



**PENSION FUND REGULATORY AND DEVELOPMENT
AUTHORITY (REGISTRATION OF PENSION FUNDS)
GUIDELINES, 2021**

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PFRDA (REGISTRATION OF PENSION FUNDS) GUIDELINES, 2021**1. INTRODUCTION**

- A. These guidelines are being issued with the objective of opening 'on tap' registration of Pension Funds on continuous basis, with the Pension Fund Regulatory and Development Authority, hereafter shall be referred as 'Authority' to manage the pension assets of National Pension System (NPS) of subscribers under Central Government Schemes, State Government Schemes, Private Sector Schemes and other schemes regulated/administered by the Authority in accordance with the provisions of the PFRDA Act, Rules notified thereunder and the Regulations/guidelines/circulars/notifications issued by the Authority from time to time. The Pension Funds (PFs) may also be required to handle any other pension schemes that may be approved by the Authority in future, based on the requirements of the pension sector.
- B. The window for 'on tap' registration shall be opened for fresh registration every year for a period of 30 days or such period as may be specified, during which the interested applicant(s) may make an offer for being selected as a sponsor of a Pension Fund. The applicant, if selected as sponsor of Pension Fund during the selection process, shall be required to float a separate company to be registered as Pension Fund (PF) by the Authority, subject to satisfying the requisite criteria.
- C. The role, functions, responsibility, obligations, duties, liabilities and all other activities pertaining to PFs shall be governed by the provisions of the Pension Fund Regulatory and Development Authority Act, 2013, the Rules and Regulations framed thereunder, including the PFRDA (NPS Trust) Regulations, 2015, PFRDA (Pension Fund) Regulations, 2015, along with any amendments thereto, any guidelines/circulars/directions issued by Authority from time to time and the terms and conditions as mentioned in these guidelines. Should there arise any ambiguity between the terms of these guidelines and the provisions of the Act or the Rules or Regulations or any other guidelines or circulars issued as aforementioned, the same shall be subject to the interpretation as given by Authority, including on whether there exists any ambiguity at all. The interpretation of Authority shall be treated as final and binding on the applicant(s)
- D. These guidelines do not constitute nor should it be interpreted as an offer or invitation for the appointment of the Sponsor or the Pension Fund herein. The applicant is advised to go through the provisions of the PFRDA Act, 2013, the Rules notified thereunder and the Regulations issued by Authority, including the PFRDA (Pension Fund) Regulations, 2015 and any subsequent amendments thereto herein after called as PFRDA (Pension Fund) Regulations (available on the website of the Authority i.e. www.pfrda.org.in) and other guidelines/circulars/notifications issued by the Authority, carefully.
- E. These guidelines are meant to provide information only and upon the express

understanding that recipients will use it only for the purposes set out above. It does not purport to be all inclusive or contain all the information about the Pension Fund or be the sole basis of any registration of Pension Fund. No representation or warranty, expressed or implied, is or will be made as to the reliability, accuracy or the completeness of any of the information contained herein. It shall not be assumed that there shall be no deviation or change in any of the herein mentioned information on the Pension Funds. While this document has been prepared in good faith, neither Authority, nor any of its officers or subscribers make any representation or warranty or shall have any responsibility or liability whatsoever in respect of any statements or omissions here from. Any liability is accordingly and expressly disclaimed by Authority and any of its officers or subscribers even if any loss or damage is caused by any act or omission on the part of Authority or any of its officers or subscribers, whether negligent or otherwise.

- F. This document constitutes no form of commitment on the part of the Authority. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed selection of sponsor(s)/registration process for Pension Funds.
- G. When any proposal is submitted pursuant to these guidelines, it shall be presumed by Authority that the applicant has fully ascertained and ensured about its eligibility to be a sponsor of a Pension Fund and render service required to be performed by a Pension Fund, in the event of the same being selected ultimately to act as such, under the respective governing laws and regulatory regimen and that there is no statutory or regulatory prohibition or impediment to such sponsor to form and register a Pension Fund and it has the necessary approvals and permissions and further suffers no disability in law or otherwise to act as a sponsor or a pension fund, as the case may be.
- H. The Authority reserves the right in its sole discretion to change/amend any or all clauses of these guidelines at any time as it may deem fit and necessary.

2. DEFINITIONS

- 2.1 “Authority” means the Pension Fund Regulatory and Development Authority (PFRDA) initially established by the Government of India on 10th October, 2003 and by subsequent resolution dated 14th November, 2008 to promote old age income security by establishing, developing and regulating Pension Funds, to protect the interests of subscribers to schemes of Pension Funds and for matters connected therewith or incidental thereto. The Pension Fund Regulatory and Development Authority Act, 2013 (Act 23 of 2013) has been passed on 18th September, 2013 and notified on 1st February 2014.
- 2.2 “National Pension System (NPS)” means the System introduced by the Central Government with effect from 1st January, 2004. Initially the National Pension System covered new entrants to Central Government services (excluding Armed

Forces) and some State Government services. From 1st April, 2009, Authority has extended NPS to all citizens of India. This pension system is envisaged to be based on following types of sub-accounts created for individual subscribers:

- a. Tier-I non-withdrawable pension account,
- b. Tier-II withdrawable account,
- c. Tier-II (Tax saver) – optional account with benefit under Section 80C of the Income Tax Act, 1961, currently applicable to Central Government subscribers only.

- 2.3 “Subscriber” means a person who subscribes to a Scheme under NPS or any other pension scheme regulated/administered by PFRDA.
- 2.4 “Sponsor(s)” shall mean an entity engaged in financial business activity and regulated by any of the financial sector regulators in the country including the Reserve Bank of India, the Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, this Authority and which satisfies the eligibility conditions to act as such, as specified under the PFRDA (Pension Fund) Regulations and which is incorporated under the Companies Act, 2013 and who, acting alone or in combination with another body corporate(s) proposes to establish a Pension Fund to carry on the pension fund business under the National Pension System or other schemes regulated by the Authority and shall include the promoter and co-promoter(s) of the Pension Fund, if any.
- 2.5 “Pension Fund” or “PF” means an intermediary which has been granted a Certificate of Registration under sub-section (3) of section 27 of PFRDA Act, 2013 by the Authority as a Pension Fund for receiving contributions, accumulating them and making payments to the subscriber in the manner as may be specified by Regulations.
- 2.6 “Pension Fund Business” means the activities related to Pension Funds for the schemes regulated by the Authority including marketing/selling/promotion of schemes regulated by the Authority.
- 2.7 “NPS Trust” means the National Pension System Trust constituted by the Authority and owner of the assets under NPS and other schemes regulated/administered by PFRDA.

3. VALIDITY OF CERTIFICATE OF REGISTRATION

- A. Through these guidelines, it has been decided by the Authority to open ‘On tap’ registration for selection/registration of Sponsors/Pension Funds as per eligibility

criteria specified in guidelines for wider participation of market experts and experienced players into the Pension sector in the best interest of the subscribers.

