the Sale of unit instruction, the Trustee shall carryout required verification so as to satisfy its obligation as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 8.3.6.3 The FMS shall not allow the Trustee to edit the details of the Sale of unit instruction posted by the Fund Manager. However, in case where the content of "Payment Realization Date" field is incorrect, the Trustee shall enter the revised date in a separate field called "Revised Payment Realization Date".
- 8.3.6.4 While rejecting the Sale of unit instruction, the Trustee shall notify through FMS the reason for rejection.
- 8.3.6.5 Sale of unit instruction rejected by the Trustee due to the appended reasons shall be moved to Rejected Sale of unit (name of instruction type) instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through Sale of unit (name of instruction type) Report - Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known. Instructions can be rejected due to the following reasons:
- a. No / incomplete support received from Fund Manager and the affirmation / rejection time at Trustee's end as defined in DTS is lapsed; or
 - b. Discrepancy(ies) observed by the Trustee remain pending with Fund Manager and the affirmation / rejection time at Trustee's end as defined in DTS is lapsed; or
 - c. Restrictions prescribed in the NBFC Regulations, VPS Rules and Constitutive Documents.
- 8.3.6.6 Upon posting the rejected Sale of unit instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation process.
- 8.3.6.7 For the rejected Sale of unit instruction, Fund Manager may re-initiate fresh Sale of unit instruction, within the DTS.
- 8.3.6.8 Upon affirmation of Sale of unit instruction, the FMS shall add the Load amount (if any), payable to the Sales Agent(s), to the Fund wise total Sales load payable balance.

8.3.7 Money Settlement

- 8.3.7.1 The Fund Manager shall transmit to the Trustee only those Sale of unit instructions against which payment instrument is deposited / credited into Fund's bank account. However, while approving the Sale of unit instructions, the Trustee shall ensure that the payment is even realized. Thus, no further collection shall be made upon posting of affirmed Sale of unit instructions.

8.3.8 Security Settlement

- 8.3.8.1 Upon posting of affirmed Sale of unit instruction by the Trustee, the FMS shall permanently add the No. of unit(s) of the prescribed Fund (as transmitted by the Fund Manager through Sale of unit instruction) which were provisionally added to the unit holder's portfolio.

8.3.9 Report

- 8.3.9.1 As per DTS, FMS shall provide Sale of unit instruction Report (on a real time basis) to Fund Manager and to the Trustee showing details of Sale of unit instructions.

8.4 Redemption of Unit Instruction

As and when, the Fund Manager redeem units of an existing unit holder, it shall transmit to the Trustee, Redemption of unit instruction of the Fund(s) under management so as to release payment to the unit holder and update the unit holder's portfolio maintained in FMS.

8.4.1 Initiation Process

- 8.4.1.1 Once the Fund Manager ensures that the unit holder register is updated after recording the redemption request, Redemption of unit instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 8.4.1.2 Redemption of unit instruction can be initiated by entering the instruction through manual key punch or by uploading the bulk of the instructions to the FMS through text file.
- 8.4.1.3 The process for uploading Redemption of unit instruction(s) to the FMS shall be covered in User Manual – File Upload.
- 8.4.1.4 Upon saving of Redemption of unit instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.4.1.5 Upon posting of Redemption of unit instruction(s) by the Fund Manager, the FMS shall provisionally remove the No. of units from the unit holder's portfolio of the prescribed Fund as transmitted by the Fund Manager through Unit redemption instruction.

8.4.2 Details of Redemption of Unit

- 8.4.2.1 Each Redemption of unit instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID (enable only if the Fund has opted for Duplication check)
 - b. Fund Short Name
 - c. Fund Bank A/C No.
 - d. Holding Type (either AMC Electronic, CDS Book-Entry or Physical)
 - e. Common A/C Transaction check box (input required only if debiting account in the transaction is a Common Collection/Payment account)
 - f. Payment Date
 - g. Unit Plan & Category
 - h. NAV Application Date
 - i. Payment to 3rd Party (Yes / No)
 - j. Folio Number
 - k. Beneficiary Name (enable only if Payment to 3rd Party is selected "Yes")
 - l. Unit Holder's Bank Short Name
 - m. Unit Holder's Bank Branch Name
 - n. Unit Holder's Bank Branch City Name
 - o. Unit Holder's Bank Account No.
 - p. Instrument Type (either Cheque, Pay Order, Demand Draft, Electronic / Online Transfer or SBP Cheque)
 - q. * Printing Location
 - r. * Clearing Zone
 - s. Gross Amount
 - t. Units
 - u. Closing Balance (No. of Units)
 - v. Back End Load Amount
 - w. Discount Amount
 - x. Zakat Amount
 - y. Processing Charges
 - z. Tax Amount
 - aa. Net Amount
 - bb. Reference ID (shall become enable only if Common Account check is marked as checked)

- cc. Total Amount (shall become effective only if Common Account check is marked as checked)
- dd. Remarks
- ee. Unit Holder Details (Multiple fields)
- ff. Physical Certificate Details (Multiple fields) – enable only in case where holding type is selected as “Physical”
- gg. Tax Details (Multiple fields)

* The fields shall become enable only if Straight 2 Bank (S2B) services of Standard Chartered Bank (SCB) is opted for debiting account and the Instrument Type selected is either Pay Order/ Demand Draft or Cheque.

8.4.2.2 Redemption of unit transactions initiated on the FMS can be settled through S2B solution of SCB; following points should be considered for the under mentioned fields if the Fund has opted S2B services for the selected debiting bank account:

- a. **Beneficiary Name:** Since S2B does not supports a number of special characters, the same shall not be forwarded to S2B if found in instruction record.
- b. **Unit Holder’s Bank Branch Name:** Only S2B specified special character shall be transmitted to S2B.
- c. **Unit Holder’s Bank Account No.:** In case of Electronic/Online Transfer, the account length should be eleven (11) characters (without any special character), whereas in case of rest of the Instrument Types maximum length of the field comprising of 20 character can be utilized. Further, only S2B specified special character shall be transmitted to S2B in case the same found in instruction record.
- d. In case where transactions having instrument type “Electronic/Online Transfer” S2B system only verifies the beneficiary account no. (rather the combination of account no. and account title etc.), in order to avoid payment to any unauthorized person, only verified bank account details of beneficiary should be transmitted to the trustee for execution purpose.

Note: An arrangement has been agreed between CDC and SCB based on which SCB shall be confirming Bank Account details of investors to the Fund Mangers. The same can be availed by Fund Manager to mitigate the risk.

8.4.2.3 In addition to the above details transmitted through Redemption of unit instruction, FMS shall use the following detail as available in FMS.

- a. Applicable NAV

8.4.2.4 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Redemption of unit instruction details screen:

- a. No. of units (i.e. Gross Amount / Applicable NAV)
- b. Net Amount (i.e. Gross amount – Zakat amount - Back End Load amount – Processing charges + Discount amount – Tax Amount)

8.4.3 Validation Process

8.4.3.1 Each Redemption of Unit instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

8.4.3.2 In case where Redemption of Unit instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing

the appropriate error message(s), so that the reason for rejection by the system is known. Instructions can be invalidated due to various reasons such as:

- a. Details of instruction not matching with FMS e.g. Fund Short Name.
- b. Instruction not as per the required format provided by the Company.

8.4.3.3 In case where Redemption of Unit instruction is initiated by entering the instruction one by one manually, the system shall validate each field of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.4.4 Instruction Enclosure

8.4.4.1 For each unit redemption instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction. However, where physical certificate(s) is issued to the unit holder, the copy of the existing certificate duly cancelled by the Registrar of the Fund or any other document evidencing cancellation of such physical certificate(s) shall be required to be produced by the Fund Manager with the Trustee as a mandatory requirement.

8.4.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.4.5 Cancellation Process

8.4.5.1 Fund Manager can cancel the initiated Redemption of unit instruction(s) at any time before it is affirm / reject saved by the Trustee.

8.4.5.2 Upon posting the cancelled Redemption of unit instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting the Redemption of unit instruction by the Fund Manager.

8.4.6 Affirmation / Rejection Process

8.4.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

8.4.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

8.4.6.3 The FMS shall not allow the Trustee to edit the details of the Redemption of unit instruction posted by the Fund Manager.

8.4.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

8.4.6.5 Upon posting the rejected Redemption of unit instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation process.

8.4.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.

8.4.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

8.4.7 Security Settlement

- 8.4.7.1 Upon posting of affirmed Redemption of unit instruction by the Trustee, the FMS shall permanently remove the No. of Unit(s) of the prescribed Fund (as transmitted by the Fund Manager through Redemption of unit instruction) which was provisionally removed from the Unit Holder's portfolio.
- 8.4.7.2 In case the transaction is either Rejected or Canceled post by the Trustee, the FMS shall add back the No. of Unit(s) of the prescribed Fund (as transmitted by the Fund Manager through Redemption of unit instruction) previously removed for the Unit Holder's portfolio.

8.4.8 Money Settlement

- 8.4.8.1 The detailed procedures, covering money settlement pursuant to affirmation of the Redemption of unit instruction by the Trustee, are covered under the chapter "Money Settlement."

8.4.9 Report

- 8.4.9.1 As per DTS, FMS shall provide Redemption of unit instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Redemption of unit instructions.
- 8.4.9.2 As per DTS, FMS shall provide Payment Settlement Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Redemption instructions.

8.5 Fund to Fund Unit Conversion Instructions

As and when, the Fund Manager transmit to the Trustee, Fund to Fund unit conversion instruction(s) so as to update the unit holders' portfolio maintained in FMS and to transfer money from one Fund to another.

8.5.1 Initiation Process

- 8.5.1.1 Once the Conversion form, duly completed and verified by the Funds' Registrar in all respect, is received, the corresponding Fund to Fund unit conversion instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 8.5.1.2 Fund to Fund unit conversion instruction can be initiated by entering the instruction through manual key punch or by uploading the bulk of the instructions to the FMS through text file.
- 8.5.1.3 The process for uploading Fund to Fund unit conversion instruction(s) to the FMS shall be covered in User Manual – File Upload.
- 8.5.1.4 Upon saving of Fund to Fund unit conversion instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.5.1.5 Upon posting of Fund to Fund unit conversion instruction(s) by the Fund Manager, the FMS shall provisionally:
 - 8.5.1.5.1 remove the No. of Units of the prescribed Fund from the unit holder's portfolio (as transmitted by the Fund Manager through Fund to Fund unit conversion instruction – Redemption details) and
 - 8.5.1.5.2 add the No. of Units in the unit holder's portfolio of the Fund(s) (as transmitted by the Fund Manager through Fund to Fund unit conversion instruction – Investment details) simultaneously.
- 8.5.1.6 calculate money obligation in favor of unit holder (if any) and shall also calculate amount of funds to be transferred from one (redemption) Fund to another (Investment) Fund(s).

