

PFRDA (TRUSTEE BANK) REGULATIONS, 2015 - PROPOSED AMENDMENTS

As part of the comprehensive regulation review exercise, the preliminary draft of internal review of the PFRDA (Trustee Bank) 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. Risk Management Policy
2. Compensation to the subscribers
3. Inclusion of System auditor

The draft proposal placed as at **Annexure-A** is open for stakeholder consultation and public comments till **Nov/10/2023** 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 (Trustee Bank) 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 (Trustee Bank) Regulations, 2015*'. Reference may be made to the PFRDA website for existing Regulations notified in respect of different intermediaries in the NPS architecture.

PFRDA (TRUSTEE BANK) REGULATIONS, 2015 - PROPOSED AMENDMENTS FOR PUBLIC COMMENTS

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

S. No.	Reg No.	Existing Regulation	Proposed Regulation	Stakeholder / Public Comments	Rationale for suggestion
1	2(1)(c)	“compliance officer” means a person of responsibility from the Trustee Bank; designated as such and charged with the responsibility of monitoring compliance by it of the provisions of the Act, or the rules or the regulations made or notifications, guidelines, circulars or instructions issued by the Authority there under.	“Compliance officer” means an employee of the Trustee Bank designated as such by its Board for monitoring compliance of the provisions of the Act, Regulations and guidelines, circulars and directions issued by the Authority		
2	2	New Insertion	“auditor” shall have the same meaning as defined in section 141 of Companies Act, 2013 and includes system auditor. Explanation: System auditor is an auditor empanelled with CERT-in or Ministry of Electronics and Information Technology (MeitY), Government of India.		
3	3(2)	The Trustee Bank, which was appointed to function as such, by the Interim Pension Fund Regulatory and Development Authority, prior to establishment of the Authority under the Act, may continue to act as such for the unexpired period of its tenure of appointment, or any extension granted thereof by the	-proposed to be deleted-		

		Authority, provided however that such Trustee Bank shall make an application for grant of certificate of registration, within a period of ninety days from the notification of these regulations. The Authority, may subject to the Trustee Bank, fulfilling the eligibility conditions grant a certificate of registration, for the period mentioned in this sub-regulation.			
4	3(5)	Every applicant shall pay a non -refundable application fee of rupees ten lakh, along with the application to the Authority.	Every applicant shall pay a non -refundable application fee of rupees ten lakh plus applicable taxes, along with the application to the Authority.		
5	5(1)	The Authority, having regard to the interest of the subscribers, may make disclosure to the public, the information on the application made by the applicant by placing such information on a website as specified by the Authority, including a website maintained by the applicant.	-proposed to be deleted-		
6	5(2)	Any material change in the information furnished or placed on the website pursuant to these regulations shall be intimated to the Authority by the applicant promptly but not later than fifteen days of the occurrence of such changes.	The applicant shall submit to the Authority any material changes in the information furnished during pendency of the application, within seven days of occurrence of such changes.		
7	6(1)	The Authority may require the applicant to furnish any further information or clarification, for the purpose of disposal of the application, and, thereafter, in regard to any other matter as may be deemed necessary by the Authority.	The Authority may require the applicant to furnish further information or clarification for consideration of the application.		
8	7(1)	While considering the application, the information furnished by the applicant and its eligibility, the Authority may, if it so desires, verify the information in any manner, as deemed necessary, which may include	While processing the application, the Authority may: a) verify the documents, inspect the infrastructure, and resources including		

		physical verification of documents, office space and inspect the availability of office space, infrastructure and technological support which the applicant is required to have.	technological capabilities which the applicant is required to fulfil; and b) seek report from any agency which may have a bearing on the application.		
9	8(3)	<p>(3) Where an application is rejected under clause (b) of sub-regulation (2), the Authority shall record reasons in writing:</p> <p>Provided that, before rejecting any such application, the Authority shall give the applicant an opportunity to remove the objection within such time as may be specified by the Authority:</p> <p>Provided further that where an application is rejected by the Authority for the reason that it contains false or misleading information, no such opportunity may be given and the applicant shall not make any application for grant of certificate under these regulations or any other regulations for a period of one year from the date of such rejection.</p>	<p>Before rejecting an application under clause (a) and (b) of sub-regulation (2), the Authority shall give a notice to the applicant to rectify the defect in his application within fifteen days of receipt of such notice.</p> <p>Provided that where the Authority is of the prima facie opinion that the registration ought not to be granted, it shall communicate the reasons for forming such an opinion and give the applicant an opportunity to explain why its application should be accepted, within fifteen days of the receipt of the communication from the Authority, to enable it to form a final opinion.</p> <p>Provided further that where an application has been rejected on the grounds of being incorrect, false or misleading in nature or has omitted to disclose material facts, no fresh applications for grant of Certificate of Registration shall be considered for a period of one year from the date of rejection.</p>		
10	9(3)(a)	where the Trustee Bank proposes to change its status or constitution, it shall obtain prior approval of the Authority for continuing to act as such Trustee Bank after such change in status or constitution;	where the Trustee Bank proposes to change its status or constitution, it shall obtain prior approval of the Authority for continuing to act as such Trustee Bank after such change in status or constitution;		