- B. The proposed selection of the sponsor(s) and consequent registration of Pension Funds, under these guidelines and under the PFRDA (Pension Fund) Regulations, shall remain valid unless suspended or cancelled by the Authority. The Registered Pension Fund and their sponsors shall continue to satisfy the eligibility conditions as proposed under this process and as prescribed under the PFRDA Act, 2013, the Rules and Regulations notified thereunder from time to time, besides other circulars/guidelines/notifications, issued from time to time, for continuance of its registration as a Pension Fund, during the validity period/ extended period, failing which, the registration of the Pension Fund is liable to be withdrawn/cancelled.
- C. Subject to the aforementioned provisions, proposals received in response to these guidelines will be evaluated in terms of the conditions laid down herein and the entities which are thus selected as sponsors of Pension Funds by Authority will be required to incorporate a pension fund as a separate limited company under the Companies Act, 2013 and shall ensure that such pension fund has a minimum tangible net worth of fifty crore rupees or such other higher amount as may be specified by the Authority from time to time. Pension Funds of the selected Sponsors will be registered in accordance with the provisions of the PFRDA Act, 2013, PFRDA (Pension Fund) Regulations and subsequent amendments thereto. The Pension Fund shall also be required to perform its operations in compliance with any Regulations/ guidelines/notifications/ directions/circulars issued by PFRDA and the Investment agreement / Tripartite Agreement to be executed with the NPS Trust and Custodian of securities or such other agreement to be executed with other intermediaries, if and when so directed by the Authority.
- D. All the applications received in response to these guidelines will be evaluated on the prescribed minimum eligibility criteria, technical and commercial parameters as also the provisions of the PFRDA Act, 2013, the Rules and Regulations issued thereunder, besides the relevant circulars/guidelines/notifications, issued by PFRDA.
- E. The Pension Fund shall at all times abide by the provisions of the PFRDA (Pension Funds) Regulations, directions, guidelines, notifications and circulars etc. issued by PFRDA from time to time and provide Investment Management Services in accordance with the said Regulations.
- F. The Authority reserves the right to appoint one or more default Pension Funds for different categories of subscribers as per guidelines laid down from time to time.
- G. The choice of Pension Funds shall rest with the employer/employee/subscriber including those in the Government sector within the overall guidelines issued by the

PFRDA. However, these guidelines do not bestow any right on the Pension Funds to get allocation of subscribers/section of subscribers or any business/section of business.

- H. The sponsor(s) and PF(s) shall abide by all times with the provisions of the PFRDA Act, 2013 and the Rules and Regulations made thereunder and particularly the PFRDA (Pension Fund) Regulations, the PFRDA (NPS Trust) Regulations and any general or special directions, notifications, guidelines or clarifications issued by the Authority from time to time. If the sponsors(s) and/or the PF fails to comply with the above at any point of time, the registration of PF is liable to be cancelled/suspended by the Authority in the manner specified under the PFRDA (Pension Fund) Regulations.

4. FUNCTIONS AND SERVICE OBLIGATIONS

The sponsor(s) of Pension Funds/Pension Funds shall *inter alia* note various functions and obligations to be undertaken and complied by the Pension Funds to be formed by them and registered by PFRDA, if selected under this process: -

- 4.1 As a part of general obligations and responsibilities/Terms and conditions of registration, Pension Fund (s) shall be required *inter alia* to adhere to the PFRDA Act, 2013, PFRDA (Pension Fund) Regulations, PFRDA (NPS Trust) Regulations and any guidelines or circulars or notifications issued by PFRDA from time to time and the terms and conditions as mentioned in these guidelines.
- 4.2 Initially, the sponsor shall be required to provide the pension fund with adequate and necessary infrastructure, dedicated manpower, systems and procedures, information technology and information security systems with capabilities to adapt to future changes or any other requirement as may be specified by the Authority;

Provided that the Pension Funds shall set up their own necessary infrastructure, dedicated manpower, systems & procedures, information technology and information security systems within a period of twelve months from the date of issuance of certificate of registration.

- 4.3 A Pension Fund shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the PFRDA Act, 2013, PFRDA (Pension Fund) Regulations, PFRDA (NPS Trust) Regulations and any guidelines or circulars or notifications issued by PFRDA from time to time and the terms and conditions as mentioned in these guidelines.

- 4.4 Pension Funds will carry out its operations as directed by the Authority/NPS Trust and having regard to obligations enunciated in PFRDA (Pension Fund) Regulations and any guidelines or circulars or notifications issued by the Authority from time to time.
- 4.5 A Pension Fund shall take all reasonable steps and exercise due diligence to ensure that the management of assets pertaining to any scheme is not contrary to the provisions of PFRDA (Pension Fund) Regulations and any guidelines or circulars or notifications issued by Authority from time to time.
- 4.6 The assets and securities shall be held on behalf of and in the name of the NPS Trust. The Trust shall be the registered owner of these securities and assets. However, individual subscribers under NPS shall remain beneficial owners of these assets and securities.
- 4.7 Pension Fund shall exercise all due diligence and prudence in carrying out its duties and in protecting the rights and interests of the subscribers.
- 4.8 The Pension Funds shall manage schemes as notified by the Authority on such terms and conditions and in accordance with such norms of management of corpus of Pension Fund, including investment guidelines as approved by the Authority from time to time.
- 4.9 The existing scheme in which funds pertaining to government sector subscribers are allocated by the Authority among the Pension Funds based on their past performance shall continue as 'default scheme' for both existing and new subscribers. The Authority shall distribute the corpus under 'default scheme' among the PFs which are Government Companies in the ratio of their individual fund performance for the preceding financial year. The existing process of allocation of funds may be continued or may be modified for a better alternative.
- 4.10 No Pension Fund shall, directly or indirectly invest outside India, the funds of subscribers.
- 4.11 The foreign holding in a Pension Fund shall be strictly to the extent and as permitted in accordance with Section 24 of the PFRDA Act, 2013, the Rules, Regulations issued thereunder and the Guidelines on aggregate holding of equity shares by a foreign company in Pension Funds issued vide Circular dated 13.08.2020 and subsequent changes therein, if any and such other and further clarifications/directions/notifications issued by PFRDA from time to time.

- 4.12 Pension Fund shall provide electronic interconnectivity to the PFRDA, NPS Trust, CRA and other intermediaries (like PoP, Trustee Bank, Custodian, Annuity Service Provider, etc.) as directed by PFRDA from time to time.
- 4.13 Pension Fund shall be expected to comply with the disclosure requirements from time to time and the code of conduct specified under the PFRDA (Pension Fund) Regulations.
- 4.14 Pension Fund will not, without the prior permission of Authority, produce/share such data or information as evidence or for any other purpose except as required by the due process of law. It shall be the responsibility and duty of the Pension Fund to maintain absolute confidentiality of such records/data/information including subscribers' data/information and to produce these as and when called for by the Authority.
- 4.15 The Pension Fund would need to maintain books of accounts and records of the operation of various Schemes under NPS and other schemes regulated/administered by Authority to ensure compliance with the guidelines and submit regular reports on the functioning of the various Schemes of the Pension Fund at such intervals and in such manner as may be required or called for by the Authority or as may be required by NPS Trust on operational aspects.
- 4.16 The management of pensions schemes shall be carried in accordance with the objectives of the schemes, provisions of the Act, Trust Deed, Rules, Regulations, guidelines and circulars issued by the Authority from time to time and within the time lines as specified by the Authority or the NPS Trust.
- 4.17 The day-to-day management of the contributions and accumulated pension wealth under NPS and other schemes regulated/ administered by the Authority shall be done by the Pension Fund on behalf of the NPS Trust.
- 4.18 The Pension Fund shall, at all times render high standards of service, exercise reasonable care, prudence, professional skill, promptness, diligence and vigilance while discharging its duties in the best interests of the subscribers. The Pension Funds shall avoid speculative investments or transactions.
- 4.19 The Pension Fund shall employ well qualified professionals or staff with high integrity. The Pension Fund shall be responsible for the acts of commissions or omissions by its employees or authorised persons whose services have been procured and its liability for such acts of commissions or omissions. This liability shall survive despite the cancellation or suspension or withdrawal of certificate of registration or supersession of management by the Authority.

