

PFRDA (NATIONAL PENSION SYSTEM TRUST) REGULATIONS, 2015 - PROPOSED AMENDMENTS

As part of the comprehensive regulation review exercise, the preliminary draft of internal review of the PFRDA (National Pension System Trust) Regulations, 2015 has been completed. The draft of the proposed changes is placed as at **Annexure A**. The proposed changes are in the following key areas:

1. Appointment of trustees, their terms and conditions, norms with respect to meetings of Board of Trustees of NPS Trust have been detailed.
2. Obligations, duties and responsibilities of Board of Trustees of NPS Trust have been specified in respect of exit of subscribers and audit of NPS Trust.
3. Appointment of CEO - NPS Trust have been detailed.

The draft proposal placed as at **Annexure-A** is open for stakeholder consultation and public comments till **October 04, 2023** and can be accessed on PFRDA website at Exposure Draft Section under Regulatory framework Menu. Comments/feedback can also be provided for any other provisions of PFRDA (National Pension System Trust) Regulations, 2015 where changes have not been proposed. Comments/feedback may be sent by email at review-reg@pfrda.org.in with subject line as '*Feedback on proposed changes to the PFRDA (NPS Trust) Regulations, 2015*'. Reference may be made to the PFRDA website for existing Regulations notified in respect of different intermediaries in the NPS architecture.

Further, this document put up for public comments does not reflect the views of the Authority.

PFDA (NATIONAL PENSION SYSTEM TRUST) REGULATIONS, 2015 - PROPOSED AMENDMENTS FOR PUBLIC COMMENTS

Name of the person / entity proposing comments	
Contact details (Email & Mobile no.)	
Category (intermediary / public)	

Regulation Number and Name	Existing Regulations	Proposed Regulations	Stakeholder/Public Comments	Rationale for suggestion
4. Contents of Trust Deed.-	(g) the subscribers to have beneficial interest in the assets of the trust limited to the extent of their individual holding in the subscribed schemes;	(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;		
	(m) explicitly forbidding of assumption of any unlimited liability or that which would result in encumbrance of the property vested in the Board of Trustees in any way	(m) the Board of trustees shall not acquire any assets out of the fund which involves the assumption of any liability or which results in encumbrance of scheme assets in any manner, except to the extent approved by the Authority;		
	New insertion	(v) provision for maintaining books of accounts for scheme assets and for general administration of National Pension System Trust.		
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 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.	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 of the Pension Fund or in a promoter(s) of CRA. If selected, prior to his joining as a trustee, he shall vacate any office that he holds with any of the intermediaries registered with the Authority or a sponsor of the Pension Fund or in a promoter entity of CRA, before joining as Trustee of NPS Trust:		

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	Explanation: For the purposes of this sub-regulation 'director' shall include 'independent director' also.]	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.		
8. Resignation and removal of trustees.-	(1) Any trustee may, by thirty days notice in writing under his hand addressed to the Authority, resign his or her office. The office of the trustee shall fall vacant from the date on which his or her resignation has been accepted and he or she is relieved by the Authority. A trustee who has resigned, shall not be eligible for appointment as a trustee, for a period of two years from the date of his or her resignation.	(1) A trustee may, by thirty day's notice in writing under his hand addressed to the Authority, resign his or her office. (2) The office of the trustee shall fall vacant from the date on which his or her resignation has been accepted by the Authority. (3) A trustee who has resigned, shall not be eligible for appointment as a trustee, for a period of two (02) years from the date of his or her resignation. (4) A trustee who has ceased to hold the office of the trustee, shall not be eligible for appointment as a director (including independent director on the Board of a Pension Fund or its sponsor or in CRA, or its promoter, for a period of two (02) years from the date he or she ceases to hold the office of the trustee.		
10.Appointment of Chief Executive Officer of National Pension System Trust.	New Insertion	10(1) The Authority may appoint a Chief Executive Officer of the National Pension System Trust, who shall not be a trustee of such trust. 10(2) Eligibility for appointment as Chief Executive Officer of National Pension System Trust: A person to be appointed as CEO of the National Pension System Trust should be a; (a) citizen of India; (b) in the opinion of the Authority, should be a person of ability, integrity and standing; (c) should not have been convicted for any offence involving moral turpitude or fraud or have been convicted for commission of any economic offence;		

