

RESPONSE TO STAKEHOLDER / PUBLIC COMMENTS ON THE PROPOSED AMENDMENTS TO PFRDA (NATIONAL PENSION SYSTEM TRUST) REGULATIONS, 2015

[The Pension Fund Regulatory and Development Authority (National Pension System Trust) (Second Amendment) Regulations, 2023 have been notified in the Gazette of India on 05.02.2024]

S No.	Subject matter	Stakeholder / Public comments	Response to stakeholder / public comments
1	Regulation 4. Contents of trust deed.- (2)(g) the subscribers to have beneficial interest in the scheme assets of the trust limited to the extent of their individual holding in the subscribed schemes; 4. Contents of trust deed.- (2)(u) provision regarding reimbursement of expenses incurred by the Trust out of the property of the Trust for the execution of the trust, or the realization, preservation, or benefit of the trust property, or the protection or support of the subscribers, such that no surplus shall be created in the process of reimbursement	(i) The Regulations use the word 'Property of NPS Trust' and 'Scheme assets' which may be defined separately in the definitions clause to provide better clarity. (ii) "Scheme assets" may be defined separately in the definitions clause to provide a better interpretation of the clauses in the regulations.	The term 'property of NPS Trust' has been substituted with 'assets of NPS Trust'. Further, 'assets of NPS Trust' has been defined in the regulations.
2	Regulation 4. Contents of trust deed.- (2)(k) the National Pension System Trust shall be responsible for receiving, processing and settlement of claims made by the subscribers upon exit from National Pension System. The National Pension System Trust may delegate the activities of receiving, processing and settlement of such claims made by the subscribers upon exit from National Pension System (to any other intermediary registered with the Authority, with the previous approval of the Authority;	We may delete the clause as NPS Trust only has the responsibility of receiving, processing and settlement of eNPS death claims while the responsibility of receiving, processing and settlement of other exits & withdrawal claims by Nodal offices/POPs/CRA has been laid down by PFRDA through various circulars/guidelines/SOPs. Further, references of activities of exit to be carried out by NPS Trust in Regulations 4(1)(b), 9, 12, 12(b), 12(o), 12(p) may be suitably amended.	Sufficient clarity exists in the regulation and among all stakeholder. No change is made in the existing provision.
3	New insertion	NPS Trust only maintains the books of accounts for general administration of NPS Trust while the books of accounts of scheme assets are maintained by respective Pension Funds.	Sufficient clarity exists in the regulations.
4	Regulation 5. Eligibility for appointment as trustees.- (4) No person who is appointed as a trustee of the Board of Trustees of the National Pension System Trust shall be eligible to be	A trustee of the Board of Trustees of the National Pension System Trust shall not be eligible to be appointed as a trustee of any other pension trust, or as a director of any of the intermediaries registered with the Authority or sponsors	The provision is suitably rephrased to restrain trustee of any other pension trust, or a director (including independent

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	appointed as a trustee of any other pension trust, or as a director of any of the intermediaries registered with the Authority or its sponsor: Provided that this restriction shall not be applicable to the Trustees appointed by Government of India or those appointed by any of the State Governments. Explanation: For the purposes of this sub-regulation 'director' shall include 'independent director' also.	or promoters of any of the intermediaries registered with the Authority.	director) of any of the intermediaries registered with the Authority or that of its sponsor, from becoming trustee of NPST.
5	Regulation 9(1), 9(3), 9(4), 11(2)(ii), 11(2)(xvi), 12(g) and 13(1)(b)	The term 'assets of the subscriber' to be substituted with 'scheme assets of the subscriber'	Sufficient clarity exists in the regulations in regard to the assets of the subscribers. Hence, no change is made in the regulations.
6	New insertion - Appointment of Chief Executive Officer of National Pension System Trust.	Existing Regulation 10(5) may be deleted. Only the operative part of the existing regulation which is not inserted in the proposed regulation may be retained. For more clarity, we may add that - The CEO shall be an employee of NPS Trust.	The provisions with regards to CEO are covered under new regulation 8A on "appointment of CEO, NPST".
7	Regulation 10. Management of the National Pension System Trust.	The quorum for meetings of the Board of Trustees may be reduced to four (4) i.e., retaining the existing quorum as per regulation 10(2). For the purpose of this regulation, the expression "quorum" may be referred from Section 174 of the Companies Act, 2013.	No change in the quorum has been made.
8	Regulation 11(2)(v)	The clause may be removed or clarity may be given to provide a better interpretation of the clauses in the regulations.	No change is made in the existing provision as sufficient clarity exists.
9	Regulation 11(2)(vii)	"Property of NPS Trust" not defined. The same may be defined to provide a better interpretation of the clauses in the regulations.	No change is made in the existing provision as sufficient clarity exists.
10	Regulation 11(2)(viii)	"Expenditure" not defined – Whether expenditure only pertaining to marketing requires approval or any other major expenditure as well.	No change is made in the existing provision as sufficient clarity exists.