			<p>Explanation: change in status or constitution shall include the following</p> <p>(i) amalgamation, demerger, consolidation or any other kind of corporate restructuring falling within the scope of section 232 of the Companies Act, 2013 (13 of 2013) or the corresponding provision of any other law for the time being in force or any agreement or arrangement which would have the effect of such corporate restructuring;</p> <p>(ii) any change in control of the Trustee Bank;</p> <p>(iii) any change in the legal status of the Trustee Bank</p>		
11	9(3)(d)	it shall at all times meet the eligibility criteria and other requirements specified in these regulations;	it shall at all times meet the eligibility criteria specified in these regulations and other requirements laid down under the selection process. For this purpose, it shall submit a certificate, that it meets the eligibility criteria and other requirements and it complies with all the applicable laws, along with its resolution remarks on its Board's observations, if any, annually within sixty days from the end of the financial year.		
12	11	A non - refundable registration fees of rupees twenty-five lakh shall be paid by the applicant to the Authority.	An applicant shall pay a non - refundable registration fees of rupees twenty-five lakh alongwith applicable taxes to the Authority.		
13	12(1)	The Trustee Bank shall deposit each year an annual fee before the due date which shall be determined through bid or in such other manner as may be decided by the Authority at the time of selection process.	The Trustee Bank shall pay an annual fee alongwith applicable taxes on quarterly basis before the due date which shall be determined through bid or in such other manner as may be		

			decided by the Authority at the time of selection process.		
14	12(2)	For the year in which the certificate of registration is granted, annual fee shall be deposited by the Trustee Bank within thirty days from the date of registration in the proportion applicable for each quarter of the financial year regardless of the number of months or days falling short of such quarterly period. In case, the Trustee Bank fails to deposit an annual fees before or on due date, the Authority shall have the right to cancel the certificate of registration of the Trustee Bank.	- proposed to be deleted-		
15	16(9A)	New Insertion - Role and Responsibilities	In the event of the Trustee Bank failing to adhere to the service standards as prescribed under Service Level Agreement or any guidelines issued by the Authority, including any loss or inconvenience caused to the subscriber thereby, Trustee Bank shall be liable to compensate the subscriber, in accordance with Service Level Agreement or guidelines issued in this regard by the Authority. Provided that there shall be no requirement of any loss or inconvenience to be proved on the part of the subscriber.		
16	20(1)	The Authority may, if it considers necessary at any time, undertake directly or through its authorized representative or auditor, an inspection and audit of the books, accounts, records including the telephone records and electronic records and documents of the Trustee Bank for any purpose, including the purposes as specified under sub-regulation (2).	The Authority shall inspect Trustee Bank at regular intervals as it deems fit. Notwithstanding the above, it may at any time as it deems fit undertake directly or appoint an auditor or through its authorized representative conduct of an inspection or audit of the books, accounts, records including the call records and electronic records and		

			documents of a Trustee Bank for the purposes as specified under this regulation.		
17	20(2)	<p>The purposes referred to in sub-regulation (1) may include,-</p> <p>(a) to ascertain the infrastructural capabilities, systems and procedures;</p> <p>(b) to ensure that the books of account, records including telephone records and electronic records and documents are being maintained in the manner required under these regulations;</p> <p>(c) to ascertain whether adequate internal control systems, procedures and safeguards have been established and are being followed by the Trustee Bank;</p> <p>(d) to ascertain whether the provisions of the Act or rules or the regulations made there under or circulars, guidelines or notifications issued by the Authority are being complied with;</p> <p>(e) to inquire into the complaints received from subscribers, nodal offices, intermediaries or any other person on any matter having a bearing on the activities assigned by the Authority to the Trustee Bank;</p> <p>(f) to inquire <i>suo motu</i> into such matters as may be deemed fit in the interest of subscribers.</p>	<p>The purposes referred to in sub-regulation (1) may include -</p> <p>(a) ascertaining the infrastructural capabilities, systems and procedures;</p> <p>(b) ensuring that the books of account, records including call records and electronic records and documents are being maintained in the manner required under these regulations;</p> <p>(c) ascertaining whether adequate internal control systems, procedures and safeguards have been established and are being followed by the Trustee Bank;</p> <p>(d) ascertaining whether the provisions of the Act or rules or the regulations made there under or circulars, guidelines or notifications issued by the Authority are being complied with;</p> <p>(e) inquiring into the complaints received from subscribers, nodal offices, intermediaries or any other person on any matter having a bearing on the activities of the Trustee Bank;</p> <p>(f) inquiring <i>suo motu</i> into such matters as may be deemed fit in the interest of subscribers.</p>		
18	20(3)	<p>The Authority may,- (a) appoint one or more authorized representatives or, appoint a qualified auditor to undertake the inspection or audit referred to in sub-regulation (1);</p> <p>Explanation.- For the purposes of this sub-regulation, the expression “qualified auditor”</p>	-proposed to be deleted-		

