

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY**NOTIFICATION**

New Delhi, the 14th May, 2015

**PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY (PENSION FUND)
REGULATIONS, 2015**

No. PFRDA/12/RGL/139/9.—In exercise of the powers conferred by sub-section (1) of section 52 read with clauses (e) (m), (n), (o) and (p) of sub-Section (2) thereof of the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013), the Pension Fund Regulatory and Development Authority hereby makes the following regulations, namely:—

CHAPTER I

PRELIMINARY

- 1. Short title and commencement.**— (1) These regulations may be called the Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015.

The Objective of the Regulations to standardize the framework for monitoring, supervision and internal control for Pension Funds to enable them to establish high standards for internal control and operational conduct, with the aim of protecting the subscribers and ensuring proper management of risk.

- (2) They shall come into force on the date of their publication in the Official Gazette.

- 2. Definitions.**— (1) In these regulations, unless the context otherwise requires,—

- (a) “Act” means the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013);
- (b) Business Day: means all days excluding weekly holidays (Saturday and Sunday) and such other days on which the designated Branch of the Trustee Bank is closed under the Negotiable Instruments Act, 1881 (26 of 1881) or a day on which the principal stock exchange as well as the debt market with reference to which the valuation of securities under the scheme is done is closed for business.
- (c) “compliance officer” means a person of responsibility from the pension fund; 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 thereunder;
- (d) “financial year” means the period from the 1st day of April of a year to the 31st day of March of the following year;
- (e) “National Pension System Trust” means the Board of Trustees who hold the assets of subscribers for their benefit;
- (f) “principal officer” means any person who is responsible for the activities of a pension fund and includes,-
 - (i) any whole-time director, executive director, managing director or Chief Executive Officer or Chief Financial Officer, in the case of a body corporate;
 - (ii) any person designated as a principal officer by the board of directors; and
 - (iii) any key managerial personnel or any person in accordance with whose directions or instructions the board of directors or any one or more of the directors is or are accustomed to act as such;
- (g) “tangible net worth” would comprise of paid-up capital plus free reserves including share premium but excluding revaluation reserves, plus investment fluctuation reserve and credit balance in profit & loss account, less debit balance in profit and loss account, accumulated losses and intangible assets.

- (2) Words and expressions used and not defined in these regulations but defined in the Act shall have the meanings respectively assigned to them in the Act.

CHAPTER II

REGISTRATION OF PENSION FUND

- 3. Certificate of registration.**— (1) The Authority shall register and grant a certificate of registration to pension funds [in the format specified under *Schedule I*] for managing the assets of the pension schemes regulated by the Authority.

- (2) There shall be a choice of multiple pension funds.

- (3) The number of pension funds shall be determined by the Authority, which, may in public interest, vary the number of pension funds from time to time:

Provided that at least one of the pension funds shall be a Government company.

Explanation.—for the purposes of this sub-section, the expression “Government company” shall have the meaning assigned to it under section 617 of the Companies Act, 1956 (1 of 1956).

(4) No pension fund shall commence any activity relating to a National Pension System or any other pension scheme referred to in clause (b) of sub-section (1) of section 12 of the Act, except under and in accordance with the conditions of the certificate of registration granted by the Authority in conformity with the provisions of the Act and the regulations made thereunder.

(5) Any pension fund, which has been appointed to act as such by or under any selection process initiated by interim Pension Fund Regulatory and Development Authority, subject to payment of such fee as may be specified by the Authority for transitory period, continue to do so for a period of six months from the notification of these regulations or, until the selection of the pension funds under a fresh selection process specified under regulation 4.

4. Application for registration and application fee.— (1) As and when applications are invited by the Authority for grant of certificate of registration to a pension fund, an entity which fulfills the eligibility conditions, under these regulations and the selection process, to act as a sponsor of such pension funds may make an application, accompanied by a non-refundable application fee as specified in Part A of the Schedule II and the manner of payment of such fee specified in Part B thereof.

(2) 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.

(3) The Authority may also provide for such additional terms and conditions, which may be deemed necessary, in the selection process and the sponsors shall satisfy such additional terms and conditions.

5. Application to conform to requirements.— (1) Any application under regulation 4 shall be liable to be rejected, *inter alia* on the following grounds :-

- (a) is not complete in all respects and does not contain such information as required by the Authority;
- (b) does not conform to the relevant requirements specified in the Act or the regulations;
- (c) does not contain such additional information as required by the Authority;
- (d) is incorrect, false or misleading in nature;
- (e) the applicant is not in compliance with the minimum eligibility requirements as set out under these regulations and the selection process on the date of the application;
- (f) in the opinion of the Authority is not in the interest of public or subscribers or the orderly development of pension sector or National Pension System or any other pension scheme regulated by the Authority.

(2) Before rejecting an application on the grounds referred to in sub-regulation (1), the Authority may give an opportunity to the applicant to make good the deficiencies within the time specified by the Authority, for the purpose:

Provided that where an application is rejected for the reason that it contains false or misleading information, no such opportunity shall be given and the applicant shall not make any application for grant of certificate of registration, under these regulations or any other regulations under the Act, for a period of at least one year from the date of such rejection.

6. Furnishing of information or clarification and disclosure of information.— (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 matter as may be deemed necessary by the Authority.

(2) The applicant shall furnish such information and clarification to the satisfaction of the Authority within the time specified in this regard by the Authority including by way of making a presentation to the Authority.

(3) 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.

(4) 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 change.

7. Verification of information.— (1) While considering the application for certificate of registration, based on the information furnished by the applicant and its eligibility, the Authority may, if it so desires, verify the information in any

manner it deems necessary, which may include physical verification of documents, office space, and inspect the availability of office space, infrastructure, and technological support which the applicant is required to have.

(2) For the purpose of verification of information, the Authority may appoint any person including any of its officers or an external auditor.

8. Eligibility criteria.— (1) Any applicant satisfying the following minimum eligibility criteria may submit its application to act as a sponsor of a pension fund:-

- (a) the sponsor of a pension fund shall have at least five years' experience of fund management (equity as well as debt market);
- (b) 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 and the Authority;
- (c) the sponsors, individually or jointly, shall have a positive tangible net worth of at least twenty-five crore rupees on the last day of each of the preceding five financial years;
- (d) 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;
- (e) the sponsor shall be required to incorporate the pension fund as a separate limited 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 twenty-five crore rupees or such other higher amount as stipulated by the Authority in the selection process.
- (f) 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 twenty-six per cent of the paid-up capital of such fund or such percentage as may be approved for an Indian Insurance Company under the provisions of the Insurance Act, 1938 (4 of 1938), whichever is higher;
- (g) 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;
- (h) 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 fulfill eligibility criteria for a sponsor specified in these regulations;
- (i) the sponsor of a pension fund or the pension fund itself shall not hold any equity stake in any other pension fund regulated by the Authority;
- (j) 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;

(2) Every applicant shall mandatorily meet the minimum eligibility criteria as specified in sub-regulation (1).