8.5.2 Details of Fund to Fund Unit Conversion

- 8.5.2.1 Each Fund to Fund unit conversion instruction shall contain the appended key fields but the same shall not be limited to the following:

From Fund (Redemption details):

- a. AMC Transaction ID
- b. Fund Short Name
- c. Fund's Bank A/c No.
- d. NAV Applicable Date
- e. Transfer Date
- f. Holding Type (either AMC Electronic, CDS Book-Entry or Physical)
- g. Unit Plan & Category
- h. Unit Holder's Folio Number
- i. Unit Holder's Bank A/c No.
- j. Unit Holder's Bank A/c Title
- k. Unit Holder's Bank Short Name
- l. Unit Holder's Bank Branch Name
- m. Unit Holder's Bank Branch City Name
- n. Gross Amount
- o. Units
- p. Closing Balance (No. of Units) as per Unit holder register
- q. Back End Load Amount
- r. Discount Amount
- s. Processing Charges
- t. Zakat Amount

- u. Tax Amount
- v. Payment to Unit Holder (Amount)
- w. Instrument Type (either Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- x. Certificate No. (multiple fields) - in case where holding type is "Physical"
- y. Tax Details (multiple fields)

To Fund(s) (Investment details):

- a. AMC Transaction ID
- b. Fund short Name
- c. Fund's Bank A/c No.
- d. Unit Holder's Folio No.
- e. Holding Type (either AMC Electronic, CDS Book-Entry or Physical)
- f. Unit Plan & Category
- g. NAV Applicable Date
- h. Instrument Type
- i. Units
- j. Last Balance (No. of Units) as per Unit holder register
- k. Gross Amount
- l. Front End Load Amount
- m. Certificate Charges (in case where holding type is "Physical")
- n. Discount Amount
- o. Processing Charges
- p. Unit Holder Details (multiple fields)

8.5.2.2 In addition to the above details transmitted through Fund to Fund unit conversion instruction, FMS shall use the following detail(s) as available in FMS.

- a. Applicable NAV

8.5.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Fund to Fund unit conversion instruction details screen:

From Fund:

- a. Units (i.e. Gross Amount / Applicable NAV)
- b. Net Amount (i.e. Gross amount – Zakat amount - Back End Load amount – Processing charges + Discount amount – Tax Amount)
- c. Remaining Amount (i.e. Net Amount – Payment to Unit holder)

To Fund:

- a. Units (i.e. Net Amount / Applicable NAV)
- b. Net Amount (i.e. Gross amount – Front End Load amount – Processing charges - Certificate charges + Discount amount)

8.5.3 Validation Process

8.5.3.1 Each Fund to Fund unit conversion instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

8.5.3.2 In case where Fund to Fund unit conversion instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection is known. Instructions can be invalidated due to various reasons such as:

- a. Details of instruction not matching with FMS e.g. Fund Short Name.
- b. Instruction not as per the required format provided by the Company.

8.5.3.3 In case where Fund to Fund unit conversion instruction is initiated by manual key punch, the system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.5.4 Instruction Enclosure

8.5.4.1 For each Fund to Fund unit conversion instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction. However, where physical certificate(s) is issued to the unit holder (Transferor) consequent to such transfer, the copy of the existing certificate duly cancelled by the Registrar of the Fund or any other document evidencing cancellation of such physical certificate(s) shall be required to be produced by the Fund Manager with the Trustee as a mandatory requirement.

8.5.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.5.5 Cancellation Process

8.5.5.1 The Fund Manager can cancel the initiated Fund to Fund unit conversion instruction(s) at any time before it is affirmed / rejected by the Trustee.

8.5.5.2 Upon posting the cancelled Fund to Fund unit conversion instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting the Fund to Fund unit conversion instruction by the Fund Manager.

8.5.6 Affirmation / Rejection Process

8.5.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

8.5.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

8.5.6.3 The FMS shall not allow the Trustee to edit the details of the Fund to Fund unit conversion instruction posted by the Fund Manager.

8.5.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

8.5.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.

8.5.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.

8.5.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

8.5.7 Money Settlement

8.5.7.1 The detailed procedure covering money settlement pursuant to affirmation of the Fund to Fund unit conversion instruction by the Trustee, are covered under the chapter "Money Settlement".

8.5.8 Security Settlement

8.5.8.1 Upon posting of affirmed Fund to Fund unit conversion instruction by the Trustee, the FMS shall permanently:

8.5.8.1.1 remove the No. of unit(s) of the prescribed Fund (as transmitted to FMS through Fund to Fund unit conversion instruction – Redemption details) which were provisionally removed from the unit holder's portfolio and

8.5.8.1.2 add the No. of unit(s) of the prescribed Fund (as transmitted to FMS through Fund to Fund unit conversion instruction – Investment details) which were provisionally added to the unit holder's portfolio simultaneously.

8.5.9 Report

8.5.9.1 As per DTS, FMS shall provide Fund to Fund unit conversion instruction report (on a real time basis) to Fund Manager and Trustee showing details of Fund to Fund unit conversion instructions.

8.5.9.2 As per DTS, FMS shall provide Unit Management Payment (Actual) Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Fund to Fund unit conversion instructions.

8.6 Unit Re-Investment Instruction

As and when, Unit Holders redeem and subsequently reinvest on a particular NAV Applicable Date. This activity is conducted normally by commercial banks with the objective of realizing capital gains. The Fund Manager transmits to the Trustee, Unit Re-Investment instruction(s) so as to update the unit holders' portfolio maintained in FMS and settle money obligation if any.

8.6.1 Initiation Process

- 8.6.1.1 The Unit Re-Investment instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 8.6.1.2 Upon saving of Re-Investment instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.6.1.3 Upon posting of Re-Investment instruction(s) by the Fund Manager, the FMS shall provisionally:
- 8.6.1.3.1 remove the No. of Units of the prescribed Fund from the unit holder's portfolio (as transmitted by the Fund Manager through Re-Investment instruction – Redemption details) and
 - 8.6.1.3.2 add the No. of Units in the unit holder's portfolio of the Fund (as transmitted by the Fund Manager through Re-Investment instruction – Investment details) simultaneously.
 - 8.6.1.3.3 calculate money obligation in favor of unit holder (if any).
- 8.6.1.4 Upon posting of Unit Re-Investment instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

8.6.2 Details of Re-Investment

- 8.6.2.1 Each Re-Investment instruction shall contain the appended key fields but the same shall not be limited to the following:

From Fund (Redemption details):

- a. AMC Transaction ID
- b. Fund Short Name
- c. Fund Bank A/c Number
- d. NAV Application Date
- e. Holding Type (either AMC Electronic, CDS Book Entry or Physical)
- f. Unit Plan & Category
- g. Unit Holder's Folio Number
- h. Unit Holder's Bank A/c Number
- i. Unit Holder's Bank Short Name
- j. Unit Holder's Bank Branch Name
- k. Unit Holder's Bank Branch City Name
- l. Number of Units
- m. Closing Balance (Number of Units) as per Unit holder register
- n. Gross Amount
- o. Back End Load Amount
- p. Discount Amount
- q. Processing Charges
- r. Zakat Amount
- s. Tax Amount
- t. Payment Date
- u. Instrument Type (either Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- v. Certificate No. (multiple fields) - in case where holding type is "Physical"
- w. Tax Details (multiple fields)

To Fund (Re-Investment details):

- a. AMC Transaction ID
- b. Fund Short Name
- c. Fund Bank A/c Number
- d. Unit Holder's Folio Number
- e. Holding Type
- f. Unit Plan & Category
- g. NAV Application Date
- h. Number of Units
- i. Last Balance (Number of Units) as per Unit holder register
- j. Gross Amount
- k. Front End Load Amount
- l. Certificate Charges (in case where holding type is "Physical")
- m. Discount Amount
- n. Processing Charges

8.6.2.2 In addition to the above details transmitted through Re-Investment instruction, FMS shall use the following detail(s) as available in FMS.

- a. Applicable NAV

8.6.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Re-Investment instruction details screen:

From Fund:

- a. Number of Units (Gross Amount / Applicable NAV)
- b. Net Amount (i.e. Gross amount – Zakat amount - Back End Load amount – Processing charges + Discount amount-Tax Amount)
- c. Payment to Unit Holder (i.e. Net Amount – Total Amount Re-Invested)

To Fund:

- a. Number of Units (Net Amount / Applicable NAV)
- b. Net Amount (i.e. Gross amount – Front End Load amount – Processing charges - Certificate charges + Discount amount)

8.6.3 Validation Process

8.6.3.1 Each Unit Re-Investment instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

8.6.3.2 The system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.6.4 Instruction Enclosure

8.6.4.1 For each Re-Investment instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction. However, where physical certificate(s) is issued to the unit holder, the copy/original of the existing certificate duly cancelled by the Registrar of the Fund or any other document evidencing cancellation of such physical certificate(s) shall be required to be produced by the Fund Manager with the Trustee as a mandatory requirement.

8.6.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.6.5 Cancellation Process

- 8.6.5.1 The Fund Manager can cancel the initiated Re-Investment instruction(s) at any time before it is affirm / reject saved by the Trustee.
- 8.6.5.2 Upon posting the cancelled Re-Investment instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting the Re-Investment instruction by the Fund Manager.

8.6.6 Affirmation / Rejection Process

- 8.6.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 8.6.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 8.6.6.3 The FMS shall not allow the Trustee to edit the details of the Re-Investment instruction posted by the Fund Manager.
- 8.6.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 8.6.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.
- 8.6.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 8.6.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

8.6.7 Money Settlement

- 8.6.7.1 The detailed procedure covering money settlement pursuant to affirmation of the Re-Investment instruction by the Trustee, are covered under the chapter "Money Settlement".