- 4.20 The Pension Fund shall ensure that the key personnel viz. the Chief Executive Officer, Chief Investment Officer, Chief Risk Officer, Chief Information and Security Officer (CISO), Fund Manager, Operations Manager, Compliance Officer or other positions, as may be notified by the Authority, from time to time have the adequate qualification and experience in the requisite field.
- 4.21 The Pension Fund shall adopt best governance practices for investments and risk management viz. creation of in-house risk management and research department, constitution of Investment Committee and Risk Committee, whose composition, functions and duties shall be such as specified in Schedule X of PFRDA (Pension Fund) Regulations.
- 4.22 The Pension Fund shall facilitate and co-ordinate with other intermediaries and other entities inter alia through agreements, technological platforms for undertaking its functional obligations.
- 4.23 The Pension Fund shall maintain books of accounts, records, registers and documents relating to the operations of the pension schemes to ensure compliance with the Regulations, guidelines, circulars issued by the Authority from time to time, and facilitate audit trail of transactions and business continuity at all times.
- 4.24 The Pension Fund shall submit periodical and compliance reports as required under the PFRDA (Pension Fund) Regulations, guidelines or circulars, or as may be called for by the Authority, or as required by the NPS Trust from time to time.
- 4.25 The Pension Fund shall undertake public disclosure of information for the benefit of subscribers in the mode and manner as may be specified by the Authority in Schedule V of the PFRDA (Pension Fund) Regulations.
- 4.26 The Pension Fund shall prevent conflict of interests that may arise while discharging the obligations as a Pension Fund and reporting of such instances to the NPS Trust.
- 4.27 The Pension Fund shall ensure exclusivity and segregation of Pension Fund business activities from its sponsors.
- 4.28 The Pension Fund shall ensure confidentiality with respect to subscribers' information and activities relating to the assets and securities under NPS and other schemes regulated/administered by Authority and protection of all information within its control except as required by the Authority or the NPS Trust or provisions of any law.

- 4.29 The Pension Fund shall provide such representations and warranties as may be necessary for the protection of subscribers' interest on behalf of the NPS Trust.
- 4.30 The Pension Fund shall pay fees, charges, levies, etc., as may be required by the Authority.
- 4.31 The Pension Fund shall be subject to review of its operations and performance by the Authority and NPS Trust.
- 4.32 The Pension Fund shall be subject to audit of pension schemes by the NPS Trust in accordance with the provisions of the PFRDA (NPS Trust) Regulations, PFRDA (Pension Fund) Regulations and provisions of Investment Management Agreement, etc.
- 4.33 The Pension Fund shall be subject to other audit and inspection by the Authority.

5. PROCEDURE FOR APPLICATION

Steps of the selection process

The selection process is outlined below –

Proposals from such applicants who satisfy the eligibility criteria mentioned under the provisions of the Pension Fund Regulatory and Development Authority Act, 2013, the Rules and Regulations framed thereunder, including the PFRDA (Pension Fund) Regulations, PFRDA (NPS Trust) Regulations, 2015, along with any amendments thereto, any guidelines or circulars or notifications issued by PFRDA from time to time and the terms and conditions as mentioned in these guidelines as on the date of submission of their respective application (and not on any later date), to act as sponsor(s) of Pension Funds and who are capable of forming a Pension Fund, compliant with the aforesaid requirements, shall only be considered under this selection process. Further, such applicant should not incur any disqualification criteria as mentioned in this selection process at any stage.

If at any stage, based on a scrutiny of the application received and/or any additional documents called for from the applicants, or any evaluation undertaken pursuant thereto, it is found or in the opinion of PFRDA, the applicant does not satisfy the eligibility criteria for sponsor as aforementioned, or is not capable of forming a Pension Fund in accordance with the aforementioned requirements, the application shall not be considered for selection under this process and is liable to be rejected at any stage.

It is clarified that all eligibility conditions shall be required to be satisfied by the Applicant on the date of submission of its application, save to the extent specifically permitted by PFRDA, to be satisfied at a later date in terms of any Regulations/circulars/guidelines or notifications issued by the Authority.

STEP 1: CLARIFICATIONS BEFORE MAKING APPLICATION TO THE AUTHORITY

The prospective applicants, if they so desire, may seek clarification, in writing, on these Guidelines. A prospective applicant requiring any clarification on these guidelines may submit his query to PFRDA in writing in the format prescribed in Annexure III of these guidelines by sending a physical copy at the address mentioned under clause 7 of these guidelines or through email(word copy) at rajesh.mohan@pfrda.org.in and k.sumit@pfrda.org.in. All queries and clarifications should reach PFRDA as per schedule decided by Authority in this regard.

STEP 2: SUBMISSION OF APPLICATION/PROPOSAL AS SPECIFIED

The applicant in response to these guidelines, may submit the required application/proposal in specified formats of proposal in three separate sealed envelopes clearly marked **i.e. Envelop 1, 2 & 3 along with the application fee put in one common outer envelope** at the address indicated in Clause 7 of these guidelines.

The Application window will be open for on-tap fresh registration for a specified period each year as decided by the Authority during which the applications in the prescribed format along with requisite information may be submitted to the Authority in accordance with the schedule decided for the purpose.

STEP 3: TO ASCERTAIN COMPLETENESS OF APPLICATION DOCUMENTS

The contents of the Application/ Proposal documents received shall be evaluated to ascertain that all the information requirements are met and provided in the formats and manner specified. In Authority's opinion, if any document is not in the specified format, Authority, at its option, may seek a fresh submission of the document. The Applicant will have to make this submission within the stipulated time frame. This is without prejudice to Authority's right to reject the application/proposal of non-confirming parties without seeking any further documents. All proposals and accompanying documents received within the stipulated time will become the property of the Authority and will not be returned. The physical printed version will be considered as the official proposal.

STEP 4: SHORTLISTING OF SPONSORS OF PF(s)/APPLICANTS BASED ON MINIMUM ELIGIBILITY CRITERIA

The prospective sponsors shall be first shortlisted by PFRDA on the basis of their PRE-QUALIFICATION CRITERIA as specified in Clause 9 of these guidelines. Any

application/proposal not qualifying the eligibility criteria will not be scrutinized further and will be summarily rejected.

STEP 5: EVALUATION OF TECHNICAL PROPOSAL ON PREDEFINED EVALUATION CRITERIA

The Authority will evaluate the Technical Proposal submitted by eligible applicants using detailed criteria mentioned under Clause 12. While the evaluation will be done based on the information provided by the applicants, Authority may seek additional information/clarifications from the applicants, if required. The applicants will be expected to respond/provide the information/clarifications within the stipulated time, Authority will provide reasonable time to the applicants for providing additional information/clarifications. The failure to provide the information within the stipulated time may lead to disqualification of the applicant.

STEP 6: SHORTLISTING OF APPLICANTS FOR COMMERCIAL PROPOSAL EVALUATION

Applicants securing **minimum technical cut-off score of 70%** on the Technical proposal will only be considered for opening and evaluation of commercial Proposal.

STEP 7: DETERMINATION OF SUCCESSFUL APPLICANTS- SELECTION OF PENSION FUNDS

The commercial proposal of shortlisted applicants shall be evaluated based on the quotes submitted against the applicable Investment Management Fee (IMF) range. The selected applicants shall be allowed to register a Pension Fund to manage the pension assets of National Pension System (NPS) of subscribers under Central Government, various State Governments, Private Sector and any other schemes regulated/administered by the Authority based on these guidelines. The 'default scheme' shall be managed by the Pension Funds which are Government Companies. The Commercial proposal shall be opened only for those applicants that have passed the qualification round and scored 70% in technical score. The Pension Funds registered through these sponsors shall be allowed to operate at the respective slab wise commercial proposal submitted by the respective Sponsors.

STEP 8: FINALISATION OF SPONSORS OF PENSION FUNDS

The Authority shall finalize the list of selected Sponsors for setting up of Pension Funds under the NPS and will inform the Sponsors accordingly.

6. PROPOSAL PREPARATION COST

The applicant is responsible for all costs incurred in connection with participation in this

process, including but not limited to, costs incurred in conduct of informative and other diligence activities, participation in meetings, presentation, preparation of proposal and in providing additional information required by the Authority. These guidelines do not commit the Authority to issue a letter of appointment or to engage in negotiations.