(3) For the purpose of the grant of a certificate of registration, the Authority shall take into account any or all matters which are relevant to the activities of sponsor or pension fund as also all matters which it deems relevant to the pension sector and the National Pension System or any other pension scheme regulated by the Authority, including but not limited to the following:-

- (a) 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;
- (b) at least fifty percent of the directors of the pension fund shall have adequate professional experience in finance and financial services related field;
- (c) the pension fund shall ensure that the key personnel viz. the Chief Executive Officer, Chief Investment Officer, Fund Manager, Operations Manager, compliance officer or other positions, as may be notified by the Authority, from time to time have the adequate professional experience in the requisite field;
- (d) the board of directors of such pension fund has at least fifty per cent independent directors;
- (e) the sponsor and pension fund is a 'fit and proper person' as specified in Schedule II;
- (f) the principal officer of the pension fund or sponsors have not 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;

- (g) whether the sponsor or any of its associates have in the past 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;
 - (h) whether 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 [referred to in clause (g)] or by a court of law or tribunal, on the matters concerning violation of regulations, directions, guidelines and circulars of the regulator;
 - (i) grant of certificate of registration is in the interest of the subscribers;
 - (j) any other criteria as may be specified by the Authority while inviting applications for registration.
- (4) If any entity does not fulfill one or more of the criteria specified in sub-regulation (3), it may seek an exemption from the Authority, by making an application citing reasons therefor.
- (5) Nothing in these regulations, shall, confer the applicant any right to be granted any exemption sought for.
- (6) The Authority may in public interest and for reasons to be recorded in writing, grant such exemption. The Authority may in such circumstances impose such additional conditions as it may deem fit for grant of certificate of registration.
- (7) The decision of the Authority, as to whether any applicant satisfies the eligibility criteria shall be final;
- (8) Mere submission of the application or satisfaction of eligibility criteria shall not confer the applicant any vested right to seek a certificate of registration for the pension fund.

9. Procedure for grant of certificate of registration and registration fee.— (1) The applications received in response to the Authority's invitation under the selection process for registration of the pension fund will be evaluated in accordance with the criteria specified in these regulations and the selection process, at the time of inviting such applications.

- (2) The best value proposal shall be given an offer to accept the investment management fees as determined under regulation 20.
- (3) After receiving the acceptance of offer given under sub-regulation (2), 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 as specified in Part A of Schedule III in the manner specified in Part B (explanations) thereof, may grant a certificate of registration to the pension fund in the format as specified in Schedule I.

10. Documentation with intermediaries. - (1) before commencement of operations, the pension fund shall *interalia* execute the following agreements:-

- (a) Investment Management Agreement with the National Pension System Trust as specified in Schedule XI;
 - (b) Non-disclosure agreement with the National Pension System Trust;
 - (c) agreements with other intermediaries under the National Pension System as may be specified by the Authority like the central recordkeeping agency, Trustee Bank (under Schedule VIII) and custodian (under Schedule IX) or any other intermediary as specified therein;
 - (d) Any other agreement as may be specified by the Authority.
- (2) 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.
- (3) The 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.

11. Commencement of business. - (1) 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.

- (2) 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.
- (3) 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 in the format specified in Schedule IV pursuant to which the pension fund can operationalize the business.

(4) 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.

12. **Terms and conditions of registration.** — The certificate of registration granted to the pension fund shall be subject to the following conditions, namely:-

(a) the sponsor and pension fund shall fulfill and comply at all times the eligibility requirements as specified under the Act, the rules and these regulations and all representations, warranties, information, disclosures, reports, documents or statements relating to the registration as pension fund are true, complete, accurate and correct in all respects and do not contain any untrue or misleading statement of any material fact or do not omit to state any material fact. The sponsor or pension fund shall inform the Authority of any material change in the information or particulars previously furnished, which have a bearing on its certificate of registration;

(b) the sponsor and pension fund have taken all necessary actions and steps to accept the registration as pension fund for managing the pension schemes regulated by the Authority and bind themselves for the due performance of their obligations;

(c) The pension fund shall maintain tangible net worth of Rs. 25 crores or higher as specified by the Authority from time to time.

(d) the sponsor and pension fund shall ensure that the pension schemes are not operated, managed nor the portfolio of securities selected, in the interest of sponsor, the directors of the pension fund or associated persons or to benefit a special class of subscribers and shall avoid conflict of interest in managing the affairs of the pension schemes and keep the interest of subscribers paramount in all matters; the pension fund shall take adequate steps and exercise prudence and due diligence to ensure that the interest of subscribers is not being compromised in any manner;

(e) the pension fund executes such agreements with the parties as directed by the Authority or as specified under these regulations and shall comply with the terms of the agreements so executed;

(f) the pension fund shall maintain confidentiality with respect to all transactions, records, data and information received while discharging its obligations and shall not, without the prior permission of Authority, produce or share such data or information as evidence or for any other purpose except as required under the process of law or as directed by the Authority or the National Pension System Trust;

(g) the sponsor and pension fund shall comply with the provisions of the Act, the rules and the regulation or guidelines, directions/ notifications or circulars issued by the Authority at all times including during the period of suspension of the certificate of registration as also during the transitory phase of transfer of assets or documents till completion of all actions as specified under regulation 34;

(h) the pension fund shall ensure the dissemination to Authority, National Pension System Trust, subscriber and intermediaries of adequate, accurate, explicit and timely information presented in a fairly simple language about the investment policies, investment objectives, financial position and general affairs of the pension schemes they are managing. The pension fund shall communicate requisite information to the subscribers including as specified in Schedule V in the format and periodicity as may be required by the Authority from time to time;

(i) the sponsor shall periodically review the desirability or continuance of the pension fund. If substantial irregularities are observed in any of the pension schemes, sponsor shall immediately report to the Authority of any special developments in the pension fund;

(j) in case of any major change in management or ownership or shareholding pattern or any change in controlling interest of sponsor of the pension fund, prior approval shall be obtained from the Authority. Any change in the key personnel shall be intimated to the Authority within fifteen days of the occurrence of change;

(k) the sponsor and pension fund shall comply with the 'code of conduct' notified by the Authority from time to time and specified in Schedule VI;

(l) The pension fund shall not delegate any core function to any third party. Delegation of any other function shall be done only with the prior approval of the Authority.

(m) the pension fund shall not engage in any other business activity except those relating to pension schemes or funds regulated by the Authority.

13. **Annual Fee .**— Every pension fund shall deposit with the Authority before the 15th of April each year or within 15 days of grant of certificate of registration an annual fee as specified in Schedule III or as amended by the Authority from time to time.

CHAPTER III

SCHEMES, VALUATION, ACCOUNTING, INCOME RECOGNITION

14. **Schemes and investment guidelines** .- (1) The pension fund 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.

(2) No pension fund shall, directly or indirectly invest outside India, the funds of subscribers.

(3) There shall not be any implicit or explicit assurance of benefits except under market based guarantees mechanism to be purchased by the subscriber.

(4) The subscriber, seeking minimum assured returns, shall have an option to invest his funds in such schemes providing minimum assured returns as may be notified by the Authority;

(5) The pension fund shall provide the subscriber an option of investing upto one hundred per cent of his funds in the Government securities.

15. **Valuation of scheme assets**.-The securities held in the name of National Pension System Trust and managed by the pension funds under the pension schemes regulated by the Authority shall be valued in accordance with the guidelines issued by the Authority from time to time.

16. **Non-performing assets, recognition, classification and provisioning**.- (1) In respect of non-performing assets, income recognition, classification and provisioning should be in compliance with the guidelines issued by the Authority from time to time.

(2) The National Pension System Trust shall monitor the trends and identify slippages of performing assets and income recognition, classification, provisioning and recovery of non-performing assets under report to the Authority.

17. **Books of accounts and records** .- (1) The pension fund shall maintain books and records about the operation of pension schemes to ensure compliance with the provisions of the Income-tax Act, the Companies Act under any other Act in force and in such manner as may be required or called for by the Authority .