8.6.8 Security Settlement

- 8.6.8.1 Upon posting of affirmed Re-Investment instruction by the Trustee, the FMS shall permanently:
- 8.6.8.1.1 remove the No. of unit(s) of the prescribed Fund (as transmitted to FMS through Re-Investment instruction – Redemption details) which were provisionally removed from the unit holder's portfolio and
 - 8.6.8.1.2 add the No. of unit(s) of the prescribed Fund (as transmitted to FMS through Re-Investment instruction – Investment details) which were provisionally added to the unit holder's portfolio simultaneously.

8.6.9 Report

- 8.6.9.1 As per DTS, FMS shall provide Re-Investment instruction report (on a real time basis) to Fund Manager and Trustee showing details of Re-Investment instructions.
- 8.6.9.2 As per DTS, FMS shall provide Payment Settlement Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Re-Investment instructions.

8.7 Unit Transfer Instruction

As and when, the Fund Manager transfers units of an existing unit holder (Transferor) to another (existing or new) unit holder (Transferee) within a same Fund. In order to update unit holder's portfolio maintained in FMS, the Fund Manager shall transmit to the Trustee, unit transfer instruction(s) of the Fund(s) under management.

8.7.1 Initiation Process

- 8.7.1.1 Once the Unit transfer form, duly completed and verified by the Funds' Registrar in all respect, is received, the corresponding Unit transfer instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 8.7.1.2 Unit transfer instruction can be initiated by entering the instruction through manual key punch or by uploading the bulk of the instructions to the FMS through text file.
- 8.7.1.3 The process for uploading unit transfer instruction(s) to the FMS shall be covered in User Manual – File Upload.
- 8.7.1.4 Upon saving of Unit transfer instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.7.1.5 Upon posting of Unit transfer instruction(s) by the Fund Manager, the FMS shall:
 - 8.7.1.5.1 provisionally remove the No. of units of the prescribed Fund from the unit holder's portfolio (as transmitted by the Fund Manager through Unit transfer instruction – Transferor details) and
 - 8.7.1.5.2 provisionally add the No. of units in the unit holder's portfolio of the same Fund (as transmitted by the Fund Manager through unit transfer instruction – Transferee details) simultaneously.

8.7.2 Details of Unit Transfer

8.7.2.1 Each Unit transfer instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. AMC Transaction ID
- b. Fund Short Name
- c. Unit Plan & Category
- d. NAV Applicable Date

From Unit Holder (Transferor):

- a. Folio Number
- b. Holding Type (either AMC Electronic, CDS Book-Entry or Physical)
- c. No. of Units
- d. Back End Load Amount
- e. Discount Amount
- f. Zakat Amount
- g. Tax Amount
- h. Closing Balance (No. of units)
- i. Tax Details (multiple fields)
- j. Certificate Details (multiple fields)

To Unit Holder (Transferee):

- a. Folio Number
- b. Account Title
- c. Holding Type (either AMC Electronic, CDS Book-Entry or Physical)
- d. No. of units
- e. Front End Load Amount
- f. Discount Amount

- g. Certificate Charges
- h. Last Balance (No. of units) as per unit holder register
- i. Unit Holder Details (multiple fields)

8.7.2.2 In addition to the above details transmitted through unit transfer instruction, FMS shall use the following detail(s) as available in FMS.

- a. Applicable NAV

8.7.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in unit transfer instruction details screen:

From unit holder (Transferor)

- a. No. of Units (i.e. Gross Amount / Applicable NAV)
- b. Gross Amount (i.e. No. of units x Applicable NAV)
- c. Net Amount (i.e. Gross amount – Back End Load amount – Zakat + Discount amount)

To unit holder (Transferee)

- a. Gross Amount (i.e. Transferor's Net Amount)
- b. Net Amount (i.e. Gross amount – Front End Load amount – Certificate charges + Discount amount)
- c. No. of units (i.e. Net Amount / Applicable NAV)

8.7.3 Validation Process

8.7.3.1 Each Unit transfer instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

8.7.3.2 In case where Unit transfer instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection is known. Instructions can be invalidated due to various reasons such as:

- a. Details of instruction not matching with FMS e.g. Fund Short Name.
- b. Instruction not as per the required format provided by the Company.

8.7.3.3 In case where Unit transfer instruction is initiated by entering the instruction by manual key punch, the system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.7.4 Instruction Enclosure

8.7.4.1 For each unit transfer instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction. However, where physical certificate(s) is issued to the unit holder (Transferor) consequent to such transfer, the copy of the existing certificate duly cancelled by the Registrar of the Fund or any other document evidencing cancellation of such physical certificate(s) shall be required to be produced by the Fund Manager with the Trustee as a mandatory requirement.

8.7.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.7.5 Cancellation Process

8.7.5.1 The Fund Manager can cancel the initiated unit transfer instruction(s) at any time before it is affirmed / rejected by the Trustee. Upon posting the cancelled Unit transfer instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting the unit transfer instruction by the Fund Manager.

8.7.6 Affirmation / Rejection Process

8.7.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

8.7.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

8.7.6.3 The FMS shall not allow the Trustee to edit the details of the Fund to Fund unit conversion instruction posted by the Fund Manager.

8.7.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

8.7.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.

8.7.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.

8.7.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

8.7.7 Money Settlement

8.7.7.1 As no reciprocal movement of funds are carried out between transferor and transferee under unit transfer functionality, Fund Manager shall transmit the unit transfer instruction and Trustee shall affirm the instruction based on the verification of supporting documents (if any) without any movement of associated funds.

8.7.8 Security Settlement

8.7.8.1 Upon posting of affirmed unit transfer instruction by the Trustee, the FMS shall permanently:

8.7.8.1.1 remove the No. of unit(s) of the prescribed Fund (as transmitted to FMS through unit transfer instruction – Transferor details) which were provisionally removed from the unit holder's portfolio and

8.7.8.1.2 add the No. of unit(s) of the prescribed Fund (as transmitted to FMS through unit transfer instruction – Transferee details) which were provisionally added to the unit holder's portfolio simultaneously.

8.7.9 Report

8.7.9.1 As per DTS, FMS shall provide unit transfer instruction report (on a real time basis) to Fund Manager and Trustee showing details of unit transfer instructions.

8.8 Sales Load Instruction

As a practice, few Funds charge commission as Front End Load (on sale of unit) and few as Back End Load (on redemption of unit). In order to pay the commission (commonly known as "sales load") to the Sales Agent(s), setup in FMS as Counter Parties, the Fund Manager shall transmit to the Trustee, Sales load instruction of the Fund(s) under management.

8.8.1 Initiation Process

- 8.8.1.1 The Sales load instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 8.8.1.2 The Sales load instruction can be initiated by entering the instruction through manual key punch or by uploading the bulk of the instructions to the FMS through text file.
- 8.8.1.3 The process for uploading Sales load instruction to the FMS shall be covered in User Manual – File Upload.
- 8.8.1.4 Upon saving of Sales load instruction by the Fund Manager the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.8.1.5 Upon posting of Sales load instruction(s) by the Fund Manager, the FMS shall remove the Sales load amount from the total Sales load payable amount of the prescribed Fund as transmitted by the Fund Manager through Sales load instruction.

8.8.2 Details of Sales Load

- 8.8.2.1 Each Sales load instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Fund Short Name
 - c. Fund's Bank A/c No.
 - d. Payment Date
 - e. Sales Agent's Short Name
 - f. Sales Agent's Bank Short Name
 - g. Sales Agent's Branch Name
 - h. Sales Agent's Bank City Name
 - i. Sales Agent's Bank A/c No.
 - j. Instrument Type (either Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
 - k. Sales Load Amount
 - l. Remarks (may be used to specify the period of which Sales Load amount pertains)
- 8.8.2.2 In addition to the above details transmitted through Sales load instruction, FMS shall use the following detail as available in FMS.
 - a. Tax Percentage (Withholding Tax % as defined in FMS)
- 8.8.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Sales load instruction details screen:
 - a. Withholding Tax on Load (Sales Load X Withholding tax %)
 - b. Net Sales Load (i.e. Sales Load Amount – With holding Tax Amount)

8.8.3 Validation Process

- 8.8.3.1 Each Sales load instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

8.8.3.2 In case where Sales load instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection is known. Instructions can be invalidated due to various reasons such as:

- a. Details of instruction not matching with FMS e.g. Fund Short Name.
- b. Instruction not as per the required format provided by the Company.

8.8.3.3 In case where Sales load instruction is initiated by entering the instruction one by one manually, the system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

8.8.4 Instruction Enclosure

8.8.4.1 For each Sales load instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

8.8.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.8.5 Cancellation Process

8.8.5.1 Fund Manager can cancel the initiated Sales load instruction(s) at any time before it is affirmed / rejected by the Trustee.

8.8.5.2 Upon posting of the cancelled Sales load instruction(s) by the Fund Manager, the FMS shall add the Sales load amount to the total Sales load payable amount of the prescribed Fund as calculated by FMS on the basis of details transmitted through Sales load instruction.

8.8.6 Affirmation / Rejection Process

8.8.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

8.8.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

8.8.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.

8.8.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

8.8.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.

8.8.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.

8.8.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

8.8.7 Money Settlement

8.8.7.1 The detailed procedures covering money settlement pursuant to affirmation of the Sales load instruction by the Trustee are covered under the section "Money Settlement".

8.8.8 Security Settlement

8.8.8.1 No associated security settlement is required to settle the Sales load instruction.

8.8.9 Report

8.8.9.1 As per DTS, FMS shall provide Sales load instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Sales load instructions.

8.8.9.2 As per DTS, FMS shall provide Unit Management Payment (Actual) Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Sales load instructions.

8.9 Unit Management Balance Update Instruction

As and when, the Fund Manager announces Bonus for its Unit Holders. The Fund Manager transmits to the Trustee, Unit Management Balance Update instruction so as to update the unit holders' portfolio maintained in FMS.

