

Draft Administrative Guidelines for Central Recordkeeping Agency

1. General duties and responsibilities of the Central Recordkeeping Agency (CRA)

- (1) The CRA must be responsible for the recordkeeping function for the subscribers of the New Pension System (NPS).
- (2) The CRA must issue a unique Permanent Retirement Account Number (PRAN) to each subscriber within 15 working days of receipt at CRA-facilitation centre. The CRA must also maintain a master database of all personal retirement accounts and record the transactions related to each subscriber's PRAN.
- (3) The CRA must be responsible for receiving, transmitting and effecting instructions or switching instructions from subscribers through the appointed Pay and Accounts Office (PAO), Points of Presence and such other entity, as may be permitted by PFRDA for collecting funds under the NPS, transmitting such instructions to the appointed Pension Funds and effecting switching instructions received from subscribers. The CRA must be responsible for receiving instructions from subscribers through any other mode as permitted by PFRDA from time to time. The CRA must monitor subscriber contributions and instructions and transmit the information to the relevant Pension Fund and schemes on a daily basis.
- (4) The CRA must provide, by the 10th of each month, consolidated PRAN statements as of the previous month end, to each subscriber and discharge such other duties and functions as may be determined by the agreement between Pension Fund Regulatory and Development Authority (PFRDA) and the CRA and by other guidelines, directions and regulations issued by PFRDA from time to time.
- (5) The CRA must be responsible for setting up and maintaining a system that would provide subscribers with the facility of accessing their investment details, containing date of investment, amount invested in rupees, Net Asset Value as on the latest date from date of viewing of the statement.
- (6) The CRA must establish and maintain electronic interconnectivity to all subscribers and intermediaries under the NPS.
- (7) The CRA must follow the guidelines laid down under the subject of "Subscriber Grievance" by PFRDA in order to redress grievances raised by subscribers.
- (8) The CRA must execute all transactions as per the standards and time laid down by the "Service Level Agreement" between PFRDA and the CRA.

- (9) The CRA must ensure a scalable and flexible centralized recordkeeping and administration facility which can adapt to future changes, including changes on account of technology advancements, changes in system specifications including number of subscribers, number of Pension Funds and schemes, and services and functional obligations prescribed by PFRDA.
- (10) The CRA must maintain confidentiality about the records, data, statistical returns and information whether in electronic form, or physical form or in any other form obtained/collected and/or required to be maintained by the CRA.
- (11) The CRA must assist PFRDA in a timely manner in enforcing PFRDA's operational guidelines on intermediaries and report on lapses and errors.
- (12) The CRA must facilitate timely transfers of contribution data to Pension Fund Managers and accurately updating and reporting these into the PRAN of subscribers.
- (13) The CRA must set up and manage a call center to address the queries and grievances of the subscribers.
- (14) The CRA must also be responsible for processing Tax Deduction at Source (TDS) for all withdrawals as per the regulations of Income Tax Act 1961 applicable at the time of withdrawal.
- (15) The CRA must be responsible for enforcing limits, as may be applicable on actions of subscribers related to the choice of Pension Fund Managers (PFMs) or schemes, the number and periodicity of inter and intra PFM switches and limits on contribution values as may be applicable.
- (16) The CRA must reconcile and debit asset management fees or charges, as may be applicable, imposed by PFMs on exit or switches between schemes or PFMs from subscriber accounts.

2. Systems and procedures

The CRA must have all necessary systems and procedures that may be required to enable it to co-ordinate with all intermediaries under the NPS. These must include systems, to

- (1) Reconcile bank account statements from the Trustee Bank with contribution information sent by Nodal officers / P&AOs and POPs and such other entities, as may be permitted by PFRDA for collecting funds under the NPS, in order to account for accurate transaction entries to each PRAN account.
- (2) Reconcile amounts transferred by the Trustee Bank to Annuity Service Providers and superannuated subscribers;
- (3) Monitor and communicate the Net Payout status for Pension Fund Managers and initiate steps to resolve discrepancies / errors / mismatches wherever applicable.

- (4) Receive instructions from Nodal officers/P&AOs and POPs and such other entities, as may be permitted by PFRDA for collecting funds under the NPS, for transfer of funds to the Annuity Service Provider chosen by the subscriber. The CRA must ensure that the residual funds are transferred to the subscriber's bank account. The CRA must ensure that the request is in accordance with the terms and conditions for withdrawal signed by the NPS subscribers and send such instructions to the Trustee Bank.