7. VENUE AND DEADLINE FOR SUBMISSION OF APPLICATION/PROPOSAL

Last date & time of submission of application/proposal for 'On tap' registration under these guidelines shall be as per the schedule specified by the Authority. A notice shall be issued separately by the Authority in this regard each year inviting applications/proposals under these guidelines. The proposal should reach PFRDA at the following address by post or courier:

General Manager (Department of Regulations - Pension Funds)
Pension Fund Regulatory and Development Authority (PFRDA)
3rd Floor, Chhatrapati Shivaji Bhawan
B-14/A, Qutab Institutional Area
New Delhi - 110016

In case the proposal is submitted by hand, applicant's representative(s) shall sign a register evidencing their attendance. Any application received by the PFRDA after the deadline for submission of application/proposal prescribed by the Authority shall be summarily rejected and returned unopened to the applicant.

8. APPLICATION FEE AND OTHER INFORMATION

- a) The application/proposal must be accompanied with non-refundable application fee of Rs.10,00,000/-(Rupees Ten Lakhs only) by the way of a Demand Draft drawn in favour of 'Pension Fund Regulatory and Development Authority' payable at New Delhi, at the time of submission of application for acting as Sponsor of Pension Fund.
- b) The Authority has the right to seek any further information/ document(s) that it deems fit and may require the applicant to appear in person for representation in the process of evaluation of the proposals.

9. PRE-QUALIFICATION CRITERIA (MINIMUM ELIGIBILITY CRITERIA)

The applicant shall fully satisfy the eligibility conditions, as mentioned below in the table besides the 'fit and proper', specified under the PFRDA (Pension Fund) Regulations and any other additional terms and conditions that may be specified by the Authority under this selection process and does not incur any disqualification criteria mentioned in these guidelines at any stage. It is made clear that all the eligibility conditions stipulated for the applicants shall be fulfilled by the applicant as on the date

of submission of its application/proposal and not at a later date.

The supporting documents to be submitted in support of the pre-qualification criteria are mentioned under Annexure IV.

Pre-qualification Criteria
1. The Sponsor of a Pension Fund shall have at least five years' experience of fund management (equity as well as debt market).
2. The Sponsor of a Pension Fund shall be an entity engaged in financial business activity, and regulated by any of the financial sector regulators in the country including the Reserve Bank of India, the Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India and PFRDA.
3. The joint ventures between the sponsors, may also apply provided the joint venture falls or will fall under the jurisdiction of one of the financial sector regulators. The joint venture shall at least be at the memorandum of understanding execution stage and the joint venture should be finalized within one month from the date of appointment of sponsor.
4. The sponsors, individually or jointly, shall have a positive tangible net worth of at least Fifty crore rupees on the last day of each of the preceding five financial years and at least twenty-five crore rupees should be the paid up equity capital on the date of making application as sponsor.
5. The Sponsor shall have profits after tax in at least three of the preceding five financial years and further that there shall be no cash loss in the last preceding five financial years.
6. The Sponsor shall incorporate a Pension Fund as a separate limited company under the Companies Act, 2013 and shall ensure that such Pension Fund has a minimum positive tangible net worth of Fifty crore rupees or such other higher amount as may be specified by the Authority from time to time.
7. The Sponsor shall ensure that the Pension Fund shall have the ability to provide minimum assured return scheme through market based mechanism which may include guarantee to be purchased by the subscriber.
8. The Sponsor has contributed or contributes at least twenty per cent to the tangible net worth of the Pension Fund. An entity, which contributes twenty per cent. or more of the paid up capital of the Pension Fund, shall be required to fulfil eligibility criteria for a sponsor specified in the PFRDA (Pension Fund) Regulations.
9. The Sponsor of a Pension Fund or the Pension Fund itself shall not hold any direct equity stake in any other Pension Fund regulated by the Authority.

Pre-qualification Criteria
10. The Sponsor of a Pension Fund or the Pension Fund shall at no time either directly or indirectly hold more than twenty-six per cent of the equity stake in Central Recordkeeping Agency or Custodian or the Trustee Bank.
11. The aggregate holding of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees or by an individual or by an association of persons whether registered or not under any law of a country outside India taken in aggregate in the Pension Fund shall not exceed forty-nine per cent. of the paid-up capital of such fund and as permitted in accordance with Section 24 of the PFRDA Act, 2013, the Rules and the Regulations read with the Guidelines on aggregate holding of equity shares by a foreign company in Pension Funds issued vide Circular dated 13.08.2020 and subsequent changes therein and such other and further clarifications/directions/notifications issued by PFRDA.
12. Sponsor(s) of a Pension Fund must meet the following additional criteria with respect to fund management both in equity and debt securities cumulatively.
12.1 Monthly Average Assets under Management (AAUM) of Sponsor(s), individually or jointly, must not be less than Rs.50,000.00 crores for the last 12 months ending the preceding month of application.
12.2 Assets under management shall not include investment of its own assets, investment advisory services rendered or any other similar activities undertaken by the Sponsor(s).
13. The Sponsor shall ensure that Pension Fund which shall manage the funds under 'default scheme' of Government sector subscribers is a Government Company as defined under Sec 2(45) of Companies Act, 2013.

In support of eligibility under point no. 11, all applicants are required to submit the proposed shareholding in Pension Fund and sponsor(s) as per Annexure VII.

10. DISQUALIFICATION CRITERIA

The Authority may at its sole discretion, disqualify any applicant if-

- a. the sponsor or pension fund or its principal officer or key management personnel has been convicted by a court for any offence involving moral turpitude, economic offence, securities laws or fraud;
- b. an order for winding up has been passed against the sponsor or pension fund;
- c. the sponsor or pension fund or its key promoter has been declared insolvent and has not been discharged;

- d. an order (other than an order of suspension of appointment as an intermediary), restraining, prohibiting or debarring the sponsor or pension fund or its principal officer or key management personnel from dealing in securities in the capital market or from accessing the capital market has been passed by any regulatory authority or court and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- e. an order cancelling the appointment of the sponsor or pension fund has been passed by the Authority or the concerned financial sector regulator on the ground of its indulging in insider trading, fraudulent and unfair trade practices or market manipulation and a period of three years from the date of the order has not elapsed;
- f. an order withdrawing or refusing to grant any license or approval to the sponsor or pension fund or its whole time director which has a bearing on the capital market, has been passed by the concerned financial sector regulator or any other regulatory authority and a period of three years from the date of the order has not elapsed; however, the Authority may for reasons to be recorded in writing, allow the sponsor or pension fund to seek appointment before the lapse of three years as specified in clauses (d), (e) and (f);
- g. the sponsor or pension fund is not found to be financially sound;
- h. there is a notice of any action or investigation or other proceedings of any nature whatsoever, against the sponsor or pension fund, or its Chief Executive Officer, any of its directors or employees, or a related group concern, by any governmental or statutory authority which would restrain, prohibit or otherwise challenge or impede the performance of obligations as sponsor or pension fund of the pension schemes regulated by the Authority, and that there is adverse proceedings against it from any financial sector regulator including the Reserve Bank of India, Insurance Regulatory and Development Authority of India or the Securities and Exchange Board of India, of a nature that could adversely affect the ability to provide the services as sponsor or pension fund for the pension schemes regulated by the Authority;
- i. any other reason, to be recorded in writing by the Authority, which in its opinion renders such sponsor or pension fund or its principal officer or key management personnel unfit to operate in the pension or financial market.

Explanation.- For the purpose of clause (g), the Authority may take into consideration the capital adequacy or tangible net worth of the sponsor or pension fund, as specified in the relevant application for appointment.

Further, in terms of Regulation 8 (3) of PFRDA (Pension Fund) Regulation, the application/proposal shall be disqualified if-

- j. the principal officer of the Pension Fund or sponsor(s) have been found guilty of moral turpitude or convicted of economic offence or violation of securities laws or any adverse order has been passed by any of the other financial sector regulators or court of law or tribunal.

- k. the sponsor or any of its associates in the past have been refused certificate of registration by any of the financial sector regulators in India including, the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority and if so, the ground for such refusal.
- l. the sponsor or any of its principal officers have in the past five years been convicted or imposed with penalties by any of the financial regulators or by a court of law or tribunal, on the matters concerning violation of regulations, directions, guidelines and circulars of the regulator.