8.9.1 Initiation Process

- 8.9.1.1 The Unit Management Balance Update instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 8.9.1.2 The Unit Management Balance Update transaction can be initiated through file upload process for which is covered in User Manual – File Upload.
- 8.9.1.3 Upon saving of Unit Management Balance Update instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 8.9.1.4 Upon posting of Unit Management Balance Update instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

8.9.2 Details of Unit Management Balance Update

- 8.9.2.1 Each Unit Management Balance Update instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. Fund Short Name
 - b. NAV Applicable Date
 - c. Balance Update Type (either Corporate Action / Bonus or Adjustment)
 - d. Percentage %
 - e. Remarks
- 8.9.2.2 Similarly, each Unit Management Balance Update upload file shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Folio Number
 - c. Holding Type
 - d. Opening Balance
 - e. Units to be Updated
 - f. Closing Balance
 - g. Element of Income / Capital Gain
- 8.9.2.3 Based on the upload file, system shall auto generate the "Record ID" for every record present in the file.

8.9.3 Validation Process

- 8.9.3.1 Each Unit Management Balance Update instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.
- 8.9.3.2 Instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection is known. Instructions can be invalidated due to various reasons such as:
 - a. Details of instruction not matching with FMS e.g. Fund Short Name.
 - b. Instruction not as per the required format provided by the Company.

8.9.3.3 On uploading the Unit Management Balance Update record, a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection by the system is known. Instructions can be invalidated due to various reasons such as:

- a. Details of instruction not matching with FMS e.g. Folio Number.
- b. Instruction not as per the required format provided by the Company.

8.9.4 Instruction Enclosure

8.9.4.1 For each Unit Management Balance Update instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

8.9.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

8.9.5 Cancellation Process

8.9.5.1 Fund Manager can cancel the initiated Unit Management Balance Update instruction(s) at any time before it is affirm / reject saved by the Trustee.

8.9.6 Affirmation / Rejection Process

8.9.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

8.9.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

8.9.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.

8.9.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

8.9.6.5 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.

8.9.6.6 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

8.9.7 Money Settlement


8.9.7.1 No associated money settlement is required to settle the Unit Management Balance Update instruction.

8.9.8 Security Settlement

8.9.8.1 Upon posting of affirmed Unit Management Balance Update instruction by the Trustee, the FMS shall permanently update the No. of unit(s) of the prescribed Fund (as transmitted by the Fund Manager through Unit Management Balance Update instruction) against each unit holder's portfolio present in the file.

8.9.9 Report

8.9.9.1 As per DTS, FMS shall provide Unit Management Balance Update instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Unit Management Balance Update instructions.



Chapter 9 DEBT/MONEY MARKET MODULE

9.1 Type of Debt/Money Market Instructions/Information Settled through or Recorded on FMS

9.1.1 The type of Money Market Instructions to be processed for settlement through FMS shall include the following:

- a. Money Market Placement instruction
- b. Fixed Income Securities Outright instruction
- c. Repo/Reverse Repo instruction
- d. Collateral Handling instruction

9.2 Money Market Placement Instruction

The Fund Manager shall transmit to the Trustee, settlement instruction for Money Market placement instruction of the Fund(s) under management, carried out with Commercial Banks, Investment Banks and DFI etc.

9.2.1 Initiation Process

- 9.2.1.1 The Money Market instruction (including Maturity, Pre- Maturity and Roll Over) shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 9.2.1.2 Upon saving of Money Market instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 9.2.1.3 Upon posting of Money Market instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

9.2.2 Details of Money Market

9.2.2.1 Each Money Market instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. AMC Transaction ID
- b. Fund Short Name
- c. Fund Bank Account Number
- d. Security Type
- e. Physical Certificate Required check box
- f. Deal Date
- g. Settlement/Value Date
- h. Maturity Date
- i. Deal Ticket No.
- j. Instrument Issuance Date
- k. Days in Year
- l. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- m. Counter Party Short Name
- n. Counter Party Bank Short Name
- o. Counter Party Bank Branch Name
- p. Counter Party Bank Branch City
- q. Counter Party Bank Account Number
- r. Broker Short Name
- s. Principal Amount
- t. Markup %
- u. Gross Maturity Amount
- v. Other Charges
- w. Brokerage Amount
- x. Remarks

9.2.2.2 Each Money Market Maturity instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.14.2.1 above in disable form).
- b. Fund's Bank Account Number
- c. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- d. Remarks

9.2.2.3 Each Money Market Roll Over instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.14.2.1 above in disable form).
- b. Roll Over with new Principal Amount
- c. Deal Ticket Number
- d. Physical Certificate Required check box
- e. Deal Date
- f. Next Maturity Date
- g. Days in Year
- h. Broker Short Name
- i. Roll Over Amount
- j. Markup %
- k. Gross Maturity Amount
- l. Other Charges
- m. Brokerage Amount
- n. Fund Bank Account Number
- o. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- p. Remarks

9.2.2.4 Each Money Market Pre Maturity instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.14.2.1 above in disable form).
- b. Pre Maturity Date
- c. Markup %
- d. Gross Maturity Amount
- e. Other Charges
- f. Penalty Amount
- g. Fund Bank Account Number
- h. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- i. Remarks

9.2.2.5 Based on the instruction details, system shall auto calculate the following fields once instruction is entered in relevant instruction details screen:

- a. Number of Days (Maturity or Next Maturity or Pre Maturity Date – Settlement Date)
- b. Calculated Markup Amount $\{[(\text{Principal or Roll Over Amount} \times \text{Markup \%}) / \text{Days in year}] \times \text{Number of Days}\}$
- c. Gross Maturity Amount (i.e. Principal or Roll Over Amount + Calculated Markup Amount)
- d. Net Maturity Amount (i.e. Gross Maturity Amount – Other Charges – Penalty Amount if any)
- e. Receivable Amount (i.e. Previous Net Maturity Amount – Roll Over Amount)

9.2.3 Validation Process

9.2.3.1 Each Money Market instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

9.2.3.2 The system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

9.2.4 Instruction Enclosure

9.2.4.1 For each Money Market instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

9.2.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

9.2.5 Cancellation Process

9.2.5.1 The Fund Manager can cancel the initiated Money Market instruction(s) at any time before it is affirm / reject saved by the Trustee.

9.2.6 Affirmation / Rejection Process

9.2.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

9.2.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

9.2.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.

9.2.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

9.2.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.

9.2.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.

9.2.6.7 In case the transaction is rejected by Trustee, the same shall be created again in the Save status at the Fund Manager end.

9.2.6.8 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

9.2.7 Money Settlement

9.2.7.1 The detailed procedure covering money settlement pursuant to affirmation of the Money Market instruction by the Trustee, are covered under the chapter "Money Settlement".

9.2.8 Security Settlement

9.2.8.1 Upon posting of affirmed Money Market Instruction/PMR Instruction by the Trustee, the FMS shall permanently update involved Security of the prescribed Fund (as transmitted to FMS through Money Market Instruction/PMR Instruction).

9.2.9 Report

9.2.9.1 As per DTS, FMS shall provide Money Market Instruction/PMR Instruction report (on a real time basis) to Fund Manager and Trustee showing details of Money Market instructions.

9.2.9.2 As per DTS, FMS shall provide Payment Settlement Report and Collect Report (on a real time basis) to Fund Manager, Bank (only Payment Settlement Report) and Trustee showing release of payments/collection against Money Market instructions.

9.3 Fixed Income Securities (FIS) Instruction

As and when, the Fund Manager conducts purchase or sale activity of FIS Outright instrument (includes PIBs, Tbills, GoP Ijara, TFC and Sukuk etc.). The Fund Manager transmits to the Trustee, instructions for such transaction for settlement purpose.

9.3.1 Initiation Process

- 9.3.1.1 The FIS Outright instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 9.3.1.2 Upon saving of FIS Outright instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 9.3.1.3 Upon posting of FIS Outright instruction by the Fund Manager, the FMS provisionally add/remove the quantity of relevant security in the portfolio of the prescribed Fund and the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

9.3.2 Details of FIS Outright

- 9.3.2.1 Each FIS Outright instruction shall contain the appended key fields but the same shall not be limited to the following:

Master Record

- a. AMC Transaction ID
- b. Security Type
- c. Fund Short Name
- d. Fund Bank Account Number
- e. * Route through CDC
- f. Broker Short Name
- g. Counter Party Short Name
- h. Counter Party Bank Short Name
- i. Counter Party Bank Branch Name
- j. Counter Party Bank Branch City
- k. Counter Party Bank Account Number
- l. Deal Date
- m. Settlement Date
- n. Instrument Issuance Date
- o. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- p. Remarks

* The check box shall be selected only in case where CDC SGLA or CDC Current Account maintained with SBP is required to be used in transaction.

Child Record (in case Security Type is PIB/Tbill/GoP Ijara)

- a. Deal Ticket #
- b. Trade Direction
- c. Custody Type
- d. Security Symbol
- e. Fund IPS Bank Account Number
- f. Investment Classification (either HFT, AFS or HTM)
- g. Primary Dealer
- h. SBP Price %
- i. Principal / Maturity Amount
- j. Price %
- k. Other Charges
- l. Brokerage
- m. Counter Party IPS Bank Account Title
- n. Counter Party IPS Bank Account Number
- o. Counter Party IPS Bank Short Name

- p. Counter Party IPS Bank Branch Name
- q. Counter Party IPS Bank Branch City

Child Record (in case Security Type is TFC/Sukuk)

- a. Trade Direction
- b. Custody Type
- c. Security Symbol
- d. Dear Ticket Number
- e. Investment Classification (either HFT, AFS or HTM)
- f. Principal
- g. Price %
- h. Other Charges
- i. Brokerage
- j. CDS Participant ID

9.3.2.2 Based on the instruction details, system shall auto calculate the following fields once instruction is entered in relevant instruction details screen:

- a. Total Sell Amount (Sum of Net Amount of all sell contracts in transaction)
- b. Total Purchase Amount (Sum of Net Amount of all purchase contracts in transaction)
- c. Net (Pay) / Collect Amount (Total Sell Amount – Total Purchase Amount)
- d. Total Brokerage (Sum of Brokerage of all contracts in transaction)
- e. Gross Amount (Principal or Maturity Amount x Price %)
- f. Accrued Markup $\{[(\text{Outstanding Principal} \times \text{Coupon \%} \times \text{Accrued Days of current coupon}) / \text{Day Count convention of the Security}] \times \text{Quantity}\}$
- g. Net Amount – Purchase (Gross Amount + Accrued Markup + Other Charges)
- h. Net Amount – Sell (Gross Amount + Accrued Markup - Other Charges)

9.3.3 Validation Process

9.3.3.1 Each FIS Outright instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

9.3.3.2 The system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

9.3.4 Instruction Enclosure

9.3.4.1 For each FIS Outright instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

9.3.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

9.3.5 Cancellation Process

9.3.5.1 The Fund Manager can cancel the initiated FIS Outright instruction(s) at any time before it is affirm / reject saved by the Trustee.