(2) Every pension fund shall keep and maintain proper books of accounts, records and documents, for each scheme so as to give a true and fair view of the state of affairs of the scheme and shall intimate to the Authority and National Pension System Trust the place where such books of account, records and documents are maintained, if not maintained at the registered office of the pension fund. Pension fund is solely responsible for the maintenance and correctness of books of accounts, records and documents.

(3) The pension fund shall follow the accounting policies as may be specified by the Authority from time to time.

18. **Net asset value for schemes** .- (1) The initial price of each unit for every scheme shall be ten rupees.

(2) The pension fund shall compute the net asset value of each scheme by dividing the net assets (to be derived by subtracting allowable charges approved by the Authority from the value of assets) of the scheme by the number of units outstanding on the valuation date of each scheme.

(3) The net asset value of units for each Scheme shall be calculated and declared on each “Business Day”.

19. **Annual Report and Auditors Report**.- (1) A pension fund shall prepare an annual report in respect of each financial year as detailed in Schedule VII so as to provide appropriate details of the scheme-wise disposition of the assets at the relevant accounting date and the performance during that period, together with information regarding distribution and accumulation of income accruing to the subscribers in a true and fair manner, in compliance with these regulations or guidelines issued by the Authority from time to time.

(2) The pension fund shall be required to get the accounts of its schemes audited in the manner specified by the Authority and the audit report shall form a part of the annual report. The auditor shall report to the National Pension System Trust.

(3) Every pension fund shall within sixty days from the date of closure of each financial year forward to the National Pension System Trust a copy of the audited annual report and other information including details of investments and deposits held by it so that its entire scheme-wise portfolio is disclosed to the National Pension System Trust.

(4) The financial statement of the schemes should be approved at a meeting of the board of directors of the pension fund and forwarded to the National Pension System Trust for approval. The Board of Trustees of the National Pension System Trust shall, approve and counter sign the financial statement of the schemes of the pension fund, after it is approved and signed by the board of directors of the pension fund. The financial statement of the Scheme shall be submitted to the Authority within ninety days from the date of closure of each financial year.

(5) Every balance sheet and revenue account of schemes shall be in conformity with the Accounting Standards as notified under Companies Act, from time to time except AS 3 (Cash Flow Statement) and AS 17 (Segmental Reporting) to the extent applicable to pension schemes and not inconsistent with these regulations.

(6) The annual report and portfolio details of each scheme shall be prominently placed on the website of the respective pension funds by the pension fund after approval by the National Pension System Trust within ninety days from the date of closure of each financial year.

(7) The scheme wise annual report or an abridged summary thereof shall be provided by the pension fund to the central recordkeeping agency for onward transmission to subscribers. The report provided in the abridged summary to all subscribers shall carry a note that full annual report shall be available on the website of pension fund and the link of the same, where the full report is placed, shall be specified.

(8) The annual report shall be available for inspection at the Head Office of the pension fund and a copy thereof shall be made available to any subscriber on payment of such nominal fee of two hundred rupees or such other fee as may be specified by the Authority.

(9) The pension fund shall within one month from the close of each half year that is 31st March and 30th September of a year, disclose its scheme wise unaudited financial statements along with statement of scheme portfolio on its web site.

(10) The half-yearly unaudited report referred in sub-regulation (9) shall contain details as specified by the Authority or the National Pension System Trust from time to time and such other details which are necessary for the purpose of providing a true and fair view of the operations of scheme.

20. Investment management fee.- (1) In consideration for the services provided, the pension fund shall be entitled to charge an investment management fee from the subscriber.

(2) The rate and manner of charging the investment management fee shall be determined in accordance with the procedure as may be laid down by the Authority from time to time and shall be subject to such revision as deemed necessary in subscribers interest and for orderly growth of the pension sector.

(3) The 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.

(4) The investment management fee is inclusive of brokerage but exclusive of custodian fee and applicable taxes. All other costs shall be borne by the pension fund and shall not be reimbursed or charged to the scheme by the pension fund.

(5) 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 them at the end of each quarter, from the scheme bank accounts maintained with Trustee Bank after approval of the National Pension System Trust.

CHAPTER IV

GENERAL OBLIGATIONS AND RESPONSIBILITIES OF PENSION FUND

21. Code of conduct.- Every sponsor or pension fund shall abide by the code of conduct as set out in the Schedule VI.

22. Duties and functions of pension fund.- (1) The management of pensions schemes shall be carried in accordance with the objects 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 National Pension System Trust.

(2) The day-to-day management of the pension funds shall be done by the pension fund on behalf of the National Pension System Trust.

(3) 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) 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.

(5) The pension fund shall facilitate and co-ordinate with other intermediaries and other entities *interalia* through agreements, technological platforms for undertaking its functional obligations;

(6) 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.

- (7) The pension fund shall submit periodical and compliance reports as required under these regulations, guidelines or circulars, or as may be called for by the Authority, or as required by the National Pension System Trust from time to time.
- (8) 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.
- (9) The pension fund shall adopt best governance practices for investments and risk management viz. constitution of Investment Committee and Risk Committee, its composition, functions, policy contents and other like matters as specified in Schedule X.
- (10) 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 National Pension System Trust.
- (11) The pension fund shall ensure exclusivity and segregation of pension fund business activities from its sponsors.
- (12) The pension fund shall ensure confidentiality with respect to subscribers information and activities relating to the pension fund and protection of all information within its control except as required by the Authority or the National Pension System Trust or provisions of any law.
- (13) The pension fund shall provide such representations and warranties as may be necessary for the protection of subscribers' interest on behalf of the National Pension System Trust.
- (14) The pension fund shall pay fees, charges, levies and security deposit as may be required by the Authority.
- (15) The pension fund shall be subject to review of its operations and performance by the National Pension System Trust.
- (16) The pension fund shall be subject to audit of pension schemes by the National Pension System Trust.
- (17) The pension fund shall be subject to other audit and inspection by the Authority.
- 23. Monitoring, review and evaluating systems and controls.** - (1) every pension fund shall have adequate mechanisms for reviewing, monitoring and evaluating the controls, systems, procedures and safeguards.
- (2) The National Pension System Trust shall be the nodal agency for monitoring, reviewing and evaluation of the pension fund operations or performance.
- 24. Appointment of compliance officer.-** (1) Every pension fund shall appoint a compliance officer from amongst the senior management level officers, who shall be responsible for monitoring the compliance by it of the provisions of the Act, the rules or the regulations made or notifications, guidelines or instructions issued by the Authority.
- (2) The compliance officer shall immediately and independently report, any non-compliance observed by him or her, to the Authority or the National Pension System Trust .
- 25. Information to Authority or National Pension System Trust.-** (1) The Authority or the National Pension System Trust may, at any time, call for any information from a pension fund with respect to any matter relating to its activity as a pension fund.
- (2) Where any information is called for by the Authority or National Pension System Trust under sub-regulation (1), it shall be the duty of the pension fund to furnish such information within such period as the Authority or the National Pension System Trust may specify.

CHAPTER V

INSPECTION AND AUDIT

- 26. Inspection and audit.-** (1) The Authority may, if it considers necessary at any time, undertake directly or through its authorized representative, or an auditor, an inspection and audit of the books, accounts, records including the telephone records and electronic records and documents of the pension fund for any purpose, including the purposes as specified under this regulation.
- (2) The purposes referred to in sub-regulation (1) may include,-
- to ascertain the infrastructural capabilities, systems and procedures;
 - to ensure that proper books of account, records and documents are maintained;
 - to ascertain whether adequate internal control systems, procedures and safeguards have been established and are being followed by the pension fund;

- (d) to ascertain whether the provisions of the Act or the regulations made or circulars, guidelines or notifications issued by the Authority are being complied with;
- (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 pension fund;
- (f) to inquire *suomotu* into any other matter in the interest of subscriber or pension system.