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		The same may be defined to provide a better interpretation of the clause in the regulations.	
11	Regulation 11(2)(xii)	The regulation may be aligned with clause 13(2) (a) of the proposed changes.	Proposed changes in regulation have been suitably redrafted. Internal audit reports shall be obtained at quarterly intervals
12	Regulation 12. Obligations, duties, responsibilities and liabilities of Board of Trustees - (a) the Board of Trustees (hereafter to be referred as it) shall execute the individual pension account [as defined in clause(e) of sub-section (1) of section 2 of the Act] in its name with the subscriber;	As per the Regulations, the Board of Trustees shall execute the individual pension account in its name with the subscriber. Thereby, the subscriber registration form is a contract which a subscriber executes at the time of on-boarding NPS. However, the existing subscriber registration form does not contain/undertake from the subscriber that their PRAN/NPS account will be governed as per the PFRDA Act, Rules, Regulations, Guidelines and Circulars issued time to time by the Authority. The above proposed undertaking in the subscriber registration form may be inserted which will be comprehensive in nature and would cover all the regulations including exits & withdrawals rather than specifically mentioning the same.	No change is made in this existing provision. The existing subscriber registration form already has these declarations.
13	Regulation 12. Obligations, duties, responsibilities and liabilities of Board of Trustees- (f) it shall be its responsibility to carry out its duties and responsibilities and to maintain arms' length relationship with other intermediaries, companies or institutions or bodies corporate with which the trustees may be associated;	The expression "arms' length relationship" may be defined as per section 188 of the Companies Act, 2013.	Proviso is incorporated with necessary clarification.
14	Regulation 12(k)	The clause may be aligned with clause 4 (m) of the proposed changes.	The provision has been suitably modified to give clarity.
15	Regulation 13(1)(c)	The clause may be removed or clarity may be given to provide a better interpretation of the clause in the regulations.	No change is made in the existing provisions as sufficient clarity exists
16	Regulation 13. General and specific due diligence.- (2) The Board of Trustees shall exercise the specific due diligence, namely:- (a) obtain internal audit reports at regular intervals	The scope of audit may be prescribed by NPS Trust/PFRDA. The PFRDA (Trustee Bank) Regulations prescribe frequency of quarterly concurrent audit and for internal audit to be conducted at regular intervals. The amendment may be	Proposed changes in regulation are redrafted to obtain internal audit reports on quarterly intervals.

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	following from auditors appointed by the trustees and the pension funds, trustee bank, custodians, and central recordkeeping agencies for activities with regard to exits and withdrawals;	suitably aligned.	
17	New insertion in regulation 13	Report submission timeline may be reconsidered as within one quarter from the end of each half year along with comments to align with the timeline prescribed by PFRDA	The conduct of internal audit of National Pension System Trust by a qualified auditor on a quarterly basis and submit the reports to the Authority within forty-five days from the end of each quarter along with their comments.
18	Regulation 14 (2) and 31	“Property of NPS Trust” not defined. The same may be defined to provide a better interpretation of the clauses in the regulations.	No change is made in the existing provisions as sufficient clarity exists
19	Regulation 36(c)	The clause may be modified as:- (c) must ensure that its systems, processes and account be inspected annually by PFRDA or an expert appointed by PFRDA. In the event, the inspection is carried out by an expert appointed by PFRDA, this expert must forward the inspection report within one month from the date of inspection to the Authority.	The existing provision has been modified as follows: “36. Monitoring, review and evaluating systems and controls.- The NPS Trust - (c) shall ensure that its systems, processes and accounts are certified annually by an expert and the same is submitted to the Authority within one month of certification;”
20	Schedule II (Code of Conduct) Trustees shall maintain independence and objectivity by, among other actions, avoiding conflict of interest, and refraining from self- dealing.	As the trustees are not involved in the investment decisions made by Pension Funds, the clause pertaining to self-dealing may be deleted.	No Change has been made in the existing provision.

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