9.3.5.2 Upon posting the cancelled instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting of instruction by the Fund Manager.

9.3.6 Affirmation / Rejection Process

- 9.3.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 9.3.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 9.3.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.
- 9.3.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 9.3.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.
- 9.3.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 9.3.6.7 In case the transaction is rejected by Trustee, the same shall be created again in the Save status at the Fund Manager end.
- 9.3.6.8 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

9.3.7 Money Settlement

- 9.3.7.1 The detailed procedure covering money settlement pursuant to affirmation of the FIS Outright instruction by the Trustee, are covered under the chapter "Money Settlement".

9.3.8 Security Settlement

- 9.3.8.1 Upon posting of affirmed FIS Outright Instruction by the Trustee, the FMS shall permanently update involved Security of the prescribed Fund (as transmitted to FMS through FIS Outright Instruction/PMR Instruction).

9.3.9 Report

- 9.3.9.1 As per DTS, FMS shall provide FIS Outright Instruction/PMR Instruction report (on a real time basis) to Fund Manager and Trustee showing details of FIS Outright instructions.
- 9.3.9.2 As per DTS, FMS shall provide Payment Settlement Report and Collect Report(on a real time basis) to Fund Manager, Bank (only Payment Settlement Report) and Trustee showing release of payments/collection against FIS Outright instructions.

9.4 Repo/Reverse Repo Instruction

As and when, the Fund Manager conducts Repo/Reverse Repo transactions for Funds under its management. The Fund Manager shall transmit to the Trustee, instruction for such transaction for settlement purpose.

9.4.1 Initiation Process

- 9.4.1.1 The Repo/Reverse Repo Instruction (including Maturity, Pre- Maturity and Roll Over) shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 9.4.1.2 Upon saving of Repo/Reverse Repo Instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 9.4.1.3 Upon posting of instruction by the Fund Manager, the FMS provisionally update the relevant security in the portfolio of the prescribed Fund and the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

9.4.2 Details of Repo/Reverse Repo Instruction

- 9.4.2.1 Each Repo/Reverse Repo Instruction shall contain the appended key fields but the same shall not be limited to the following:

Parent Screen

- a. AMC Transaction ID
- b. Transaction Type (either Repo or Reverse Repo)
- c. Repo Against Redemption (only in case of Repo)
- d. Fund Short Name
- e. Fund's Bank Account Number
- f. * Route through CDC
- g. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- h. Instrument Issuance Date
- i. Deal/Trade Date
- j. Settlement Date
- k. Maturity Date
- l. Days in a Year
- m. Deal Ticket Number
- n. Counter Party Short Name
- o. Counter Party Bank Short Name
- p. Counter Party Bank Branch Name
- q. Counter Party Bank Branch City
- r. Counter Party Bank Account Number
- s. Broker Short Name
- t. Pledge Group ID (in case when Pledge is required in CDS)
- u. Counter CDS ID (in case when security movement is required in CDS)
- v. Counter Party IPS Title (in case Government Securities are involved)
- w. Counter Party IPS Bank Short Name
- x. Counter Party IPS Bank Branch Name
- y. Counter Party IPS Bank Branch City
- z. Counter Party IPS Bank Account Number
- aa. Principal Amount
- bb. Yield %
- cc. Repo Price
- dd. Markup Amount
- ee. Other Charges
- ff. Brokerage Amount

* The check box shall be selected only in case where CDC SGLA or CDC Current Account maintained with SBP is required to be used in transaction.

Collateral Details Screen

- a. Security Type
- b. Holding Type (either Physical or Electronic)
- c. Fund IPS Account Number (in case of PIB, Tbill or GoP Ijara)
- d. Counter Party Short Name (in case of Security Type related to Placements)
- e. Maturity Date (in case of Security Type related to Placements)
- f. Instrument Number (in case of Security Type related to Placements)
- g. Investment Classification (either AFS, HFT or HTM)
- h. Settlement Mode (either Deliver, Receive or Pledge)
- i. Security Symbol
- j. Primary Dealer (in case of PIB, Tbill or GoP Ijara)
- k. Quantity

Redemption Details Screen (only in case of Repo transactions)

- a. Folio Number
- b. NAV Date
- c. Number of Units

9.4.2.2 Each Reverse Repo Maturity instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.16.2.1 above in disable form).
- b. Fund's Bank Account Number
- c. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- d. Pledge Group ID
- e. Counter CDS ID
- f. Counter Party IPS Title
- g. Counter Party IPS Account Number
- h. Counter Party Bank Short Name
- i. Counter Party Bank Branch Name
- j. Counter Party Bank Branch City
- k. Remarks

9.4.2.3 Similarly, each Repo Maturity instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.16.2.1 above in disable form).
- b. Fund's Bank Account Number
- c. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- d. Instrument Issuance Date
- e. Counter Party Bank Short Name
- f. Counter Party Bank Branch Name
- g. Counter Party Bank Branch City
- h. Counter Party Bank Account Number
- i. Pledge Group ID
- j. Counter CDS ID
- k. Counter Party IPS Title
- l. Counter Party IPS Account Number
- m. Counter Party Bank Short Name
- n. Counter Party Branch Name
- o. Counter Party Bank Branch City
- p. Remarks

9.4.2.4 Each Reverse Repo Roll Over instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.16.2.1 above in disable form).
- b. Fund Bank Account Number
- c. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- d. Deal Ticket Number
- e. Deal Date
- f. Maturity Date
- g. Days in Year
- h. Broker Short Name
- i. Pledge Group ID
- j. Counter CDS ID
- k. Counter IPS Title
- l. Counter Party IPS Bank Account Number
- m. Counter Party IPS Bank Short Name
- n. Counter Party IPS Bank Branch Name
- o. Counter Party IPS Bank Branch City
- p. Roll Over with new Principal Amount check box
- q. Roll Over Amount
- r. Yield %
- s. Repo Price
- t. Markup Amount
- u. Other Charges
- v. Brokerage Amount
- w. Remarks

9.4.2.5 Each Repo Roll Over instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.16.2.1 above in disable form).
- b. Repo Against Redemption
- c. Rollover Against Same/Fresh Redemption
- d. Fund Bank Account Number
- e. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- f. Instrument Issuance Date
- g. Deal Ticket Number
- h. Deal Date
- i. Maturity Date
- j. Days in Year
- k. Counter Party Bank Short Name
- l. Counter Party Bank Branch Name
- m. Counter Party Bank Branch City
- n. Counter Party Bank Account Number
- o. Broker Short Name
- p. Pledge Group ID
- q. Counter CDS ID
- r. Counter IPS Title
- s. Counter Party IPS Bank Account Number
- t. Counter Party IPS Bank Short Name
- u. Counter Party IPS Bank Branch Name
- v. Counter Party IPS Bank Branch City
- w. Roll Over with new Principal Amount
- x. Roll Over Amount
- y. Yield %
- z. Repo Price

- aa. Markup Amount
- bb. Other Charges
- cc. Brokerage Amount
- dd. Remarks

9.4.2.6 Each Reverse Repo Pre Maturity instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.16.2.1 above in disable form).
- b. Pre Maturity Date
- c. Yield %
- d. Repo Price
- e. Markup Amount
- f. Other Charges
- g. Penalty Amount
- h. Fund Bank Account Number
- i. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- j. Pledge Group ID
- k. Counter CDS ID
- l. Counter IPS Title
- m. Counter Party IPS Account Number
- n. Counter Party IPS Bank Short Name
- o. Counter Party IPS Bank Branch Name
- p. Counter Party IPS Bank Branch City
- q. Remarks

9.4.2.7 Each Repo Pre Maturity instruction shall contain the appended key fields but the same shall not be limited to the following:

- a. Information related to the first leg of the transaction (selected fields from those mentioned in point # 8.16.2.1 above in disable form).
- b. Pre Maturity Date
- c. Yield %
- d. Repo Price
- e. Markup Amount
- f. Other Charges
- g. Penalty Amount
- h. Fund Bank Account Number
- i. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
- j. Instrument Issuance Date
- k. Counter Party Bank Short Name
- l. Counter Party Bank Branch Name
- m. Counter Party Bank Branch City
- n. Counter Party Bank Account Number
- o. Pledge Group ID
- p. Counter CDS ID
- q. Counter IPS Title
- r. Counter Party IPS Account Number
- s. Counter Party IPS Bank Short Name
- t. Counter Party IPS Bank Branch Name
- u. Counter Party IPS Bank Branch City
- v. Remarks

9.4.2.8 Based on the instruction details, system shall auto calculate the following fields once instruction is entered in relevant instruction details screen:

- a. Number of Days (Maturity or Pre Maturity Date – Settlement Date)
- b. Markup Amount $\{[(\text{Principal or Roll Over Amount} \times \text{Markup \%}) / \text{Days in year}] \times \text{Number of Days}\}$
- c. Gross Maturity Amount (i.e. Principal or Roll Over Amount + Markup Amount)
- d. Net Maturity Amount (i.e. Gross Maturity Amount – Other Charges – Penalty Amount if any)
- e. Receivable Amount (i.e. Previous Net Maturity Amount – Roll Over Amount)

9.4.3 Validation Process

9.4.3.1 Each Repo/Reverse Repo Instruction (including Maturity, Pre- Maturity and Roll Over) shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

9.4.3.2 The system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

9.4.4 Instruction Enclosure

9.4.4.1 For each Repo/Reverse Repo Instruction (including Maturity, Pre- Maturity and Roll Over) transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.

9.4.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

9.4.5 Cancellation Process

9.4.5.1 The Fund Manager can cancel the initiated Repo/Reverse Repo Instruction (including Maturity, Pre- Maturity and Roll Over) at any time before it is affirm / reject saved by the Trustee.

9.4.5.2 Upon posting the cancelled instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting of instruction by the Fund Manager.

9.4.6 Affirmation / Rejection Process

9.4.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.

9.4.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.

9.4.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.

9.4.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.

9.4.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.