(3) 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);

Explanation.- For the purposes of this sub-regulation, the expression “qualified auditor” shall have the meaning derived from section 226 of the Companies Act, 1956 (1 of 1956).

- (b) appoint a qualified valuer or direct a qualified valuer to be appointed by the National Pension System Trust, if so considered necessary by the Authority and the expenses for carrying out any valuation under this clause shall be borne by the pension fund.

27. Notice before inspection or audit.-(1) Before undertaking an inspection or audit under regulation 26, the Authority or its authorized representative or the auditor shall give ten working days’ notice to the pension fund:

Provided that no notice shall be required if the Authority is satisfied that an inspection or audit is for immediate safe guarding of the interest of the subscribers.

- (2) During the course of an inspection or audit, the pension fund, against which the inspection or audit is being carried out, shall be bound to discharge its obligations as provided in these regulations.

28 . Obligations on inspection and audit.- (1) It shall be the duty of the pension fund, the affairs of which is being inspected or audited, and of every director, officer and employee thereof, to produce to the Authority, or its authorized representative or auditor, such books, accounts, records and other documents in its custody or control and furnish to the Authority or its authorized representative or the auditor with such statements and information relating to its activities entrusted to it by the Authority, as it or he may require, within such reasonable time may be specified.

(2) The pension fund shall allow the Authority or its authorized representative or the auditor to have a reasonable access to the premises occupied by it or by any other person on its behalf and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the pension fund or such other person and also provide copies of documents or other materials which in the opinion of the Authority or its authorized representative or auditor are relevant for the purpose of the inspection or audit.

(3) It shall be the duty of the pension fund to give to the Authority, or its authorized representative or auditor all assistance in connection with the inspection and audit which the Authority or its authorized representative, National Pension System Trust or its authorized representative or auditor may reasonably require in connection with the inspection or audit.

29. Procedure of audit (internal and scheme).- The manner in which the audit of the pension fund shall be conducted for internal audit scheme audit and other audits as may be, be specified by the Authority from time to time.

30 Submission of report.-(1) On completion of the inspection or audit, a report shall be submitted to the Authority, which after consideration of the report, may take such action as it may deem fit and appropriate in the interest of the subscribers.

- (2) The Authority may *suomotu* or after consideration of the inspection or audit report, as the case may be, order an investigation or inquiry to be conducted in the matter.

31. Payment of inspection and audit fees.-The Authority shall be entitled to recover from the pension fund such expenses incurred by it for the purposes of inspection or audit undertaken directly or through its authorized representative under sub-regulation (1) of regulation 26.

32. Inspection and audit by National Pension System Trust.- (1) The National Pension System Trust shall undertake directly or through its authorized representative, inspection or audit or both of the pension fund, on an annual basis or at such other period as may be specified by the Authority in relation to scheme audit in accordance with the provisions of Pension Fund Regulatory and Development Authority (National Pension System Trust) Regulations, 2015. The pension fund shall allow the National Pension System Trust, or its authorized representative to have a reasonable access to the premises occupied by it, books of accounts, records, and provide necessary information as may be required by it for the purpose of such inspection or audit, as the case may be. -

(2) The National Pension System Trust shall be entitled to recover from the pension fund such expenses incurred by it for the purposes of inspection or audit undertaken directly or through its authorized representative

(3) The scope of audit or inspection may be specified by the Authority from time to time.

CHAPTER VI

SUSPENSION OR CANCELLATION OF CERTIFICATE AND ACTION IN CASE OF DEFAULT

33. **Cancellation or suspension of certificate of registration.**-(1) Without prejudice to any other action which may be taken by the Authority, the certificate of a registration granted to a pension fund is liable to be suspended, cancelled or withdrawn upon happening any of the following events, namely:-

- (a) fails to comply with any of the terms and conditions subject to which a certificate of Registration has been granted to it;
- (b) contravenes any of the provisions of the Act or the rules or the regulations made or guidelines, notifications, directions, instructions or circulars issued by the Authority thereunder;
- (c) voluntarily applies to withdraw the certificate of registration granted by the Authority;
- (d) a receiver, receiver and manager, administrator or similar person is appointed with respect to the assets and undertakings of the pension fund or the sponsor;
- (e) the pension fund or the pension fund's sponsors,-
 - (i) goes into liquidation (other than for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Authority);
 - (ii) ceases to carry on business;
 - (iii) breaches any provision of the terms and conditions of registration, or fails to observe or perform any representation, warranty or undertaking given by the pension fund or fails to correct such breach or failure within ten working days of receiving notice in writing from the Authority specifying such breach or failure;
 - (iv) conducts its business in a manner prejudicial to the interest of the National Pension System subscribers;
 - (v) does not co-operate in any enquiry conducted by the Authority;
 - (vi) indulges in manipulating the business under the National Pension System or any other pension schemes;
 - (vii) indulges in unfair trade practices.
- (f) if pension fund or sponsor, in the opinion of the Authority, has engaged in corrupt or fraudulent practices in obtaining the certificate of registration or has been blacklisted by any Government authority or regulator;
- (g) if pension fund or sponsor submits to the Authority a false statement or information which has a material effect on the rights, obligations or interests of the Authority or the subscribers;
- (h) if pension fund or sponsor does not submit periodical returns as required by the Authority;
- (i) if pension fund or sponsor fails to furnish any information as required by the Authority relating to its pension business;
- (j) there is a change in the ownership, management or key personnel of the pension fund which in the opinion of the Authority adversely affects the interest of the subscribers;
- (k) generates returns significantly and consistently below market or peer benchmarks;
- (l) acts in a manner prejudicial to the interests of the subscribers;
- (m) does not cooperate in an inquiry conducted by the Authority;
- (n) commits any acts of defaults as mentioned under section 28 of the Act;
- (o) any other reason which in the opinion of the Authority warrants for suspension, cancellation or withdrawal of the certificate of registration granted.

(2) The Authority may without prejudice to the powers under sub-regulation (1) instead of cancelling or suspending or withdrawing the certificate of registration, direct for varying or modifying the terms and conditions of the certificate of registration, as it may deem fit or pass any other order, as may be deemed beneficial in the interest of the subscribers, for reason to be recorded in writing.

(3) No order of cancellation, termination or suspension of registration shall be made unless the person concerned has been given a reasonable opportunity of being heard under an inquiry conducted as per the Regulations.

34. **Effect of suspension or cancellation or withdrawal of certificate of registration.**-(1) On and from the date of suspension or cancellation of the certificate of registration, the pension fund shall-

- (a) cease to transact fresh business under the National Pension System or other pension schemes, as the case may be;

(b) take such action in respect of the assets, records, documents or information that may be in the custody or control of the pension fund, within the time limit and in the manner as may be required under the relevant regulations or as may be directed by the Authority..;

(c) transfer at its own cost the assets, records, documents or information that are in its custody or control to another pension fund in the form and manner as may be directed by the Authority;

(d) the pension fund or sponsor 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 subscribers 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. Any form of non-support or non-cooperation or obstructions from the pension fund or sponsor shall render the pension fund or its sponsor liable for penalty;

(e) the transfer of such assets shall be undertaken in accordance with the guidelines as may be issued by the Authority;

(f) the sponsor or pension fund shall be subject to the directions of the Authority until all such transfers or actions are completed or until, the certificate of registration remains suspended.