The applicants are required to submit the details regarding disqualification as per Annexure VIII.

11. PROPOSAL INSTRUCTIONS AND CONDITIONS

11.1 Application/Proposal Submission Format

- a) The applicant shall submit a sealed cover consisting of two (2) copies of all the application/proposal documents and 1 soft copy on CD ROM/any other portable medium, separately each for Pre-qualification criteria and Technical Proposal. The name of the proposal, the applicant's name and address, and the name of the primary and secondary contact person should be provided on the top right hand side of main sealed proposal and must be received at the address of the Authority.
- b) The Application (both in original and duplicate) must consist of the following:
 - i. Envelope 1: Minimum Eligibility (Pre-qualification criteria and Dis-Qualification Criteria) - The supporting documents including two copies of all documents and 1CD ROM/ any other portable medium, as mentioned in Annexure IV and Annexure VIII in sealed cover superscribing on the top of right hand side of the cover as "Envelope 1: Pre-qualification criteria & Dis-Qualification Criteria".
 - ii. Envelope 2: Technical Proposal in duplicate and 1CD ROM/ any other portable medium including all the technical information required in Clause 12 of these guidelines, dully filled in along with all attachments/schedules duly completed and signed by the applicant in a sealed cover superscribing on the top of right hand side of the cover as "Envelope 2: Technical Proposal".
 - iii. Envelope 3: The applicant's Commercial Proposal as per the details provided in Clause 13 of these guidelines in a sealed cover superscribing on the top of right hand side of the cover as "Envelope 3: Commercial Proposal".
 - iv. All the above three envelopes must be kept in one main envelope **along with the application fee** and the details should be mentioned on it as written in

Clause 11.1 (a).

- c) The pages of the proposal should be properly numbered and an index of the same should be provided at the beginning. The application/proposal should be submitted duly spiral bound. For ease of reference each Clause/Annexure of the application/proposal should be separated by separators.
- d) It shall be the duty of the applicant to ensure that there is no discrepancy in the information provided in the hard copy and the soft copy. Wherever specified, information is to be provided in MS word, Excel/PDF format. In case of discrepancy between the hard and the soft version, hard copy version shall be considered final.
- e) The Authority will not accept delivery of application/proposal by fax or e-mail or any other mode other than that prescribed under this guidelines. Application/proposal received in such manner shall be treated as defective, invalid and rejected.

11.2 Documents Comprising the Proposal

The proposal submitted by the applicant shall comprise the following documents:

- a) The Application Fee.
- b) Confirmation of qualifying the minimum eligibility criteria as detailed in Annexure IV: Format for minimum eligibility (Prequalification) Criteria details, along with supporting documents submitted in favour of the pre-qualification criteria. Also, confirmation of not falling under Dis-qualification Criteria as detailed in Annexure VIII shall be submitted.
- c) Technical Proposal including all the technical information asked for in Clause 12 of these guidelines, dully filled in along with all attachments/schedules duly completed and signed by the applicant.
- d) The applicant's Commercial Proposal as per the details provided in Clause 13 of these guidelines.
- e) Any other information that is to be submitted during the course of the evaluation of the proposal process.
- f) Any deviation from the requirement of these guidelines will be included as a separate statement.

12. TECHNICAL PROPOSAL

The Technical proposal addressing the following aspects shall be submitted in the following manner and strictly in the order given below:

Business management

1. Profile of the sponsoring company including an outline of ownership, history, and overview of services. Please include organizational structure of the sponsoring company and group (maximum 5 pages).
2. Please provide a business plan for the pension business (maximum 3 pages) with details of financial/infrastructural support to the proposed Pension Fund.
3. Please provide the sponsoring company's corporate governance policy (not for investment portfolio), including the process and reporting lines for internal audit committee, selection of external auditors and fixation of their remuneration etc. (maximum 5 pages).
4. Please complete the following for senior management team of the sponsoring company

Name	Title/Role	Qualification	Yrs with the company	Previous employment (yrs and companies)
	CEO			
	Marketing			
	Financial			
	Operations			
	Etc			
	Etc			

5. Assets under management as per the following table. Please indicate if there is any double-counting. Please provide definitions used to classify asset classes.

Asset class	Institutional (INR Cr.)	Retail (INR Cr.)	Total (INR Cr.)

Equities <ul style="list-style-type: none"> • Indian listed equities (portfolios with more than 60% equities) • Global listed equities 			
Fixed Income (portfolio with more than 60% in fixed income instruments including government and non-government)			
Cash (less than 12 months maturity)			
Total			

6. Profit and net worth for sponsoring company(ies)(or parties of a JV) for the last 5 financial years as per the following table.

	FY : 01	FY : 02	FY : 03	FY : 04	FY : 05
Net (loss) profit after tax					
Net worth*					

* Aggregate of value of paid up equity capital plus free reserves (excluding reserves created out of revaluation) reduced by aggregate value of accumulated losses and deferred expenditure not written off (including miscellaneous expenses not written off) as per the audited balance sheet.

Investment capabilities

Please provide the following separately for the management of equities and fixed income.

7. Please provide the investment policy document, investment decision-making process flow and portfolio management guidelines.
8. Please provide a list of all sources of information and in-house research used in the management of the asset class and a rationale for their selection.

9. Please provide an explanation of the portfolio operations management process including trading systems, procedures and controls, BCP/DRP.
10. Please provide a list of all investment and trading professionals as per the following table. For fund/portfolio managers, please indicate the name of the funds/portfolios managed. For analysts, please indicate which sector they cover. Please indicate where the person is considered a key decision maker in the sponsoring company’s investment process and the policies in place to ensure retention of this professional. Please indicate the fund manager who is expected to be appointed to manage the pension fund assets.

Name	Title/Role including sectors/portfolios	Qualification	Years with sponsoring company	Previous employment (yrs and companies)

11. Please provide a chart showing reporting lines for the investment team.

12. Please provide a list of all key investment staff who have departed or joined in the last 3 years.

Name	Role	Date joined	New role/Replacement

Name	Role	Date departed	Reason for departure

Investment track record

13. (a) Please provide performance track record for all vehicles/institutional mandates managed by the sponsoring company in the **equities and fixed income asset classes** (please use same definitions for equities and fixed income schemes as in Question 5). Please provide the benchmark and any mandate restrictions for each vehicle/mandate. **This data is to be provided electronically in MS Excel format.**

Date	Fund1	Fund2	Fund3	Fund4
DD MM YYYY (1 st Month)				
DD MM YYYY (2 nd Month)				
DD MM YYYY (3 rd Month)				
- to				

DD MM YYYY (60 th Month)				

Please provide details of process and track record for any funds managed on a passive basis i.e tracking a specified index. Give details of the range within which the tracking error was maintained.

- (b) Details of NPAs in the portfolio in last 5 years:

Year	Percentage of NPA	AUM under Fixed Income schemes
FY : 01		

FY : 02		
FY : 03		
FY : 04		
FY : 05		

Operations and risk management

14. Please provide an outline of the sponsoring company(ies)' risk management policy and reporting lines along with list of dedicated people for risk management. Please provide a list of instances where any guidelines, internal or external, were breached and how this was rectified.

15. Please provide an outline for the following areas -

- Operating structure (lines of reporting)
- Information technology platforms, MIS system, processes, business continuity plan, disaster recovery mechanisms etc.
- Third party relationships and outsourced services
- Compliance & legal risk, team, policies and procedures
- Human resource policy

All pages and paragraphs of the proposal should be numbered and all the papers should be properly bound together. A proper index should be prepared giving the details of page numbers etc. in respect of the different sections of the proposal.

13. COMMERCIAL PROPOSAL

- (i). The commercial proposal shall be submitted by all the applicants in the format given in the Annexure V of these guidelines
- (ii). The Commercial proposal shall quote Investment management fee expressed as percentage of the assets managed by the Pension Fund. Investment management fee is to be calculated on the assets under management on a daily accrual basis and paid to the Pension Fund at the end of every quarter of a year. The Investment Management Fee shall be charged in percentage in accordance with following slab structure of Asset Under Management.

