

[The Pension Fund Regulatory and Development Authority (Central Recordkeeping Agency) (Amendment) Regulations, 2023 have been notified in the Gazette of India on 09.02.2024]

S. No.	Subject Matter	Stakeholder / Public comments	Response to stakeholder / public comments
1	Definition of Principal Officer	<p>a. Is the KMP in addition to the Principal Officer or is it a replacement of the Principal Officer. As principal officer act as a SPOC person between the Authority and CRA. Though Compliance Officer is in position and is responsible for compliance from the regulatory perspective.</p> <p>b. Whether the concept of Principal Officer remain in CRA? More clarification is required w.r.t. how Key Personnel replace the Principal Officer.</p>	The concept of principal officer has been subsumed under the KMP definition.
2	Eligibility criteria “i) The Applicant has not been convicted by any court for offence and a period of five years has not elapsed from the date of such conviction”	The point i) may be rephrased.	It is the requirement of fit and proper person criteria.

3	Explanation to Change in Status or Constitution of CRA	<p>a. Prior approval for change of share holding pattern may not be feasible in case of listed entity, intimation can be provided post-facto.</p> <p>b. Prior Approval for change in the shareholding pattern point should be considered if the entity is listed on stock exchanges</p> <p>c.</p>	Proposed changes in regulation have been suitably incorporated and an explanation to what shall constitute change in the status of constitution has been specified.
4	Submission of an annual compliance certificate in respect of fulfilling eligibility conditions and submission of such certificate post placing it before the board of CRA.	Can this 30 days' time period be extended enabling the company to place it before the board and get the same approved by them, if the entities are listed entity	Proposed changes in regulation have been suitably redrafted. The time period allowed for submission of compliance is 60 days.
5	Certificate of Commencement of Business	<p>a. Certificate of Commencement of business needs to be obtained within 6 months from the grant of certificate of registration while confirming simultaneously that CRA has CMMI level III certificate. Whereas it requires approx. 12 months to obtain CMMI level III certification.</p> <p>b. CMMI level 3 certification is for a working organisation to improve their processes. Further, the certification is for the CRA / NPS activities and functions. Completion of CMMI L3 certification may not be possible at the time of applying for Certificate of commencement when the Company has not commenced its NPS operations.</p>	Proposed changes in regulation have been suitably redrafted. The timeline has been extended to 12 months from the date of certificate of commencement of business.

6	Fraud prevention and mitigation policy	<p>a. The Risk management policy will be comprehensive and the loss to be indemnified, if any, has to be limited to actuals and to the extent of loss caused on account of lapse on the part of CRA directors, officers and agents. Further, CRA shall take all such necessary actions to prevent losses, whether monetary or otherwise including recovery of actual losses resulting from fraudulent or corrupt activity by its employees, directors, officers and agents using all means at its disposal, including civil or criminal legal action. However, if any fraudulent act has been committed by other entities, CRA would not be responsible for initiating action for recovery of losses caused to the subscriber in such incident.</p> <p>b. To indemnify the subscriber for any loss on account of any failure on CRA's part it's a very open-ended statement, its parameters can be defined for the same</p> <p>c. The indemnity should be capped at actual loss and there should not be any claim for indirect losses.</p>	The policy to be developed by CRA has to be in consonance with the requirement of regulations, guidelines, circulars etc and in the interest of subscribers, such that adequate prevention measures are laid down coupled with provision for indemnification and restitution. These provisions have been incorporated in all intermediary regulations.
7	Service fees or charges	Request the Authority that the existing industry participants be consulted before setting up the process of price discovery.	Adequate stakeholder consultation may be done
8	Separation of NPS activities, accounts, assets and financials from the other business activities of CRA.	a. At present, CRA has a separate vertical, for maintenance of accounts, income, expenditure, flow of funds, records, data and regulated assets in respect of the National Pension System. Systems and business operations teams are also dedicated. However, for economies of scale the finance, HR, logistics etc. are common within organization.	CRA is a critical/important intermediary under NPS architecture. Adequate provisions for internal controls have been specified in the regulations.

		<p>b. Ring fence terminology needs more clarity. At places in the verticals separate flow of funds, data, and assets can be regulated and segregated from other business verticals, however at times there will be shared human and technological resources</p> <p>c. The term 'ring fence' may be defined. The technology resource like hardware may be dedicated for CRA, but personnel may be shared resources across the organisation.</p>	
9	Submission of Annual Report	<p>a. MCA timelines with regard to reporting (as per Companies Act) can be adopted.</p> <p>b. We could have an Audit format for the same defining the parameters for the audit, whether it should be statutory auditor, or any auditor would do In point (b) request clarification in regards to the annual report, as the company every year places before the board the Annual report inclusive of the financial statements and audit report as per the Companies Act 2013. Does the PFRDA requires any specific extract from the aforesaid audit report to be included in annual report</p> <p>c. Audit to be performed by any Auditor or Statutory Auditor is to be clarified. The scope of audit should be defined to enable the auditor. Can Internal Auditor provide the same in his report for the last quarter? Defined timeline of 60 days maybe relooked and made 90 days.</p>	Annual report of CRA shall contain audit of process, operations and accounts of pension schemes covered under the PFRDA Act. The above referred audit shall be performed by the statutory auditor. The timeline for submission of the same shall be as per the Companies Act, 2013.
10	Debarment of Key Personnel	Key personal will be wider scope of individuals to debar each one of them	The measure is to strengthen corporate governance.

	"debarring a key personnel of the noticee from being employed or associated with any intermediary or any other person for the period provided in the order;"		
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"Note: The information and statements provided in the above document are tentative, all concerned are advised to refer to the amendment to regulations notified in the Official Gazette, for further guidance on the matter."