		shall have the meaning derived from Section 226 of the Companies Act, 1956 (1 of 1956).			
19	23(3)	New Insertion	The report submitted by the authorized person or any documents or information so collected by such person, during the course of inspection or audit, would be admissible in any investigation or inquiry or any other proceedings before the Authority		
20	26(3)	Trustee Bank once registered shall have to ensure that the eligibility conditions as mentioned in this regulation are strictly adhered to during the entire currency of the registration period and any extension thereto, failing which the registration certificate may be cancelled. A certificate evidencing compliance with the eligibility conditions shall have to be furnished by the registered Trustee Bank to the Authority on annual basis within thirty days of closure of accounts for the financial year.	Trustee Bank once registered shall have to ensure that the eligibility conditions as mentioned in this regulation are strictly adhered to during the entire currency of the registration period and any extension thereto, failing which the registration certificate may be cancelled. Content in bold letter - moved to Reg. 9(3)(d)-		
21	27	Surrender of any certificate of registration. – (1) Any Trustee Bank, which has been granted a certificate of registration under the Act or the regulations made there under, desirous of giving up its activity and surrendering the certificate, may make a request for such surrender to the Authority. (2) While disposing of a request under these regulations, the Authority may require the concerned Trustee Bank to satisfy the Authority of the factors as it deems fit, including but not limited to the following:– (a) the arrangements made by the Trustee Bank at its own costs and expenses for maintenance and preservation of records and	Surrender of certificate of registration. – (1) Any Trustee Bank may surrender its certificate of registration by making a request to the Authority. (2) For consideration of such request, the Authority may require the Trustee Bank to satisfy the following – (a) arrangements made by it for maintenance and preservation of records and other documents required to be maintained under the Act, regulations and guidelines, at its own cost and expense, to ensure continuity of service to subscribers; (b) rectifying the defaults and pending actions, if any;		

		<p>other documents required to be maintained under the Act, regulations and guidelines;</p> <p>(b) redressal of subscriber grievances;</p> <p>(c) transfer of records, funds or securities of the subscribers at its own cost and expense;</p> <p>(d) the arrangements made by it for ensuring continuity of service to the subscribers;</p> <p>(e) defaults or pending actions, if any.</p> <p>(3) While accepting the surrender request, the Authority may impose such conditions upon the Trustee Bank as it deems fit for the protection of interest of the subscribers of the schemes regulated or administered by the Authority and the Trustee Bank concerned shall comply with such conditions.</p> <p>(4) No Trustee Bank shall be permitted to surrender its certificate, in respect of which any action for default has been initiated or has been contemplated by the Authority.</p>	<p>(c) redressal of subscriber grievances;</p> <p>(d) Any other measures to be taken in the interest of the subscribers.</p> <p>(3) While considering the request for surrender, the Authority may impose such conditions upon the Trustee Bank as it deems fit for the protection of interest of the subscribers.</p> <p>(4) No request for surrender shall be entertained from a Trustee Bank in respect of which any investigation, inquiry or adjudication has been initiated or is contemplated by the Authority.</p> <p>(5) No surrender shall be permitted unless the Authority is satisfied that the Trustee Bank has complied with or has taken steps to comply with the requirements under sub-regulation (2) and other conditions, if any, under sub-regulation (3).</p> <p>(6) Where the Authority has accepted the request for surrender, it shall cancel the certificate of registration granted to the Trustee Bank and inform Trustee Bank within seven days and place such information on its website and also direct the entity to place the information on its website and disseminate the information, in such manner, as may be required.</p>		
22	28	<p>Effect of suspension, cancellation or surrender of certificate. – (1) On and from the date of suspension or cancellation of the certificate, the concerned Trustee Bank shall-</p> <p>(a) not undertake any additional assignment or collect any new money or information from</p>	<p>Effect of suspension or cancellation of certificate. – (1) (1) On and from the date of suspension of the certificate of registration, the Trustee Bank shall, where directed-</p>		