Slabs of AUM	Maximum Investment Management Fee
Upto 10,000 Cr.	0.09%
10,001 – 50,000 Cr.	0.06%
50,001 – 1,50,000 Cr.	0.05%
Above 1,50,000 Cr.	0.03%

The above mentioned Investment Management Fee is the maximum fee that can be charged against each slab by the Pension Fund. The applicants can quote and charge a lower slab wise fee within the limit mentioned under the above table subject to a lower cap of 0.03% for each slab. Each applicant shall quote IMF rates against each slab within the applicable range. The IMF to be charged by the Pension Fund on the slab structure would be on the aggregate AUM of the Pension Fund under all schemes managed by Pension Funds and to be calculated upto four decimal points and truncated thereof.

The above rates of investment management fee are exclusive of brokerage, custodian fee and applicable taxes thereon, subject to maximum brokerage allowed to be charged to the scheme by the Pension Funds @ 0.03% (including applicable taxes on brokerage) on equity transactions only. All other costs shall be borne by the pension fund and shall not be reimbursed or charged to the scheme by the pension fund.

The Pension Fund shall load their charges (investment management fees) onto the net asset value on daily basis and the accrued charges (income) will be collected by it at the end of each quarter, from the scheme bank accounts maintained with Trustee Bank after due approval of the NPS Trust.

The above mentioned structure of Investment Management Fee is subject to review in a period of 5 years from the date of implementation, i.e. 1st April, 2021, by the Authority.

14. MODIFICATION, SUBSTITUTION AND WITHDRAWAL OF PROPOSAL

The applicant shall be allowed to withdraw its proposal till deadline for submission of proposals, as may be prescribed by the Authority. Once the application/proposal is submitted, modifications and substitutions in the application/proposal documents shall not be allowed. Also, no application/proposal can be withdrawn in the interval between the deadline for submission of proposals and the expiration of the validity period as specified under these guidelines.

14.1 Language of Proposal

The proposal and all correspondence and documents shall be written in English.

14.2 Currency of Proposal and Payment

The currency of the proposal offer shall be Indian Rupees only.

14.3 Period of Validity of Proposals

- a) The proposals shall be valid for a period of Twelve (12) months from the date of opening of the proposals.
- b) In exceptional circumstances, at its discretion, the Authority may solicit the applicants' consent for an extension of the validity period. The request and responses shall be made in writing.

14.4 Correction of Errors

a) Applicants are advised to exercise adequate care in quoting the prices. No modification/ correction in quotations will be entertained once the commercial proposals are submitted.

b) Arithmetic errors in proposals will be corrected as follows:

In case of discrepancy between the amounts mentioned in figures and in words, the amount in words shall govern.

14.5 PFRDA, if so desires, can conduct a verification of the information in accordance with Regulation 7 of the PFRDA (Pension Fund) Regulations 2015.

15. OPENING OF COMMERCIAL PROPSALS

The commercial proposals will be opened only for applicants whose proposals have not been rejected in any manner and who secure the minimum cut-off score on the technical proposal.

16. EVALUATION OF COMMERCIAL PROPOSALS

The commercial proposals received shall be evaluated in accordance with the slab wise Investment Management fee allowed subject to the upper and lower ceiling. The sponsors which shall quote within the applicable limits of the Investment Management Fee (IMF) as per the given slabs, shall be selected for working as sponsor of PF. If the quote of applicant(s) is received beyond the applicable limits of IMF in any of the slabs, their application shall be rejected.

17. REGISTRATION OF PENSION FUNDS

17.1 PFRDA's Right to Accept or Reject any or all Proposals

The PFRDA reserves the right to accept or reject any proposal received under these guidelines. The proposals may be rejected at any time prior to grant of registration to a Pension Fund, without incurring any liability to the affected applicant or applicants or any obligation to inform the affected applicant or applicants of the grounds for PFRDA's action.

17.2 Notification of Award

1. The selected successful applicants will be considered as selected and informed of their selection by the Authority.
2. After receiving the acceptance of offer as above, the Authority may, subject to such terms and conditions as it may specify, permit the Applicant to set up a Pension Fund and on receipt of the non-refundable registration fee of Rs 25.00 lakhs in the manner specified in Part B of Schedule III of PFRDA (Pension Fund) Regulations, may grant a certificate of registration to the Pension Fund on Terms and conditions specified in the PFRDA (Pension Fund) Regulations and such terms and conditions it deems fit.

17.3 Documentation with intermediaries

- (i). Before commencement of operations, the Pension Fund shall *inter alia* execute the following agreements as provided under Regulation 10 of the PFRDA (Pension Fund) Regulations:-
 - (a) Investment Management Agreement with the NPS Trust as specified in Schedule XI of PFRDA (Pension Fund) Regulations;
 - (b) Non-disclosure agreement with the NPS Trust;
 - (c) Agreements with other intermediaries under the National Pension System as maybe specified by the Authority like the Central Recordkeeping Agency, Trustee Bank as specified under Schedule VIII of PFRDA (Pension Fund) Regulations and Custodian as specified under Schedule IX of PFRDA (Pension Fund) Regulations or any other intermediary as specified ;
 - (d) Any other agreement as may be specified by the Authority.
- (ii). In case of any divergence between the intermediaries on the interpretation of the agreements, the same shall be forwarded for such determination by the Authority, whose decision shall be final.

- (iii). The sponsor/Pension Fund shall obtain necessary approvals from other sectoral regulators under applicable Acts or laws and shall comply with the documentation requirements of the other intermediaries with regard to opening of accounts, authorizing signatories, obtaining digital signatures, providing connectivity, software installation and other like matters so that it suffers no disability under law or otherwise to act as Pension Fund.

17.4 Commencement of business-

- (i). Upon completion of documentation by the Pension Fund and other related formalities for undertaking its operations for which it has been granted certificate of registration, the Pension Fund shall seek issuance of “Certificate for commencement of business” from the Authority.
- (ii). At the time of seeking the certificate of commencement of business, the sponsor or Pension Fund shall represent and warrant that it has the necessary approvals and permission to act as Pension Fund and suffers from no disability in law or otherwise to act as such.
- (iii). The Authority upon being satisfied that the Pension Fund is fully equipped to commence its operations for managing the scheme assets, may issue “certificate for commencement of business” to the Pension Fund pursuant to which the Pension Fund can operationalize the business.
- (iv). A Pension Fund granted a certificate of registration shall commence its operations within a period of six months from the date of registration. Any extension in the time limit for such operationalizing shall be permitted by the Authority for a maximum period of six months for reasons to be recorded in writing.
- (v). **Annual Fee:** Every Pension Fund shall deposit with the Authority before the 10th day of subsequent month of each quarter or within ten days of grant of certificate of registration, the Annual Fee @ 0.015% of the Assets under management as on last date of preceding quarter or Rs.10,00,000 p.a. (Rs.2,50,000 for a quarter or part thereof), whichever is higher, on quarterly basis or as determined by the Authority from time to time.

17.5 Governing Laws/ Jurisdiction of Courts

The selected sponsor(s) of the Pension Funds and the Pension Funds shall be responsible to comply with the provisions of the PFRDA Act, 2013, the Rules and

Regulations framed thereunder and the directions/guidelines/notifications/circulars issued by PFRDA from time to time, and any other applicable laws/Rules/Regulations/guidelines in force.

The sponsor(s) and the Pension Funds shall also be responsible to comply with the terms and conditions of appointment issued by PFRDA including the conditions specified under these guidelines.

Any matter relating to the selection and registration of Pension Fund or the procedure thereof shall be governed by the Laws of Union of India. Only Courts at New Delhi (with exclusion of all other Courts) shall have the jurisdiction to decide or adjudicate on any matter or dispute which may arise in connection with the above.