35. Appointment of designated authority.- (1)Where it appears to the designated member that any pension fund which has been granted certificate of registration under the Act, these regulations or any other concerned person has committed any default of the nature specified in regulation 33, he may appoint an officer not below the rank of a Chief General Manager, or any other officer of an equivalent rank as a designated authority.

(2) No officer who has conducted investigation or inspection in respect of the alleged violation shall be appointed as a designated authority.

36. Issuance of notice.- (1) The designated authority shall, if it finds reasonable grounds to do so, issue a notice to the pension fund or any other concerned person requiring it to show cause as to why the certificate of registration granted to it, should not be suspended or cancelled or why any other action provided herein should not be taken.

(2) Every notice under sub-regulation (1) shall specify the contravention alleged to have been committed by the noticee indicating the provisions of the Act, regulations, directions or circulars in respect of which the contravention is alleged to have taken place.

(3) There shall be annexed to the notice issued under sub-regulation (1) copies of documents relied on in making of the imputations and extracts of relevant portions of documents, reports containing the findings arrived at in an investigation or inspection, if any, carried out.

(4) The noticee shall be called upon to submit within a period to be specified in the notice, not exceeding twenty-one days from the date of service thereof, a written representation to the designated authority.

37. Reply by noticee. -(1 The noticee shall submit to the designated authority its written representation within the period specified in the notice along with documentary evidence, if any, in support thereof:

Provided that the designated authority may extend the time specified in the notice for sufficient grounds shown by the noticee and after recording reasons of extension in writing.

(2) If the noticee does not reply to the show-cause notice, within the time granted for the purpose, the designated authority may proceed with the matter *ex parte* recording the reasons for doing so and make recommendation as the case may be on the basis of material facts available before him.

38. Action in case of default.-After considering the representations, if any, of the noticee, the facts and circumstances of the case and applicable provisions of the Act, regulations, directions or circulars administered by the Authority, the designated authority shall submit a report, where the facts so warrant, recommending,-

- (a) suspension of certificate of registration for a specified period;
- (b) cancellation of certificate of registration;
- (c) prohibiting the noticee to take up any new assignment or contract or launch new scheme for the period specified in the order;
- (d) debarring the principal officer of the noticee from being employed or associated with any registered intermediary, for the period as may be specified;
- (e) imposition of any other condition, restrictions or compliances as may be deemed necessary upon the noticee or its principal officer or other officers or any other person concerned with it;
- (f) warning the noticee.

39. Procedure for action on recommendation.- (1) On receipt of the report recommending measures from the designated authority, the designated member shall consider the same and issue a show-cause notice to the noticee enclosing a copy of the report submitted by the designated authority calling upon the noticee to submit its written representation as to why the action, including passing of appropriate direction, should not be taken.

(2) The noticee may, within twenty-one days of receipt of the notice send a reply to the designated member who may pass appropriate order after considering the reply, if any received from the noticee and providing the person with an opportunity of being heard, as expeditiously as possible and endeavor shall be made to pass the order within one hundred and twenty days from the date of receipt of reply of the notice or hearing.

(3) The designated member may pass a common order in respect of a number of noticees where the subject matter in question is substantially the same or similar in nature.

40. Intimation of order.- (1) Every report made by a designated authority and every order passed by the designated member under these regulations shall be dated and signed.

(2) A copy of the order passed under these regulations shall be sent to the pension fund or any person concerned with it and also placed on the website of the Authority.

41. Penalty and adjudication.- The imposition of penalty, if any, on the pension fund or any person concerned shall be in accordance with the provisions of the Act and the Pension Fund Regulatory and Development Authority (Procedure for Inquiry by Adjudicating Officer) Regulations, 2015.

42. Appeals to Securities Appellate Tribunal.- The pension fund or any person concerned, aggrieved by an order under these regulations, may prefer an appeal to the Securities Appellate Tribunal, against such order in accordance with the provisions of sub-section (1) of section 36 of the Act.

Explanation.- For the purposes of this Chapter, the expression,-

- (a) “designated authority” means an officer of the Authority appointed under sub-regulation (1) of regulation 35;
- (b) “designated member” means the Chairperson or a whole-time member of the Authority designated for the purpose;
- (c) “noticee” means the person to whom a notice has been issued under this Chapter.

CHAPTER VII

MISCELLANEOUS

43. Power of the Authority to issue clarifications and directions.- 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 pension fund.

44. Directions.- Without prejudice to any order under these regulations, and directions, guidelines and circulars as may be issued by the Authority including an order under Chapter VI of these regulations, the Authority may in the interest of the interest of the subscribers or for the purpose of securing the proper management of pension fund, issue necessary direction:

Provided that before issuing any directions the Authority shall give a reasonable opportunity of being heard to the persons concerned:

Provided further that if the circumstances warrant any interim direction is required to be passed immediately, the Authority may give a reasonable opportunity of hearing to the persons concerned after passing the direction, without any undue delay.

SCHEDULE I

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

(PENSION FUND) REGULATIONS, 2015

[See regulation 9(3)]

CERTIFICATE OF REGISTRATION

Pension Fund Regulatory and Development Authority

CERTIFICATE OF REGISTRATION AS PENSION FUND

In exercise of the powers conferred by sub-section (3) of section 27 of the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013), read with regulations made thereunder, the Authority hereby grants this certificate of registration to _____ as pension fund subject to the terms and conditions specified in the Act and the regulations made thereunder.

The Registration Code for the Pension Fund is _____.

Date : _____

Place : _____

By order

For and on behalf of
Pension Fund Regulatory and Development Authority

SCHEDULE II
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY
(PENSION FUND) REGULATIONS, 2015

[See regulation 8(3) (e)]

CRITERIA FOR 'FIT AND PROPER'

For the purpose of determining as to whether the sponsor or pension fund is a 'fit and proper person', the Authority may take account of any consideration as it deems fit, including but not limited to the following criteria in relation to the applicant or the intermediary, the principal officer and the key management persons, by whatever name called:

- (a) financial integrity;
- (b) absence of convictions or civil liabilities;
- (c) competence;
- (d) good reputation and character;
- (e) efficiency and honesty; and
- (f) financial solvency and net worth.

A sponsor or pension fund shall not be considered as a "fit and proper person" for the purpose of appointment, if it incurs any of the following disqualifications:-

- (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 or managing partner 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 financially not 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 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, wherever it has been so specified in the relevant application for appointment.

SCHEDULE III

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

(PENSION FUND) REGULATIONS, 2015

[See regulations 4(1), 9(3) and 13]

FEES PAYABLE UNDER THE REGULATIONS**PART A**

AMOUNT TO BE PAID AS FEES TO THE AUTHORITY

Type of Fee	Amount	Nature/Calculation	Time of Payment
Application fee	-Rs 10,00,000	Non Refundable / Flat Rate	At the time of submission of application for acting as sponsor of pension fund .
Registration fee	Rs 25,00, 000	Non Refundable / Flat Rate	At the time of grant of Certificate of Registration (One time)
Annual fee	0.005% of Assets under Management or Rs 10,00, 000 Whichever is higher	Non-Refundable / % of AUM: Assets under Management shall be considered as on 31 st March of preceding financial year.	Payable by 15th of April of every financial year or within fifteen days of grant of Certificate of Registration.