- 9.4.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 9.4.6.7 In case the transaction is rejected by Trustee, the same shall be created again in the Save status at the Fund Manager end.
- 9.4.6.8 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

9.4.7 Money Settlement

- 9.4.7.1 The detailed procedure covering money settlement pursuant to affirmation of the Repo/Reverse Repo Instructions by the Trustee, are covered under the chapter "Money Settlement".

9.4.8 Security Settlement

- 9.4.8.1 Upon posting of affirmed instruction by the Trustee, the FMS shall permanently update involved Security of the prescribed Fund (as transmitted to FMS through Repo/Reverse Repo Instruction/PMR Instruction).

9.4.9 Report

- 9.4.9.1 As per DTS, FMS shall provide Repo/Reverse Repo Instruction/PMR Instruction report (on a real time basis) to Fund Manager and Trustee showing details of Repo/Reverse Repo Instructions.
- 9.4.9.2 As per DTS, FMS shall provide Payment Settlement Report and Collect Report (on a real time basis) to Fund Manager, Bank (only Payment Settlement Report) and Trustee showing release of payments/collection against Repo/Reverse Repo Instructions.

9.5 Collateral Handling Instruction

Based on investment decision, Collateral involved in Repo/Reverse Repo or Margin activity can be exchanged with any other security. Further, as a result of change in the market value, quantity of involved collateral can also be updated. The Fund Manager transmits to the Trustee, settlement instruction for such transactions.

9.5.1 Initiation Process

- 9.5.1.1 The Collateral Handling instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 9.5.1.2 Upon saving of Collateral Handling instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 9.5.1.3 Upon posting of Collateral Handling instruction by the Fund Manager, the FMS provisionally update the relevant security in the portfolio of the prescribed Fund and the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

9.5.2 Details of Collateral Handling

- 9.5.2.1 Each Collateral Handling instruction shall contain the appended key fields but the same shall not be limited to the following:

Master Record

- a. AMC Transaction ID
- b. Fund Short Name
- c. Transaction Type (involving Placement type and Repo/Reverse Repo transaction types)
- d. New Collateral check box
- e. Transaction ID (shall be disable in case of transaction type "Collateral")
- f. Settlement Date
- g. Counter Party Short Name
- h. Broker Short Name
- i. Counter CDS ID
- j. Pledge Group ID
- k. Counter Party IPS Title
- l. Counter Party IPS Bank Short Name
- m. Counter Party IPS Bank Branch Name
- n. Counter Party IPS Bank Branch City
- o. Counter Party IPS Bank Account Number
- p. Brokerage Amount
- q. Remarks

Child Record (in case Security Type is PIB/Tbill/GoP Ijara)

- a. Holding Type (either Physical or Electronic)
- b. Fund IPS Bank Account Number
- c. Investment Classification (either HFT, AFS or HTM)
- d. Settlement Mode (either Deliver, Pledge, Receive or Pledge Release)
- e. Security Symbol
- f. Transaction Quantity

Child Record (in case Security Type is TFC/Sukuk)

- a. Holding Type (either Physical or Electronic)
- b. Investment Classification (either HFT, AFS or HTM)
- c. Settlement Mode (either Deliver, Pledge, Receive or Pledge Release)
- d. Security Symbol
- e. Transaction Quantity

Child Record (in case Security Type is Placement Type)

- a. Settlement Mode (either Deliver, Pledge, Receive or Pledge Release)
- b. Counter Party Short Name
- c. Transaction ID
- d. Maturity Date

9.5.3 Validation Process

- 9.5.3.1 Each Collateral Handling instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.
- 9.5.3.2 The system shall validate each field of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

9.5.4 Instruction Enclosure

- 9.5.4.1 For each Collateral Handling instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 9.5.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

9.5.5 Cancellation Process

- 9.5.5.1 The Fund Manager can cancel the initiated Collateral Handling instruction(s) at any time before it is affirm / reject saved by the Trustee.
- 9.5.5.2 Upon posting the cancelled instruction by the Fund Manager, the FMS shall reverse the portfolio movement which was carried out while posting of instruction by the Fund Manager.

9.5.6 Affirmation / Rejection Process

- 9.5.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 9.5.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 9.5.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.
- 9.5.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 9.5.6.5 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.
- 9.5.6.6 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 9.5.6.7 In case the transaction is rejected by Trustee, the same shall be created again in the Save status at the Fund Manager end.
- 9.5.6.8 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.


9.5.7 Money Settlement

- 9.5.7.1 No associated money settlement is required to settle the Unit Management Balance Update instruction.

9.5.8 Security Settlement

- 9.5.8.1 Upon posting of affirmed Collateral Handling Instruction by the Trustee, the FMS shall permanently update involved Security of the prescribed Fund (as transmitted to FMS through Collateral Handling Instruction).

9.5.9 Report

- 9.5.9.1 As per DTS, FMS shall provide Collateral Handling instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Collateral Handling instructions.
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Chapter 10 MISCELLANEOUS MODULE

10.1 Type of Miscellaneous Instructions/Information Settled through or Recorded on FMS

10.1.1 The type of Miscellaneous Instructions to be processed for settlement through FMS shall include the following:

- a. Transfer of Funds instruction
- b. Common Bank Account Transfer of Funds instruction
- c. Payment to Broker instruction
- d. Other Expense Payment instruction

10.2 Transfer of Funds Instruction

As and when, the Fund Manager transfers funds from one account to another account of a Fund to meet certain settlement, redemption or placement requirements etc. These transactions are transmitted to the Trustee for settlement purpose.

10.2.1 Initiation Process

- 10.2.1.1 The Transfer of Funds instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 10.2.1.2 Upon saving of Transfer of Funds instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 10.2.1.3 Upon posting of Transfer of Funds instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

10.2.2 Details of Transfer of Funds

- 10.2.2.1 Each Transfer of Funds instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID (enable only if the Fund has opted for Duplication check)
 - b. Fund Short Name
 - c. From Bank Account Number
 - d. To Bank Account Number
 - e. Execution Date
 - f. Clearing Type (either Online Transfer, Same Day or Normal)
 - g. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
 - h. * Printing Location
 - i. * Clearing Zone
 - j. Amount
 - k. Remarks

* The fields shall become enable only if Straight 2 Bank (S2B) services of Standard Chartered Bank (SCB) is opted for debiting account and the Instrument Type selected is either Pay Order/ Demand Draft or Cheque.

10.2.3 Validation Process

- 10.2.3.1 Each Transfer of Funds instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.
- 10.2.3.2 The system shall validate each field of an instruction and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

10.2.4 Instruction Enclosure

- 10.2.4.1 For each Transfer of Funds instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 10.2.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

10.2.5 Cancellation Process

- 10.2.5.1 Fund Manager can cancel the initiated Transfer of Funds instruction(s) at any time before it is affirm / reject saved by the Trustee.

10.2.6 Affirmation / Rejection Process

- 10.2.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 10.2.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 10.2.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.
- 10.2.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 10.2.6.5 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 10.2.6.6 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

10.2.7 Money Settlement

- 10.2.7.1 The detailed procedures covering money settlement pursuant to affirmation of the Transfer of Funds instruction by the Trustee are covered under the section "Money Settlement".

10.2.8 Security Settlement

- 10.2.8.1 No associated security settlement is required to settle the Transfer of Funds instruction.

10.2.9 Report

- 10.2.9.1 As per DTS, FMS shall provide Transfer of Funds instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Transfer of Funds instructions.
- 10.2.9.2 As per DTS, FMS shall provide Payment Settlement Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Transfer of Funds instructions.

10.3 Common Bank Account Transfer of Funds Instruction

Certain Fund Managers maintain Common Bank Account (CBA) for collection of funds in context Unit Management transactions. As and when, the Fund Manager transfers funds from these accounts to relevant Fund's account. These transactions are transmitted to the Trustee for settlement purpose.

10.3.1 Initiation Process

- 10.3.1.1 The CBA Transfer of Funds instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 10.3.1.2 Upon saving of CBA Transfer of Funds instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 10.3.1.3 Upon posting of CBA Transfer of Funds instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

10.3.2 Details of CBA Transfer of Funds

- 10.3.2.1 Each CBA Transfer of Funds instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Fund Short Name
 - c. From Common Bank Account Number
 - d. To Bank Account Number
 - e. From NAV Applicable Date
 - f. To NAV Applicable Date
 - g. Bank Profit
 - h. Bank Charges
 - i. Amount Retained for Redemption
 - j. Other Adjustment
 - k. Transfer Date
 - l. Clearing Type (either Online Transfer, Same Day or Normal)
 - m. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
 - n. Remarks
- 10.3.2.2 Based on the instruction details, system shall auto calculate the "Net Transfer Amount" field once instruction is entered in CBA Transfer of Funds instruction details screen.

10.3.3 Validation Process

- 10.3.3.1 Each CBA Transfer of Funds instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.
- 10.3.3.2 The system shall validate each fields of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

10.3.4 Instruction Enclosure

- 10.3.4.1 For each CBA Transfer of Funds instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 10.3.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

10.3.5 Cancellation Process

- 10.3.5.1 Fund Manager can cancel the initiated CBA Transfer of Funds instruction(s) at any time before it is affirm / reject saved by the Trustee.

10.3.6 Affirmation / Rejection Process

- 10.3.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 10.3.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 10.3.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.
- 10.3.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 10.3.6.5 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 10.3.6.6 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

10.3.7 Money Settlement

- 10.3.7.1 The detailed procedures covering money settlement pursuant to affirmation of the CBA Transfer of Funds instruction by the Trustee are covered under the section "Money Settlement".

10.3.8 Security Settlement

- 10.3.8.1 No associated security settlement is required to settle the CBA Transfer of Funds instruction.

10.3.9 Report

- 10.3.9.1 As per DTS, FMS shall provide CBA Transfer of Funds instruction Report (on a real time basis) to Fund Manager and Trustee showing details of CBA Transfer of Funds instructions.
- 10.3.9.2 As per DTS, FMS shall provide Payment Settlement Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against CBA Transfer of Funds instructions.

10.4 Payment to Broker Instruction

As and when, the Fund Manager carries out certain transactions for Fund(s) under its management wherein brokers are involved. The brokerage/CVT payment instructions are transmitted to the Trustee for payment to the brokers.