17.6 Power to resolve difficulties

PFRDA reserves the right to resolve any difficulties that may arise on any account in carrying out the selection process and finalising it.



Annexures

Annexure I: Technical Proposal

[Date]

The General Manager,

Department of Regulations for Pension Funds
Pension Fund Regulatory and Development Authority,
New Delhi

Dear Sir,

**Ref: Submission of Application/Proposal for Selection of Sponsor of Pension Fund(s)
NPS and other schemes regulated / administered by PFRDA.**

After going through the PFRDA (Registration of Pension Funds) Guidelines, 2021 and the notice dated issued by PFRDA inviting application/proposal under the said guidelines, we, the undersigned, offer to provide the services as required and outlined in the guidelines for registration of Pension Fund for managing assets under the NPS for Government sector schemes and Private Sector Schemes including other pension schemes regulated and/or administered by PFRDA. We agree to meet such requirements and provide such services as set out in the said guidelines.

We enclose hereby our response to the Notice issued by PFRDA under the Guidelines, which constitutes our proposal for being considered for selection of sponsor for the appointment of PF.

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the guidelines or such adjusted plan as may subsequently be mutually agreed between us and PFRDA or its appointed representatives.

We agree to unconditional acceptance of all the terms and conditions set out in the PFRDA (Pension Fund) Regulations and the PFRDA (Registration of Pension Funds) Guidelines, 2021 as applicable.

We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the PFRDA is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead PFRDA as to any material fact. In case the information submitted in this proposal is found to be incorrect/false at any stage, our application or registration of Pension Fund shall be liable to be rejected/cancelled by the Authority.

It is hereby confirmed that I/We are entitled to act on behalf of our corporation/company/

Annexure II: Commercial Proposal

[Date]

The General Manager,

Department of Regulations for Pension Funds
Pension Fund Regulatory and Development Authority,
New Delhi.

Dear Sir,

**Ref: Submission of Application/Proposal for Selection of Sponsor of Pension Fund(s)
NPS and other schemes regulated / administered by PFRDA.**

After going through the PFRDA (Registration of Pension Funds) Guidelines, 2021 and the notice dated issued by PFRDA inviting application/proposal under the said guidelines, we, the undersigned, offer to provide the services as required and outlined in the guidelines for registration of Pension Fund for managing assets under the NPS for Government sector schemes and Private Sector Schemes including other pension schemes regulated and/or administered by PFRDA. We agree to meet such requirements and provide such services as set out in the said guidelines.

We enclose hereby our response to the Notice issued by PFRDA under the Guidelines, which constitutes our proposal for being considered for selection of sponsor for the appointment of PF

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the guidelines or such adjusted plan as may subsequently be mutually agreed between us and PFRDA or its appointed representatives.

We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the PFRDA is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead PFRDA as to any material fact. In case the information submitted in this proposal is found to be incorrect/false at any stage, our application or registration of Pension Fund shall be liable to be rejected/cancelled by the Authority.

It is hereby confirmed that I/We are entitled to act on behalf of our corporation/company/firm/organization and empowered to sign this document as well as such other documents, which may be required in this connection.

Annexure III: Request for Clarification

Applicant's Request For Clarification			
Name of Organization submitting Request		Name & position of person submitting Request	Address of organization including phone, fax, email points of contact
			Tel: Fax: E-mail:
S.No.	Reference (Number/page) under the Guidelines	Section/Content of guidelines requiring clarification	Points of Clarification required
1			
2			
3			

Annexure IV: Format for minimum eligibility (Prequalification) Criteria details

S. No.	Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
1.	The sponsor of a Pension Fund shall have at least five years' experience of fund management (equity as well as debt market);	No. of years in fund management -Equity <input type="text"/> -Debt <input type="text"/>	<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> Details of fund management in the past five years in following segment- <ol style="list-style-type: none"> Debt Equity
2.	The sponsor of a Pension Fund shall be an entity engaged in financial business activity, and regulated by any of the financial sector regulators in the country including the Reserve Bank of India, the Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India and the Authority;		<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> Registration Certificate from SEBI/IRDAI/RBI
3.	The joint ventures between the sponsors, may also apply provided the joint venture falls or will fall under the jurisdiction of one of the financial sector regulators. The joint venture shall at least be at the memorandum of		<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> Registration Certificate from SEBI/IRDAI/RBI Copy of Memorandum of Understanding between the sponsors

S. No.	Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
	understanding execution stage and the joint venture should be finalized within one month from the date of appointment of sponsor			
4.	The sponsors, individually or jointly, shall have a positive tangible net worth of at least fifty crore rupees on the last day of each of the preceding five financial years out of which at least twenty-five crore rupees should be the paid up equity capital on the date of making application as sponsor;		<input type="checkbox"/> YES <input type="checkbox"/> No	Certificate of Net worth from a Chartered accountant and Audited Balance Sheets of the Sponsors as on 31 st March of the last 5 financial years.
5.	The sponsor shall have profits after tax in at least three of the preceding five financial years and further that there shall be no cash loss in the last preceding five years;	Financial year _____ in which profits during last five year _____ Years in which cash loss _____	<input type="checkbox"/> YES <input type="checkbox"/> No	Audited Balance Sheets of the Sponsors as on 31 st March of the last 5 financial years.
6.	The sponsor shall be required to incorporate the Pension Fund as a separate limited	Individual or Joint capacity of Sponsor (s) to be exceeding or	<input type="checkbox"/> YES	<ul style="list-style-type: none"> Documents evidencing capacity to induct Rs. 50 Crores

S. No.	Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
	company under the Companies Act, 2013 and it shall have the capacity to induct capital so that that the Pension Fund shall have a minimum positive tangible net worth of fifty crore rupees or such other higher amount as stipulated by the Authority in the selection process.	equal to 50 Crores.	<input type="checkbox"/> No	
7.	The sponsor shall ensure that the Pension Fund shall have the ability to provide minimum assured return scheme through market based mechanism which may include guarantee to be purchased by the subscriber;		<input type="checkbox"/> YES <input type="checkbox"/> No	Declaration from Sponsor(s)
8.	The sponsor has contributed or contributes at least twenty per cent. to the tangible net worth of the Pension Fund. An entity, which contributes twenty per cent. or more of the paid up capital of the Pension Fund, shall		<input type="checkbox"/> YES <input type="checkbox"/> No	•Share holding of the Penion Fund(proposed)

S. No.	Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
	be required to fulfil eligibility criteria for a sponsor specified in these Regulations			
9.	The sponsor of a Pension Fund or the Pension Fund itself shall not hold any direct equity stake in any other Pension Fund regulated by the Authority;		<input type="checkbox"/> YES <input type="checkbox"/> No	Details of share holding by 5 top shareholders in the applicant company as on 31.03..... (preceding FY) to be provided.
10.	The sponsor of a Pension Fund or the Pension Fund shall at no time either directly or indirectly hold more than twenty-six per cent. of the equity stake in central recordkeeping agency or custodian or the Trustee Bank		<input type="checkbox"/> YES <input type="checkbox"/> No	Details of share holding by 5 top shareholders in the applicant company on 31.03..... (preceding FY) to be provided
11.	The aggregate holding of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees or by an individual or by an association of persons whether registered or not under any law of a country outside India taken in aggregate in		<input type="checkbox"/> YES <input type="checkbox"/> No	(All applicants to submit share holding(proposed) of the Pension Fundand its sponsors, separately under Annexure VII.