PART B

- I. —For the purpose of this part, the expression "assets under management" shall mean the value of the assets held by the pension fund as disclosed by it under sub-paragraph VI of Part B below.
- II. The fees specified in part A shall be payable by demand draft or bankers cheque in favour of " Pension Fund Regulatory and Development Authority" payable at New Delhi or through e-payment .
- III. A pension fund shall pay pro rata annual fee on quarterly basis,if the business is done for a part of the year. The payment of annual fee shall be accompanied by a statement of assets under management which shall be in such format as may be specified by the Authority and shall be certified to be true and complete by the functional head of the pension fund. The pension fund shall pay any extension fees as may be determined by the Authority where the registration granted to it has been extended beyond the period of registration.
- IV. The Authority reserves the right to amend all or any of the fees from time to time.

SCHEDULE IV
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY
(PENSION FUND) REGULATIONS, 2015
[See regulation 11(3)]
CERTIFICATE FOR COMMENCEMENT OF BUSINESS

Pension Fund Regulatory and Development Authority

CERTIFICATE FOR COMMENCEMENT OF BUSINESS AS PENSION FUND

_____ which has been granted a certificate of registration as pension fund vide _____ on _____ is hereby allowed to commence the activities as pension fund for the pension Schemes regulated by the Pension Fund Regulatory and Development Authority on this ____ day of ____ 20

Place : _____

By order

For and on behalf of
Pension Fund Regulatory and Development Authority

SCHEDULE V
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY
(PENSION FUND) REGULATIONS, 2015
[See regulations 12(h), and 22(8)]
REPORTS AND DISCLOSURE

1. Reporting to NPS Trust, PFRDA, CRA and Other Parties

The pension fund shall furnish periodic reports as well as such information and documents as may be required by the Authority, National Pension System Trust and the central recordkeeping agency from time to time. This would include, but not limited to the following:-

(a) Indicative Reports to National Pension System Trust

Reports must be provided in writing for each successive period by delivery to the office of National Pension System Trust within ten days of the end of the period in the case of a monthly or quarterly or half yearly or yearly report and must contain at least the following information as at a stated end of period date.

Report	Contents
Monthly	
Form 1	Reconciliation of AUM and Units
Form 2	Details of Portfolio for - Scheme CG
Form 3	Details of Portfolio for - Scheme SG
Form 4	Details of Portfolio for - Scheme E- Tier I
Form 5	Details of Portfolio for - Scheme C - Tier I
Form 6	Details of Portfolio for -Scheme G Tier I

Form 7	Details of Portfolio Value for - Scheme E -Tier II
Form 8	Details of Portfolio for - Scheme C - Tier II
Form 9	Details of Portfolio for - Scheme G Tier II
Form 10	Details of Portfolio for - Scheme NPS Lite
Form 11	Details of Portfolio for - Scheme Corporate CG
Form 12	Statement of Purchases and Sales effected by PFM
Form 13	Amount Received or Accrued during the Period
Form 14	Report on transactions in securities in Group company / PF's associates
Form 15	Statement of Down Graded Investments
MC	Compliance Certificate at Monthly Interval
Quarterly	
Form 1a	Report on Transactions in securities by the key personnel of the PF in their own name
Form 1b	Report on transactions in securities with any of the PF's associates
Form 2	Portfolio overview
Form 3	Statement of mutual fund investments
Form 4	Market value - quarter - on -- quarter
Form 5	Details of investment portfolio - maturity proceeds & interest overdue (NPA)
Form 6	Overview of portfolio positioning including evaluation of <ul style="list-style-type: none"> a) Current economic conditions b) Prospects for securities markets, c) Justification for the positions and transactions in the portfolio, d) Attribution of performance over last quarter (and year when applicable) on absolute basis as well as relative to the specific market benchmark, e) Outlook for returns for the portfolio
QC	Compliance Certificate at Quarterly Interval
Half-Yearly	
HY.1	Copy of half yearly unaudited accounts of Schemes as per Scheme accounting regulations. (before the expiry of one month from the close of each half year)
HYC	Compliance certificate at half yearly Interval
Annual	
A.1	Statement regarding the current status of the sponsor's regulatory licenses and details of any changes in the name or capitalisation of the PF company or Sponsor(s)
A.2	Statement showing the amount of interest accrued but not realised as on closing date of the financial year
A.3	All service contracts carried out between Schemes, PF and its associates. (Including outsourced activity).
A.4	All service contracts such as for custody arrangements and transfer agency of the securities are executed in the interest of subscribers.
A.5	Summary of all activities and compliance with regulations and guidelines.
A.6	Copy of the Audited Annual Report and other information including details of investments as per the Scheme accounting regulations. (within sixty days from the date of closure of each financial year)

A.7	Copy of unaudited provisional financial statements (Balance Sheet, Revenue Account, notes and schedules) of each scheme. (within thirty days from the date of closure of each financial year)
A.8	Voting report including the number of votes cast (for, against, or abstained) and a statement of whether the PF has complied with its obligation to exercise its voting rights in the client's interests only.
A.9	Any change in the interests of Directors every six months
AC	Compliance certificate at annual Interval
Ad hoc	
M.1	Bio-data of all its Directors along with their interest in other companies within 15 days of their appointment
M.2	Conflicts of interest
M.3	All such information as is considered necessary by the NPS Trust

(b) Reports to Authority

- (i) In addition to the reports, pension fund would need to adhere to disclosures in accordance with para 2 of this Schedule.
- (ii) Any other information as required by the Authority.
- (iii) Exception reporting to be done by the National Pension System Trust to Authority.
- (iv) National Pension Trust shall keep the Authority informed of the operations of the Pension Fund on periodic basis.

(c) Reports to central recordkeeping agency

The pension fund shall interface with the central recordkeeping agency for:-

- (i) Sending and receiving reports in the required format.
- (ii) Compilation and consolidation of investment instruction by central recordkeeping agency
- (iii) Confirmation Report by pension fund to central recordkeeping agency.
- (iv) Daily investment report by pension fund
- (v) Report of scheme wise payout position of pension fund to central recordkeeping agency
- (vi) Daily Report on Net Asset Values as specified by the Authority from time to time.
- (vii) Net fund receipt from National Pension System Trust Account report by PFs on different investment schemes.
- (viii) Discrepancy/confirmation report on net payout.
- (ix) The daily performance reports of the schemes measured using Net Asset Values

(d) Reports to other parties

- (i) The pension fund shall interface and provide such reports as may be required by the National Pension System Trust, Trustee Bank, Custodian and other entities of the National Pension System architecture as may be prescribed by Authority and National Pension System Trust from time to time.
- (ii) The pension fund will disclose the basis of calculating the transaction price and Net Asset Value of the various schemes in the Scheme particulars and disclose the same to subscribers at such intervals as may be specified by the National Pension System Trust and the Authority.

2. Public disclosures -Under Regulation22(8)

- (a) The pension fund shall be expected to comply with the disclosure requirements specified by Authority from time to time.
- (b) In order to ensure uniformity and timeliness of dispensation of information by the Authority in the interest of all stakeholders, the following public disclosures have been prescribed:

Sl	Particulars	Frequency	Format	Time Limit	Sub-heading on website
1	Latest Net Asset Value (NAV)_(Scheme wise)	Daily	Up to four decimal points	By 9.00 PM on the same day	NAV
2	NAV History (since inception) (scheme wise- both in Tabular data as well as graphical form)	Daily	--- do ---		NAV History
3	Scrip wise details of Portfolio of each scheme	Monthly	Appended below	Within 10 days from the end of month	Portfolio Details
4	Unaudited financial statements* along with statement of <i>scheme portfolio</i>	Half-Yearly	-----do----- (For scrip wise details of Portfolio of each scheme)	before the expiry of one month from the close of each half year	Financials
5	Annual Report (with Financials) and portfolio details of each <i>scheme</i> **	Yearly	-----do----- (For scrip wise details of Portfolio of each scheme)	after approval by the National Pension System Trust (within 15 days)	Financials
6	Investment Policy and Investment Review Mechanism	Updated version at all times	-	Within 10 Days after Board approval	Policy
7.	Annual Report and Financials of <i>pension fund</i> .	Yearly	-	After AGM (within 10 days)	Financial
8.	Scheme wise Fee (pension fund <i>should also simultaneously upload the Public Notice for change in fee on its website</i>)	Yearly	-	To be updated when revised (within 4 days)	Investment Management Fee

* 'Financial Statements' includes balance sheet, revenue account and notes, schedules and other integral reports.