10.4.1 Initiation Process

- 10.4.1.1 The Payment to Broker instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 10.4.1.2 The Payment to Broker instruction be initiated by entering the instruction through manual key punch or by uploading the bulk of the instructions to the FMS through text file.
- 10.4.1.3 The process for uploading Payment to Broker instruction to the FMS shall be covered in User Manual - File Upload.
- 10.4.1.4 Upon saving of Payment to Broker instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 10.4.1.5 Upon posting of Payment to Broker instruction by the Fund Manager, the FMS shall provisionally remove the brokerage/CVT amount from its bucket (in case of Money Market brokerage and CVT against equity transactions only). The information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

10.4.2 Details of Payment to Broker

- 10.4.2.1 Each Payment to Broker instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Fund Short Name
 - c. Fund Bank A/c Number
 - d. Payment Date
 - e. Payment Type (either CFS Brokerage, Outright IDS Brokerage, Outright IDS CVT, Money Market Brokerage)
 - f. From Period
 - g. To Period
 - h. AMC Transaction ID
 - i. Broker Short Name
 - j. Brokerage Amount or CVT Amount
 - k. Pay Brokerage or Pay CVT check box
- 10.4.2.2 In addition to the above details transmitted through Payment to Broker instruction, FMS shall use the following detail as available in FMS.
 - a. Tax Percentage (Withholding Tax % as defined in FMS)
- 10.4.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Payment to Broker instruction details screen:
 - a. WHT Amount (Gross Amount X Withholding Tax %)
 - b. Net Amount (i.e. Gross Amount – Withholding Tax Amount)

10.4.3 Validation Process

- 10.4.3.1 Each Payment to Broker instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.

- 10.4.3.2 In case where Payment to Broker instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection by the system is known. Instructions can be invalidated due to various reasons such as:
- a. Details of instruction not matching with FMS e.g. Fund Short Name.
 - b. Instruction not as per the required format provided by the Company.
- 10.4.3.3 In case where Payment to Broker instruction is initiated by entering the instruction one by one manually, the system shall validate each field of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

10.4.4 Instruction Enclosure

- 10.4.4.1 For each Payment to Broker instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 10.4.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

10.4.5 Cancellation Process

- 10.4.5.1 Fund Manager can cancel the initiated Payment to Broker instruction(s) at any time before it is affirm / reject saved by the Trustee.
- 10.4.5.2 Upon posting the cancelled instruction by the Fund Manager, the FMS shall reverse bucket movement which was carried out while posting of instruction by the Fund Manager.

10.4.6 Affirmation / Rejection Process

- 10.4.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 10.4.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 10.4.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.
- 10.4.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 10.4.6.5 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 10.4.6.6 Upon posting the rejected instruction by the Trustee, the FMS shall make similar portfolio movement as described under Cancellation Process.
- 10.4.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

10.4.7 Money Settlement

10.4.7.1 The detailed procedures covering money settlement pursuant to affirmation of the Payment to Broker instruction by the Trustee are covered under the section "Money Settlement".

10.4.8 Security Settlement

10.4.8.1 No associated security settlement is required to settle the Payment to Broker instruction.

10.4.9 Report

10.4.9.1 As per DTS, FMS shall provide Payment to Brokers instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Payment to Broker instructions.

10.4.9.2 As per DTS, FMS shall provide Payment Settlement Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Payment to Broker instructions.

10.5 Other Expense Payment Instruction

As and when, the Fund Manager charges certain allowed expenses to Fund(s) under its management which are subsequently transmitted to the Trustee for payment to the counter party(ies).

10.5.1 Initiation Process

- 10.5.1.1 The Other Payment instruction shall be initiated in FMS by the Fund Manager and affirmed by the Trustee within specified time as per DTS.
- 10.5.1.2 The Other Payment instruction can be initiated by entering the instruction by key punch or by uploading the bulk of the instructions to the FMS through text file.
- 10.5.1.3 The process for uploading Other Payment instruction to the FMS shall be covered in User Manual - File Upload.
- 10.5.1.4 Upon saving of Other Payment instruction by the Fund Manager, the FMS shall assign (instruction type wise) a unique Transaction Id.
- 10.5.1.5 Upon posting of Other Payment instruction by the Fund Manager, the information provided by the Fund Manager shall be available to the Trustee to affirm / reject the same.

10.5.2 Details of Other Payment

- 10.5.2.1 Each Other Payment instruction shall contain the appended key fields but the same shall not be limited to the following:
 - a. AMC Transaction ID
 - b. Fund Short Name
 - c. Fund Bank A/c Number
 - d. Payment Type
 - e. Payment Details
 - f. Payment Date
 - g. From / To Payment Period
 - h. Counter Party Short Name
 - i. Counter Party Bank Short Name
 - j. Counter Party Bank Branch Name
 - k. Counter Party Bank Branch City Name
 - l. Counter Party Bank A/c Number
 - m. Instrument Type (either Cheque, SBP Cheque, Pay Order, Demand Draft or Electronic / Online Transfer)
 - n. Gross Amount
 - o. Tax Applicable check box
 - p. Tax Type (shall be use to specify applicable Payment Clause/Section and its relevant details)
- 10.5.2.2 In addition to the above details transmitted through Other Payment instruction, FMS shall use the following detail as available in FMS.
 - a. Tax Percentage (Withholding Tax % as defined in FMS)
- 10.5.2.3 Based on the instruction details and the information available in FMS, system shall auto calculate the following fields once instruction is entered in Other Payment instruction details screen:
 - a. WHT Amount (Gross Amount X Withholding Tax %)
 - b. Net Amount (i.e. Gross Amount – Withholding Tax Amount)

10.5.3 Validation Process

- 10.5.3.1 Each Other Payment instruction shall be validated into FMS. Details of instructions successfully validated shall be available to the Trustee for further processing.
- 10.5.3.2 In case where Other Payment instructions are uploaded in bulk, then a file containing the instruction(s) failing validation process described below shall be dropped from further processing. Details of such invalid instructions shall be available through error file showing the appropriate error message(s), so that the reason for rejection by the system is known. Instructions can be invalidated due to various reasons such as:
- a. Details of instruction not matching with FMS e.g. Fund Short Name.
 - b. Instruction not as per the required format provided by the Company.
- 10.5.3.3 In case where Other Payment instruction is initiated by entering the instruction one by one manually, the system shall validate each field of an instruction one by one and shall prompt the error(s), if any, while saving the instruction. In such case, the user shall be required to enter valid data in relevant field.

10.5.4 Instruction Enclosure

- 10.5.4.1 For each Other Payment instruction transmitted on FMS, Trustee may obtain from the Fund Manager, the required documentary evidences to support the authenticity of the instruction.
- 10.5.4.2 The Fund Manager shall ensure that the Trustee receives the required supports within DTS, failing which, the Trustee in its capacity may reject such instructions for recording in FMS with no liability for any consequential loss caused to the Fund Manager or the Fund.

10.5.5 Cancellation Process

- 10.5.5.1 Fund Manager can cancel the initiated Other Payment instruction(s) at any time before it is affirm / reject saved by the Trustee.

10.5.6 Affirmation / Rejection Process

- 10.5.6.1 The Trustee shall be required to affirm or reject the instructions within specified time as per DTS.
- 10.5.6.2 While approving the instructions, the Trustee shall carryout required verifications so as to satisfy its obligations as prescribed in NBFC Rules, NBFC Regulations, VPS Rules, relevant circulars/directives and Constitutive Documents.
- 10.5.6.3 The FMS shall not allow the Trustee to edit the details of the instruction posted by the Fund Manager.
- 10.5.6.4 While rejecting the instructions, the Trustee shall notify through FMS the reason for rejection.
- 10.5.6.5 The instruction rejected by the Trustee shall be moved to relevant rejected instruction file and shall be dropped from further processing. Details of such rejected instructions shall be available through instruction report of the functionality with Rejected Status which shall show the appropriate rejection message, so that the reason for rejection is known.
- 10.5.6.6 In case the transaction is rejected by Trustee, the same shall be created again in the Save status at the Fund Manager end.
- 10.5.6.7 For the rejected instructions, Fund Manager may re-initiate fresh instruction, within the DTS.

10.5.7 Money Settlement

10.5.7.1 The detailed procedures covering money settlement pursuant to affirmation of the Other Payment instruction by the Trustee are covered under the section "Money Settlement".

10.5.8 Security Settlement

10.5.8.1 No associated security settlement is required to settle the Other Payment instruction.

10.5.9 Report

10.5.9.1 As per DTS, FMS shall provide Other Payments instruction Report (on a real time basis) to Fund Manager and Trustee showing details of Other Payment instructions.

10.5.9.2 As per DTS, FMS shall provide Payment Settlement Report (on a real time basis) to Fund Manager, Bank and Trustee showing release of payments against Other Payment instructions.



Chapter 11 MONEY SETTLEMENT

11.1 Determination of Pay Amount

11.1.1 Upon execution of a process called "P&C Unit Management" by the Trustee, the FMS shall calculate money obligations in favor of beneficiaries for the following type of affirmed Unit Management Instructions:

- a. Redemption of unit
- b. Fund to Fund unit conversion
- c. Re-Investment of unit
- d. Sales load
- e. Payment to Broker

11.1.2 However, the pay amount for following transaction type shall be the same as that derived on the transaction as these transaction do not have any connection with "P&C Unit Management" process:

- a. Transfer of Funds
- b. Common Bank Account Transfer of Funds
- c. Other Payment
- d. Money Market
- e. Money Market PMR
- f. FIS Outright
- g. Repo/Reverse Repo
- h. Repo/Reverse Repo PMR
- i. FI Margin

11.1.3 Instruction type wise pay amount pertaining to each of the instructions which are mentioned in point # 11.1.1 above and are in line with the FMS Procedures, shall be computed as follows:

11.1.3.1 Redemption of unit

Payee wise, the sum of the Net Amount of all the affirmed but unsettled Redemption of unit instructions which were available for the process.

11.1.3.2 Fund to Fund unit conversion / Re-Investment instruction

This results into two pay amounts:

11.1.3.2.1 Payee wise, the sum of the difference of the redeem amount and the invested amount, if any (i.e. Redemption's Net Amount less Sale of unit's Gross Amount), which is payable to the unit holder; and

11.1.3.2.2 The Gross Amount, of the Fund in which investment is done, which is transferred from redemption Fund to the investment Fund.