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		<p>(d) has not been debarred or restrained from carrying on any professional activity or penalised by any regulator, court of law or other authority for violation of any law;</p> <p>(e) possess qualification in the fields of law or finance or economics or accountancy or administration with proven management skill and, post-qualification experience of not less than 20 years in officer cadre;</p> <p>(f) any other qualifications or terms and conditions as may be specified by the Authority while inviting applications</p> <p>10(3) Age Limit of candidate - not more than 57 years as on the last date of the application.</p> <p>10(4) The post of Chief Executive Officer may be filled up by the Authority on deputation or on contract basis in the interest of NPS subscribers. Provided however that such Chief Executive Officer, shall not have any employer-employee relationship with the Authority. save where such Chief Executive Officer is an officer of the Authority.</p> <p>10(5) Term of appointment- The appointment of Chief Executive Officer of NPS Trust shall be for an initial period of three (03) years, which may be, extendable by another period of two (02) years, subject to Authority being satisfied (based on its own assessment and that of Trustees) that such extension is deserved, based on performance and other factors including integrity.</p> <p>10(6) Pay and allowances- Pay and allowances admissible to the Chief Executive Officer of NPS Trust, shall be as admissible to the grade of an Executive Director in the Authority.</p>		

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		<p>The candidates appointed on deputation basis would also have the option to draw pay and allowances as admissible to him/her in the parent organization.</p> <p>Pay and allowances and other payments if any to the Chief Executive Officer shall be made by the National Pension System Trust.</p> <p>10(7) Termination of contract- In respect of Chief Executive Officer, appointed on contract, the contract of appointment can either be terminated by Authority or by the Chief Executive Officer by giving 90 days notice to each other or in lieu of such notice, by making payment of admissible amounts for the said period. There shall be no requirement of assigning any reasons for such termination.</p> <p>Notwithstanding the above, the Authority, shall have the right to terminate the contract of the Chief Executive Officer, on grounds of misconduct or lack of satisfactory performance or where in the opinion of the Authority, such a person is not fit to hold the position or has given any false information or declaration to secure such appointment.</p> <p>10(8) Chief Executive Officer shall not for a period of two (02) years from the date of cessation of his association with NPS Trust, directly or indirectly enter into an employment contract with any intermediary registered with the Authority or their holding company or their sponsor, except with the prior written approval of the Authority.</p> <p>10(9) Other terms and conditions of service- As per contract with PFRDA or terms of deputation as may be specified by the Authority.</p>		

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10. Management of the National Pension System Trust.-	New insertion	(2) The Board shall meet at least once every three calendar months.		
	New insertion	(3) The quorum for meetings of Board of Trustees shall be five. Provided where the number of trustees, appointed to the National Pension System Trust, at any time fall below eight in number, then three trustees shall constitute the quorum for the transaction of business at a meeting of the Board of Trustees.		
	(2) Out of the trustees appointed, one trustee shall be designated by the Authority as Chairperson of the Board of Trustees of the National Pension System Trust. The Chairperson of the National Pension System Trust shall preside over all meetings of the Board of Trustees. At any meeting of the Board of Trustees, if the Chairperson is absent, one of the trustees shall act as the Chairperson of that meeting, provided that the requisite quorum of at least four trustees is present for conducting the meeting. The Board of Trustees may recommend to the Authority for removal of the Chairperson of the National Pension System Trust.	(4) Out of the trustees appointed, one trustee shall be designated by the Authority as Chairperson of the Board of Trustees of the National Pension System Trust. The Chairperson of the National Pension System Trust shall preside over all meetings of the Board of Trustees. At any meeting of the Board of Trustees, if the Chairperson is absent, one of the trustees shall act as the Chairperson of that meeting, provided that the quorum is present for conducting the meeting. The Board of Trustees may recommend to the Authority for removal of the Chairperson or any trustee of the National Pension System Trust.		

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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;	(a) the Board of Trustees (hereafter to be referred as it) shall have a contract with the subscriber for the purpose of individual pension account [as defined in clause(e) of sub-section (1) of section 2 of the Act] including exit and withdrawal from the scheme, as per the regulations.		
	(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;	(f) it shall carry out its duties and responsibilities and to maintain an arms' length relationship with other intermediaries, companies or institutions or bodies corporate with which the trustees may be associated. Provided that the trustee having any interest shall disclose the nature of his interest in such entity and not participate in any deliberation or decision, thereon.		
	(ze) New insertion	It shall adhere to common stewardship code, voting policy on the assets in the name of NPS Trust and guidelines on cyber security along with any other guidelines issued by the authority for the said purpose.		
13. General and specific due diligence.-	(2) The Board of Trustees shall exercise the following specific due diligence, namely:- (a) obtain internal audit reports at regular intervals 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;	(2) The Board of Trustees shall exercise the following specific due diligence, namely: - (a) obtain internal audit reports on a quarterly basis from auditors appointed by the pension funds, trustee bank, custodians, and central recordkeeping agencies for activities with regard to exits and withdrawals;		
	New insertion	(b) shall arrange for the conduct of internal audit of National Pension System Trust by an auditor on a half yearly basis and submission of the audit report along with its comments to the Authority, within 45 days. [Explanation- For the purposes of this sub-regulation, the expression "auditor" shall have the meaning derived from section 141 of the Companies Act, 2013]		

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Any other changes proposed				
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