** Contents of 'Annual Report' are as per Financial Statements and Auditor's Report under Schedule VIII

- (c) Pension Funds are advised to publish the above Public Disclosures on their respective websites at a prominent place on home page with heading 'Public Disclosure' and with sub-headings like NAV, Portfolio Details, Financials, Policy etc as applicable.

Scrip wise details of Portfolio of each scheme

Name of the Pension Fund :

Name of the scheme :

Portfolio Statement as on..... (month end)

Name of the instrument	ISIN No.	Industry	Quantity	Mkt value	% of Portfolio	Ratings
Equity Instruments Shares 1 2 3..... Equity oriented MFs Equity ETFs						
Debt Instruments - Central Government Security 1 2 State Development Loans 2 2 PSU / PFI Bonds:- 1 2 Private Corporate Bonds:- 1 2 Bank Fixed Deposits (> 1 Year) 1 2 Gilt Mutual Fund 1 2						
Money Market Instruments:- Treasury Bills : 1 2 Certificate of Deposits / Commercial Papers 1 2 Application Pending Allotment 1 2 Bank Fixed Deposits (< 1 Year) 1 2 Cash / cash Equivalent & Net Current Assets 1 2						
GRAND TOTAL						

Average Maturity of Portfolio (in yrs)						
Modified Duration (in Yrs)						
Yield to Maturity (%) (annualised)(at market price)						
Credit Rating Exposure						
Central Govt. Securities						
State Development Loans						
AAA / Equivalent						
A1+ (For Commercial Paper)						
AA+ / Equivalent						
AA / Equivalent						
AA- / Equivalent						
A+ / Equivalent						
A / Equivalent						
A- / Equivalent						
BBB+ / Equivalent						
BBB / Equivalent						
BBB- / Equivalent						
Lower (Below Investment Grade)						
(out of above Net NPA)						
Total						
Bank FD						
Equity						
Equity Mutual Funds						
Money Market Mutual Funds						
Cash / Cash Equivalent Net Current Assets						
Application Pending Allotment – NCDs						
Others						
Grand Total						

Units Outstanding**NAV**

1. Entire portfolio irrespective of the quantity, market value and percentage to NAV of any scrip should be disclosed in descending order of weightage within each sub-group. If percentage to portfolio of any security is less than 0.01%, it may be indicated by giving asterisk or any other mark instead of showing 0.00.
2. An asterisk/suitable mark should be given against debt instruments which are classified NPAs in accordance with Authority's guidelines issued from time to time.
4. The following information may be given by way of footnotes :
a. Total NPAs provided for and its percentage to NAV.
b. Total value and percentage of illiquid equity shares.
c. NAV at the beginning and end of the period.
d. Total outstanding exposure in derivative instruments at the end of the period.
3. Total ' Infrastructure investments ' may be disclosed by way of foot note.

SCHEDULE VI**PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY****(PENSION FUND) REGULATIONS, 2015**

[See regulations 12(k) and 21]

CODE OF CONDUCT**I. SUBSCRIBER PROTECTION****(a) Investors/Authority/National Pension System Trust (NPS Trust)**

A pension fund shall make all efforts to protect the interests of subscribers and shall render the best possible service to the Authority/ National Pension System Trust having regard to the subscribers needs and the environments and its own professional skills.

(b) High Standards of Service

A Pension fund shall ensure that it and its key management personnel, employees, contractors and agents, shall in the conduct of their business, observe high standards of integrity, dignity, fairness, ethics and professionalism and all professional dealings shall be affected in a prompt, effective and efficient manner. A pension fund shall be responsible for the acts or omissions of its employees and agents in respect to the conduct of its business.

(c) Exercise of Due Diligence and no Collusion

A Pension fund shall at all times render high standards of service, exercise due skill and diligence over persons employed or appointed by it, ensure proper care and exercise independent professional judgment and shall not at any time act in collusion with other intermediaries in a manner which is detrimental to the subscribers.

(d) Fees

A pension fund shall levy charges/ fees for the services rendered as may be determined by the Authority.

II. DISBURSAL OF AMOUNTS

A pension fund shall be prompt in crediting dividends, interests or any such accrual income received or collected by it on behalf of the Authority, the National Pension System Trust or subscribers to the scheme accounts.

III. DISCLOSURE OF INFORMATION

(a) A pension fund shall ensure that adequate disclosures are made to the Authority, the National Pension System Trust or subscriber in a comprehensible and timely manner so as to enable them to make a balanced and informed decision.

(b) A pension fund shall not make any misrepresentation and ensure that the information provided to the Authority the National Pension System Trust or subscriber is not misleading.

(c) A pension fund shall not make any exaggerated statement whether oral or written to the Authority, the National

Pension System Trust or subscribers, either about its qualification or capability to render certain services or its achievements in regard to services rendered to other Authority, National Pension System Trusts or subscribers.

- 3.4** A Pension fund shall not divulge to anybody, either orally or in writing, directly or indirectly, any confidential information about the Authority, the National Pension System Trusts or subscribers, which has come to its knowledge, without taking prior permission of the Authority, the National Pension System Trusts, except where such disclosures are required to be made in compliance with any law for the time being in force.

IV. CONFLICT OF INTEREST

(a) A pension fund shall avoid conflict of interest and make adequate disclosure of its interest and shall put in place a mechanism to resolve any conflict of interest situation that may arise in the conduct of its business or where any conflict of interest arises, shall take reasonable steps to resolve the same in an equitable manner. A pension fund shall make appropriate disclosure to the Authority, the National Pension System Trust or subscribers of its possible source or potential areas of conflict of duties and interest while acting as a pension fund which would impair its ability to render fair, objective and unbiased services.

(b) A pension fund or any of its directors, or employee or an associate of the pension fund shall not, either through its account or their respective accounts or through their family members, relatives or friends indulge in any insider trading.

V. COMPLIANCE AND CORPORATE GOVERNANCE

- 5.1** A pension fund shall ensure that good corporate policies and corporate governance is in place. It shall not engage in fraudulent and manipulative transactions in the securities listed on any stock exchange in the country and shall not indulge in any unfair competition (including resorting to unfair means for inducing another intermediaries, the Authority or the National Pension System Trust) which is likely to harm the interests of other intermediaries or subscribers or is likely to place such other intermediaries in a disadvantageous position while competing for or executing any assignment.

- 5.2** A pension fund shall take adequate and necessary steps to ensure that continuity in data and record keeping is maintained and that the data or records are not lost or destroyed. It shall also ensure that for electronic records and data, up-to-date back up is always available with it.

- 5.3** A pension fund shall co-operate with the Authority, or any intermediary designated by the Authority, as and when required and shall not make any untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the Authority or neglect or fail or refuse to submit to the Authority or other agencies with which it is registered, such books, documents, correspondence and papers or any part thereof as may be demanded/requested from time to time.