11.1.3.3 Sales load

Payee wise, the sum of the Net Amount of all the affirmed but unsettled Sales load instructions which were available for the process.

11.1.3.4 Payment to Broker

Payee wise the sum of the Net Amount of all the affirmed but unsettled brokerage payment instructions which were available for the process.

- 11.1.4** The process when executed, shall accumulate Fund wise, amount of same type of unsettled affirmed posted instructions for each Payee separately, having common Payment Date, Fund's Bank and Branch, Fund's Bank Account No.; and Payee's Bank, Bank Account No. and instrument type etc.
- 11.1.5** The "P&C Unit Management" process can be executed by Trustee more than once on each Payment Date.

11.2 Settlement of Pay Amount


The payment of the amount may be released to beneficiaries through:

11.2.1 Auto Instruction to Bank for Payment

- 11.2.1.1 In case where Fund's Bank Account is eligible for "P&C Unit Management" or "P&C Money Market" and Fund's Bank and Payee's Bank is same, then on request of the Fund Manager, FMS shall settle to the Payee, pending cumulative obligations pertaining to mentioned Instructions, through electronic / on-line transfer so as to expedite the payment process.
- 11.2.1.2 In case where Fund's Bank Account is eligible for "P&C Unit Management" or "P&C Money Market" however, Fund's Bank and Payee's Bank is not the same, then on request of the Fund Manager, FMS shall settle to the Payee, pending cumulative obligations pertaining to the Instructions, through Pay Order, Demand Draft or SBP Cheque. This is a semi-automated process where auto instruction is transmitted to the bank where as payment to the Payee is released by handing over Pay Order, Demand Draft or SBP Cheque to the Payee.
- 11.2.1.3 On every Payment Date, the FMS shall display appended details (but the same shall not be limited to the following) on the Pay Screen of the Designated branch of the Settling Bank.
 - a. Fund Name
 - b. Particulars of Fund's Bank account
 - c. Pay Id
 - d. Name of the Payee
 - e. Particulars of Payee's Bank account details
 - f. Amount to be credited
 - g. Instrument Type (either Electronic / Online Transfer, Pay Order or Demand Draft)
 - h. Instrument No.
 - i. Remarks
- 11.2.1.4 The Designated Branch of Settling Bank or Integrated Debiting Bank shall be required to first debit Fund's Settling Bank account and credit the relevant Payee account (in case where instrument type is Electronic / Online Transfer) or credit any other relevant account as per the bank practice (in case where instrument type is Pay Order, Demand Draft or SBP Cheque) in the bank book with the corresponding amount as reflected in the Pay Screen / Report.
- 11.2.1.5 In case where instrument type is Electronic / Online Transfer, the Designated Branch of the Settling Bank or Integrated Debiting Bank shall then be required to confirm on FMS the pay obligation (to the beneficiaries) by marking against "Paid" column on the Pay Screen or through relevant medium within the Designated Time as per DTS.
- 11.2.1.6 In case where instrument type is Pay Order, Demand Draft or SBP Cheque, the Designated Branch of the Settling Bank or Integrated Debiting Bank shall compulsorily provide the Instrument No. field and then shall be required to confirm on FMS the Pay obligation to the beneficiaries by marking against "Paid" column on the Pay Screen or through relevant medium within the Designated Time as per DTS.

11.2.2 Manual Instruction to Bank for Payment

- 11.2.2.1 In case where Fund's Bank Account is not eligible for "P&C Unit Management" or "P&C Money Market" and Fund's Bank and Payee's Bank is same, then on request of the Fund Manager, the FMS shall settle the Payee, pending cumulative obligations pertaining to the mentioned Instructions, through Cheque, Pay Order, Demand draft, SBP Cheque or electronic / on-line transfer.
- 11.2.2.2 In case where Fund's Bank Account is not eligible for "P&C Unit Management" or "P&C Money Market" and Fund's Bank and Payee's Bank is not same, then on request of the

- Fund Manager, the FMS shall settle the Payee, pending cumulative obligations pertaining to the Instructions, through Cheque, Pay Order, Demand draft or SBP Cheque.
- 11.2.2.3 In any combination, if the instrument type selected for the release of payment to the Payee is "Cheque", then FMS shall settle to the Payee, pending cumulative obligations pertaining to Unit Management Instructions, through cheque generation functionality.
- 11.2.2.4 On every Payment Date, the FMS shall display appended details (but the same shall not be limited to the following) on the Cheque Generation Screen to the Trustee.
- a. Fund Name
 - b. Particulars of Fund's Bank account details
 - c. Pay Id
 - d. Payee Name
 - e. Particulars of Payee's Bank account details
 - f. Amount to be credited
 - g. Instrument Type (Cheque, Pay Order, Demand Draft)
 - h. Instrument No.
 - i. Remarks
- 11.2.2.5 As advised by the Fund Manager, the Trustee shall prepare cheque(s) in favor of the Payee or obtain Pay Order / Demand Draft / SBP Cheque from the Settling bank by debiting Funds' settling Bank Account.
- 11.2.2.6 Once the instrument is ready, the Trustee Business users shall inform the Fund Manager and shall also confirm on FMS the Pay obligation by marking against "Paid" column on the Pay screen within the designated time as per DTS.
- 11.2.3** This confirmation process will update Payment Settlement Report on real time basis.
- 11.2.4** On Payment Date, as per DTS, the Fund Manager shall collect the physical instrument (either cheque, Pay Order, Demand Draft or SBP Cheque) from the office of the CDC Trustee & Custodial Operations Departments.
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Chapter 12 GENERAL

12.1 Technical and Performance Requirements

12.1.1 All FMS Elements shall ensure that:

- a. It has the capacity to communicate reliably with the FMS; and
- b. It employs or retains such personnel familiar with the FMS Procedures as are necessary to allow its users to carry out its obligations and to generate, receive and obtain reports in accordance with the FMS Procedures.

12.2 Correspondence and Inquiries

- 12.2.1 All correspondence / inquires shall be addressed to/made with the Trustee & Custodial Operations Department of the Company on the flowing address:

Central Depository Company of Pakistan Limited
Trustee & Custodial Operations Department
CDC House, 99-B, Block 'B'
S.M.C.H.S, Main Shakra-e-Faisal
Karachi – 74400, Pakistan
Tel: (92-21) 111-111 500 Fax: (92-21) 3432 6022-23
Website: www.cdcpakistan.com

12.3 Operations and Service Schedule

12.3.1 FMS business hours shall be as set out in the most current Designated Time Schedule (Annexure-A). Execution of all FMS operations as prescribed or described in the FMS Procedures are subject to availability of the FMS in accordance with the time frame defined in the DTS subject to revision from time to time.

12.3.2 Settlement activities shall not be performed on or in case of the following:

- a. Public Holidays.
- b. Bank Holidays.
- c. Closure of Stock Exchange(s), only in case of equity settlement.
- d. Any other reason determined by the Company.

12.4 Holiday and settlement calendar

12.4.1 Holiday Calendar

10.4.1.1 Calendar for all gazetted public and bank holidays shall be available on FMS.

12.4.2 Settlement Calendar

12.4.2.1 The Company shall be authorized to define settlement calendar from time to time which shall be available on FMS.

12.4.2.2 The Company may revise the dates and days of the settlement calendar any time.

12.4.2.3 In case any settlement is postponed or operations of FMS are closed down due to Force Majeure or other events beyond the control of the Company, the settlement of that day will take place on the next Settlement Day not affected by Force Majeure or other events described above or by any on going effects of the same.

12.4.2.4 In case the Company decides to postpone or defer its settlement date for whatsoever reason, such postponement or deferment shall be notified by the Trustee to all FMS Elements.

12.5 Report

- 12.5.1 FMS Reports as mentioned in the FMS Procedures shall be available to relevant FMS Elements. Users of FMS can obtain / print these reports directly from their FMS terminals.

Annexure - A

Central Depository Company of Pakistan Limited Fund Management System - Designated Time Schedule (DTS)

Instruction / Activity Type	AMC Element		Trustee Element	
	Save	Post	Affirmation/ Rejection	
	8:30 a.m. to 8:00 p.m. (Mon -Thu) 8:30 a.m. to 7:00 p.m. (Fri)			9:00 a.m. to 5:00 p.m. (Mon - Fri)
- Fund Details instruction			- By 9:15 a.m. on each working day. - After 9:15 a.m. and within Business hours. - After Business hours.	- By 9:30 a.m. on same day. - Within 15 minutes of verbal intimation of AMC on current system date. - By 9:15 a.m. on next system date.
- Sale of Unit instruction			After issuance of units in unit holder register.	After posting of transaction by AMC.
- Redemption of units instruction - Fund to Fund unit conversion instruction - Re-Investment instruction - Unit Transfer instruction - Sale Load instruction			By 10:30 a.m. for instructions having same payment date as that of system date.	On "Instruction Initiation Date" or "Payment Date" provided complete supports(if any requested by the Trustee) are received and Payment Date is not a bank holiday.
- Payment to Broker instruction			Any time within system timings.	Within two working days after "Instruction Initiation Date" provided relevant supports are provided to the Trustee.
- Other Expense Payment instruction - Transfer of Fund instruction			Same Day Clearing: Up to 4:00 p.m. on SD - 1. Transfer through RTGS: Up to 10:00 a.m. on SD. Normal Clearing: Up to 11:15 a.m. on SD. (Mon-Fri)	On or before "Execution Date".
- Money Market transaction with Same Day Clearing Cheque - Money Market transaction with Same Bank Cheque/RTGS/SBP Cheque			Any time within system timings on SD-1. Before and up to 11:00 a.m. on SD. (Note: The timings for PIB/Tbills transactions involving RTGS/SBP Cheque may be fluctuate subject to the timings of bank(s) involved in the transaction.)	On or before "Settlement / Maturity Date" provided relevant supports are provided to the Trustee.
- FI Margin Instruction (Security Margin)			Any time within system timings.	On or before "Execution Date".
- FI Margin Instruction (Cash Margin)				

Bank Element

Instruction / Activity Type	DTS	
	Save	Post
Release of payment to beneficiary through auto pay.	9:00 a.m. to 2:00 p.m. (Mon - Fri)	9:00 a.m. to 3:00 p.m. (Mon - Fri)
Bank to keep PO/DD ready.	By 3:00 p.m. (Mon - Fri)	

Reports

Reports are available to all the Elements as per the system timings.