S. No.	Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
	<p>the Pension Fund shall not exceed forty nine per cent. of the paid-up capital of such fund and as permitted in accordance with Section 24 of the PFRDA Act, 2013, the Rules and the Regulations read with the Guidelines on aggregate holding of equity shares by a foreign company in Pension Funds issued vide Circular dated 13.08.2020 and subsequent changes therein and such other and further clarifications/directio ns/notifications issued by PFRDA.</p>			
12.	<p>Sponsor(s) of a Pension Fund must meet the following additional criteria with respect to fund management both in equity and debt securities cumulatively-</p> <p>i. Monthly Average Assets under Management (AAUM) of Sponsor(s), jointly, must not be less than Rs. 50,000.00 crores for the last 12</p>		<p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> No</p>	<p>Audited balance sheets and other supporting documents of the schemes to be provided.</p>

S. No.	Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
	<p>months ending the preceding month of application.</p> <p>ii. Assets under management shall not include investment of its own assets, investment advisory services rendered or any other similar activities undertaken by the Sponsor(s).</p>			
13.	<p>Whether the Pension Fund/proposed Pension Fund, the sponsor of which is participating in the selection process answers the description of a Government Company as defined under Sec 2(45) of Companies Act, 2013, for managing the funds under 'Default Scheme' for Government Sector subscribers.</p>		<p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> No</p>	<p>Details along with the documents in support of PF being a Government Company.</p>

Annexure V: Format for Providing Commercial Proposal

Investment Management Fee (IMF) FOR SELECTION OF PENSION FUNDS (PFs) UNDER NATIONAL PENSION SYSTEM (NPS) and other schemes regulated/ administered by PFRDA.

S. No.	Slabs of AUM (In Rs Crores)	Percentage of IMF to be charged against the slab*	
		In figures	In words
1.	Upto 10, 000		
2	10,001 to 50000		
3	50,001 to 1,50,000		
4	Above 1,50,000		

* Please refer clause 13 of these guidelines for details

'Investment Management Fee' is expressed as percentage of the Assets (to be calculated on daily accrual basis) managed by the Pension Fund. The Investment Management Fee shall be inclusive of all transaction related charges except brokerage and custodian charges along with applicable taxes thereon subject to maximum brokerage allowed to be charged to the scheme by the Pension Funds @ 0.03% (including applicable taxes on brokerage) on equity transactions only.

Annexure VI: Technical Evaluation Parameters

The following table outlines the parameters based on which evaluation of technical proposals of the applicants shall be carried out by the Authority

A: Business management	(25 Marks)
1. Management quality	
2. Experience in equities and debt as per assets under management	
3. Financial strength (profit and net worth)	
4. Corporate Governance	
5. Support to PF from sponsor/ group	
B Investment capabilities	(25 Marks)
1. Investment policy document, investment decision-making process flow and portfolio operations management process	
2. Sources and quality of information, inhouse research and independent analysis	
3. Portfolio Operation process including trading systems, procedures and controls, BCP/DRP	
4. Quality of investment team	
C. Investment track record	(25 Marks)
1. Track record in managing equities asset classes	
2. Track record in managing fixed interest asset classes	
3. Give details of the range within which tracking error was maintained for passively managed funds	
4. NPAs in the portfolio.	
D. Operational due diligence	(15 Marks)
1. Risk management – Credit risk, market risk, operational risk.	
2. Mid and back office processes	
E. Business Plan	(10 marks)
Total (A+B+C+D+E)	(100 marks)

Annexure VII: Format for furnishing equity shareholding in Pension Fund(proposed) and sponsoring company

Name of the Pension Fund - _____

(i) Direct Holding*

Information on total equity shareholding (including name of shareholders) in the Pension Fund (proposed) on

Name of Shareholder	% of Holding
Domestic:	
Foreign:	
	100.00

(ii) Indirect Holding

Name of the Sponsor(s): _____

Information on total equity shareholding (including details of shareholders) in the Sponsor as on

Name of Shareholder	% of Holding
Promotor:	
(i) Domestic	
(ii) Foreign	
Public:	
(i) Domestic	
(ii) Foreign	
Non-promotor/Non-public	
(i) Domestic	
(ii) Foreign	
Others (Please specify category, if any)	
	100.00

Name of Shareholding Company in Sponsors' Group

Information on total equity shareholding (including details of shareholders) as on

.....

Name of Shareholder	% of Holding
Promotor:	
(i) Domestic	
(ii) Foreign	
Public:	
(i) Domestic	
(ii) Foreign	
Non-promotor/Non-public	
(i) Domestic	
(ii) Foreign	
Others (Please specify category, if any)	
	100.00

*Note: The new applicants/sponsors to specify the proposed equity shareholding of the sponsor(s) into the proposed Pension Fund.

Annexure VIII: Format for Disqualification Criteria

S. No.	Extracts	Meet Criteria (Yes/No)	If yes, furnish supporting documents
a.	The sponsor or pension fund or its principal officer or key management personnel has been convicted by a court for any offence involving moral turpitude, economic offence, securities laws or fraud;	<input type="checkbox"/> YES <input type="checkbox"/> No	
b.	An order for winding up has been passed against the sponsor or pension fund;	<input type="checkbox"/> YES <input type="checkbox"/> No	
c.	The sponsor or pension fund or its key promoter has been declared insolvent and has not been discharged;	<input type="checkbox"/> YES <input type="checkbox"/> No	
d.	An order (other than an order of suspension of appointment as an intermediary), restraining, prohibiting or debarring the sponsor or pension fund or its principal officer or key management personnel from dealing in securities in the capital market or from accessing the capital market has been passed by any regulatory authority or court and a period of three years from the date of the expiry of the period specified in the order has not elapsed;	<input type="checkbox"/> YES <input type="checkbox"/> No	
e.	An order cancelling the appointment of the sponsor or pension fund has been passed by the Authority or the concerned financial sector regulator on the ground of its indulging in insider trading, fraudulent and unfair trade practices or market manipulation and a	<input type="checkbox"/> YES <input type="checkbox"/> No	

S. No.	Extracts	Meet Criteria (Yes/No)	If yes, furnish supporting documents
	period of three years from the date of the order has not elapsed;		
f.	An order withdrawing or refusing to grant any license or approval to the sponsor or pension fund or its whole time director which has a bearing on the capital market, has been passed by the concerned financial sector regulator or any other regulatory authority and a period of three years from the date of the order has not elapsed; however, the Authority may for reasons to be recorded in writing, allow the sponsor or pension fund to seek appointment before the lapse of three years as specified in clauses (d), (e) and (f);	<input type="checkbox"/> YES <input type="checkbox"/> No	
g.	The sponsor or pension fund is not financially sound;	<input type="checkbox"/> YES <input type="checkbox"/> No	
h.	There is a notice of any action or investigation or other proceedings of any nature whatsoever, against the sponsor or pension fund, or its Chief Executive Officer, any of its directors or employees, or a related group concern, by any governmental or statutory authority which would restrain, prohibit or otherwise challenge or impede the performance of obligations as sponsor or pension fund of the pension schemes regulated by the Authority, and that there is adverse proceedings against it from any financial sector regulator including the Reserve Bank of India, Insurance Regulatory and Development Authority of India or the Securities and Exchange Board of India, of a nature	<input type="checkbox"/> YES <input type="checkbox"/> No	

S. No.	Extracts	Meet Criteria (Yes/No)	If yes, furnish supporting documents
	that could adversely affect the ability to provide the services as sponsor or pension fund for the pension schemes regulated by the Authority;		
i.	Any other reason, to be recorded in writing by the Authority, which in its opinion renders such sponsor or pension fund or its principal officer or key management personnel unfit to operate in the pension or financial market.	<input type="checkbox"/> YES <input type="checkbox"/> No	
j	The principal officer of the Pension Fund or sponsor(s) have been found guilty of moral turpitude or convicted of economic offence or violation of securities laws or any adverse order has been passed by any of the other financial sector regulators or court of law or tribunal.	<input type="checkbox"/> YES <input type="checkbox"/> No	
k.	The sponsor or any of its associates in the past have been refused certificate of registration by any of the financial sector regulators in India including, the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority and if so, the ground for such refusal.	<input type="checkbox"/> YES <input type="checkbox"/> No	
l.	The sponsor or any of its principal officers have in the past five years been convicted or imposed with penalties by any of the financial regulators or by a court of law or tribunal, on the matters concerning violation of regulations, directions, guidelines and circulars of the regulator.	<input type="checkbox"/> YES <input type="checkbox"/> No	