	<p>the subscriber. During the period of such suspension, it shall cease to carry on any activity in respect of which the certificate of registration had been granted;</p> <p>(b) allow its subscribers to transfer, as the case may be, their money or assignments or allow the National Pension System Trust to withdraw any assignment given to it, without any additional cost;</p> <p>(c) make provisions as regards liabilities incurred or assumed by it;</p> <p>(d) take such other action including the action relating to any records or documents and information or money of the subscribers that may be in the custody or control of such Trustee Bank, within the time limit and in the manner, as may be required under the relevant regulations or as may be directed by the Authority, while passing the order under these guidelines or otherwise.</p> <p>(2) On and from the date of surrender or cancellation or suspension of the certificate of registration, the concerned Trustee Bank shall-</p> <p>(a) return the certificate of registration so cancelled to the Authority and shall not represent itself to be a holder of the certificate of registration for carrying out the activity for which such certificate had been granted;</p> <p>(b) cease to carry on any activity in respect of which the certificate had been granted;</p> <p>(c) transfer funds, records and documents with complete reconciliation related to its activities to another Trustee Bank, as directed by the Authority, holding a valid certificate of registration to carry on such activities and allow its subscribers to transfer their funds to</p>	<p>(a) cease to transact fresh business under the National Pension System or other pension schemes, as the case may be;</p> <p>(b) take such action in respect of the assets, records, documents or information that may be in the custody or control of the Trustee Bank, within the time limit and in the manner as may be required under the relevant regulations or as may be directed by the Authority;</p> <p>(c) transfer at its own cost the assets, records, documents or information that are in its custody or control to another Trustee Bank in the form and manner as may be directed by the Authority;</p> <p>(d) the Trustee Bank shall at its cost and expense provide all the necessary support in ensuring smooth transfer of all the assets under its management and where required by the National Pension System Trust or the Authority, and make such public announcement or disclosure as may be conducive to subscriber's interest, regarding such transfer of assets. It shall also ensure that the transfer of all the relevant documents, record or information is made in accordance with the directions issued by the Authority.</p> <p>(e) the transfer of such assets shall be undertaken in accordance with the guidelines or instructions that may be issued by the Authority;</p> <p>(f) the Trustee Bank shall be subject to the directions of the Authority until all such transfers or actions are completed</p>		
--	---	--	--	--

		<p>the transferee entity, without any additional cost;</p> <p>(d) make provisions as regards liability incurred or assumed by it;</p> <p>(e) take such other action including the action relating to any records or documents and assets of the subscribers that may be in the custody or control of such Trustee Bank, within the time limit and in the manner, as may be required under the relevant regulations or as may be directed by the Authority while passing order under these guidelines or otherwise.</p>	<p>or until, the certificate of registration remains suspended.</p> <p>(2) On and from the date of cancellation of the certificate of registration, the concerned Trustee Bank shall-</p> <p>(a) cease to carry on and wind up its affairs <i>qua</i> the activities in respect of which registration has been granted;</p> <p>(b) return the certificate of registration so cancelled to the Authority and inform such other agencies, as may be directed by the Authority with regard to the said fact and disseminate the information on its website and in such other manner as may be directed;</p> <p>(c) carry out any other directions within the time limits given by the Authority, and report compliance of the same.</p> <p>(d) make provisions as regards liability incurred or assumed by it;</p> <p>(e) take such other action including the action relating to any records or documents and assets of the subscribers that may be in the custody or control of such Trustee Bank, within the time limit and in the manner, as may be required.</p>		
23	39	In order to remove any difficulties in the application or interpretation of these regulations, the Authority shall have the power to issue clarifications and guidelines in the form of notes or circulars which shall be binding on the Trustee Bank or any person connected with it.	In order to remove any difficulties in the interpretation or application of provisions of these regulations, the Authority shall have power to issue directions through guidance notes or circulars.		
24	Schedule I	New insertion after the following: The Trustee Bank shall ensure that good corporate policies and corporate	Further, it shall develop and follow a fraud prevention and mitigation policy.		

	Clause 5(a)	governance is in place. It shall not engage in fraudulent and manipulative transactions.			
--	-------------	--	--	--	--

Any other changes proposed

Reg Number	Existing Regulations	Proposed Regulations	Stakeholder / Public comments	Rationale for suggestion