3. Mechanism for subscriber protection

The CRA must be responsible for setting up a Grievance Redress Committee (GRC), comprising representatives from various categories of intermediaries, as described under PFRDA's guidelines for Subscriber Grievance Redress.

4. Withdrawal by subscribers

The CRA must take adequate steps to execute the instructions given by the subscriber to withdraw or transfer the units from one fund to another or from one fund manager to another fund manager, as the case may be, subject to PFRDA's guidelines and limits for fund transfer and withdrawal.

5. Maintenance of Records

The CRA must maintain the following records:

- (1) Records Related to Subscribers -
 - (a) Application documents for PRAN
 - (b) All instructions and transactions by the subscriber.
 - (c) Database of all subscribers and details thereof.
 - (d) Subscriber grievance related to pension funds.
- (2) Records Related to Pension Funds-
 - (a) All instructions made to Pension funds
 - (b) Performance and all other data received from Pension funds related to investment
 - (c) Records of discrepancy/errors/mismatch

- (3) Records Related to Trustee bank-
 - (a) Instructions to Trustee bank related to investment of pension funds
 - (b) Records of discrepancy/errors/mismatch
 - (c) Instructions with regards to transfer of funds to Annuity Service Providers or other fund manager

6. Reports to PFRDA and other Government agencies/departments

The CRA must report on-

- (1) Number of PRANs issued and PRAN requests pending
- (2) Service Level Agreement compliance reports
- (3) Reports prescribed by Subscriber Grievance guidelines
- (4) Any other reports as required by PFRDA/Government of India

7. Monitoring, review evaluating and inspecting systems and controls

- (1) The CRA must have adequate mechanisms for the purposes of reviewing, monitoring and evaluating its controls, systems, procedures and safeguards.
- (2) Where the CRA records are kept electronically, the CRA must take precautions necessary to ensure that continuity in record keeping is not lost or destroyed and that sufficient back up of records is available.
- (3) The CRA must cause to be inspected annually, the mechanism referred to in 7(1) above by an expert and forward the inspection report within three months from the date of inspection to PFRDA.
- (4) The CRA must establish and maintain adequate infrastructural facility to be able to discharge the role of the CRA as per the Service Level Agreement with PFRDA, and the operating procedures and systems of the CRA must be adequately documented and backed by operations manuals.

8. Prohibition of assignment

The CRA must not assign or delegate its functions as a Recordkeeping agency to any other person unless such person is a CRA authorized to do so by PFRDA.

9. Confidentiality

The CRA must maintain absolute confidentiality with respect to all records, data and information received by it under NPS. The CRA must not, without the prior permission of PFRDA, produce / share such data or information as evidence or for any other purpose except as required by the due process of law.

10. Co-operation and support

- (1) The CRA shall extend to other intermediaries of NPS all such co-operation that is necessary for the smooth functioning of NPS.
- (2) The CRA must ensure the complete transfer of records/data being property of PFRDA, if instructed by PFRDA to do so.

11. Firewall from other businesses

The CRA must ensure that a firewall is maintained in respect of the NPS, both in terms of staff and systems, from its other businesses.

12. Internal controls

- (1) The CRA must have adequate internal controls to prevent any manipulation of systems, applications, records and documents held by it under NPS.
- (2) The CRA must prepare and maintain disaster recovery and business continuity plans at all points of time. All changes made to such plans must be communicated to PFRDA.
- (3) The CRA must obtain internal Audit reports at half yearly intervals from an independent auditor. The internal auditor shall follow the "Standards on Internal Audits" laid down by Institute of Chartered Accountants of India (ICAI).

13. Appointment of compliance officer

- (1) The CRA must appoint a Compliance officer who must be responsible for monitoring compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by PFRDA or the Central Government and for redress of subscriber grievances.
- (2) The Compliance officer must immediately and independently report to the PFRDA any non-compliance observed by him.

14. Information to PFRDA

- (1) PFRDA may, at any time, call for any information from the CRA with respect to any matter relating to its activities as a recordkeeping agency.
- (2) Where any information is called for by the PFRDA under section 14 (1), it shall be the duty of the CRA to furnish such information within such reasonable period as PFRDA may specify.