- 5.4** A pension fund shall ensure that any change in registration status or any penal action taken by Authority or any material change in financials which may adversely affect the interests of subscribers is promptly informed to the Authority, National Pension System Trust or and any business remaining outstanding is transferred in accordance with the instructions of the Authority and the provisions of the relevant regulations.

- 5.5** A pension fund shall maintain an appropriate level of knowledge and competency and abide by the provisions of any Act, regulations, circulars and guidelines of the Central Government, the Reserve Bank of India, Securities Exchange Board of India, the Authority, the stock exchange or any other applicable statutory or self-regulatory or other body, as the case may be, and as may be applicable to the Pension fund in respect of the business carried on by such pension fund. A pension fund shall also comply with the award of the Ombudsman passed under the Pension fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015.

- 5.6** A pension fund shall ensure that the Authority is promptly informed about any action, legal proceedings, initiated against it in respect of any material breach or non-compliance by it, of any law, rules, regulations, and directions of the Authority or of any other regulatory body.

VI. PENSION FUND INFRASTRUCTURE REQUIREMENTS

- (a) A pension fund shall have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, the Authority, the National Pension System Trust or subscribers and other registered entities from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.
- (b) A pension fund also registered with the Authority in any other capacity or category shall endeavor to ensure that arm's length relationship is maintained in terms of both manpower and infrastructure between the activities carried out as a Pension fund and other permitted activities.
- (c) A pension fund shall establish and maintain adequate infrastructural facility to be able to discharge its services as such Pension fund to the satisfaction of Authority, the National Pension System Trusts and the operating procedures and systems of the intermediaries shall be well documented and backed by operations manuals.

- (d) A pension fund shall create and maintain the records of all documents and data pertaining to its activities in such manner that the tracing of such document or data is facilitated in the event of loss of original records or documents for any reason.
- (e) (a) A pension fund or any of his employees shall not render, directly or indirectly any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of his interest including long or short position in the said security has been made, while rendering such advice.
- (b) in case an employee of the pension fund is rendering such advice, he shall also disclose the interest of his dependent family members and employer including their long or short position in the said security, while rendering such advice.

SCHEDULE VII

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

(PENSION FUND) REGULATIONS, 2015

[See regulations 15,16,17,18 and 19]

FINANCIAL STATEMENTS AND AUDIT REPORT

ANNUAL REPORT

I. Annual Report

Each pension fund shall prepare a *consolidated* annual report comprising financial statements of all the schemes managed by them.

The annual report shall contain—

- (i) Report on the operations of each scheme during the financial year and economic scenario;
- (ii) Accounting Policies, Balance Sheet and Revenue Account in accordance with these regulations **Paras II and III** of this Schedule;
- (iii) Auditor's Report in accordance with **Para IV** of this Schedule;
- (iv) Brief statement on the following aspects, namely :—
 - (a) Liabilities and responsibilities of the pension fund ;
 - (b) Investment objective of each scheme ;
 - (c) Basis and policy of investments underlying the scheme;
 - (d) If the scheme permits investments partly or wholly in shares, bonds, debentures and other scripts or securities whose value can fluctuate, a statement on the following lines:
“The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments”;
 - (e) Comments on the performance of the scheme, with full justification with possible comparison with other benchmark yields, if any, as specified by the Authority.
 - (f) Statement giving “key statistics” of schemes in accordance with **Para V** of this Schedule;
 - (g) Abridged version of the Balance sheet as per Para VI of the Schedule.
 - (h) Abridged version Revenue account as per para VII of the Schedule.
 - (i) Notes to account as per Para VIII of the schedule.

II. Contents of Balance Sheet:

- (i) The Balance Sheet shall give scheme wise particulars of its assets and liabilities. It shall also disclose, inter alia, accounting policies, valuation of investments and other important areas.
- (ii) The balance-sheet shall disclose under each type of investment, the aggregate carrying value and market value of non-performing investments
- (iii) The Balance Sheet shall disclose the per unit Net Asset Value (NAV) as at the end of the accounting year.
- (iv) The Balance Sheet shall give against each item, the corresponding figures as at the end of the preceding financial year.
- (v) The notes to the Balance Sheet shall disclose the following information regarding investments:—
 - (a) all investments shall be grouped under the major classification given in the balance sheet;
 - (b) under each major classification, the total value of investments falling under each major industry group (which constitutes not less than 5 per cent of the total investment in the major classification) shall be disclosed together with the percentage thereof in relation to the total investment within the classification;
 - (c) a statement of investments showing the name of the companies in which investments have been made including the amount of investment in each company by each scheme and the aggregate investments made by all schemes in the associates and group companies of the pension fund, if any;

- (d) if brokerage, custodial fees or any other charges for services are paid to or payable to any entity in which the PF or its major shareholders have a substantial interest (being not less than 10% of the equity capital), the amounts debited to the Revenue Account or amounts treated as cost of investments in respect of such services shall be separately disclosed together with details of the interest of the pension fund or its major shareholders;
- (e) the basis on which fees have been paid to pension fund and the computation thereof;
- (f) aggregate value of purchases and sales of investments during the year and expressed as a percentage of average daily net asset value;
- (g) where the non-traded investments which have been valued “in good faith” exceed 5% of the Assets under management (AUM) at the end of the year, the aggregate value of such investments;
- (h) movement in unit capital shall be stated;
- (i) the total income of the scheme shall include unrealised depreciation or appreciation on investments.
- (vi) Provisions for doubtful deposits, doubtful debts and for doubtful outstandings and accrued income shall not be included under provisions on the liability side of the balance sheet, but shall be shown as a deduction from the aggregate value of its relevant asset.
- (vii) Disclosure shall be made of all contingent liabilities showing separately uncalled liability on partly paid shares and other commitments with specifying details.
- (viii) The accounting policies shall be as per Para IX of the Schedule.

Major Headings of Balance Sheet

ASSETS SIDE OF THE BALANCE SHEET:

I. The assets of the balance sheet shall be grouped into the following categories :

- Investments (Long term and short term)

- Deposits

- Other Current Assets

II. INVESTMENTS (Long term and short term):

The following types of investments shall be separately disclosed (only those heads under which investments is permitted to be kept):

(i) Equity shares;

(ii) Preference shares;

(iii) Debentures and Bonds listed/awaiting listing on a recognized stock exchange;

(iv) Central and State Government Securities (including treasury bills);

(v) Commercial Paper;

(vi) Others- Mutual Funds etc.

III. DEPOSITS

Distinguishing between :

- Deposits with scheduled banks;

- Others.

IV. OTHER CURRENT ASSETS

Distinguishing between:

- Balances with banks in current/savings account;

- Cash on hand;

- Sundry Debtors;

- Contracts for sale of investments;

- Outstanding and accrued income;

- Advance, Deposits etc.;

- Shares/debentures/ others application money pending allotment (for this age wise disclosure is to be made along with security name);

- Others.

LIABILITIES SIDE OF THE BALANCE SHEET

I. Liabilities side of the balance sheet shall be divided into the following groups :

- (i) Unit Capital;
- (ii) Reserves & Surplus;
- (iii) Current Liabilities and Provisions.

II. Unit Capital:

Distinguishing between:

- Initial capital;
- Unit capital (including number of units and face value per unit).

III. Reserves & surplus

Distinguishing between:

- Unit Premium Reserve (Optional)
- General reserve;
- Any other reserve (disclosing its nature);
- Appropriation account;

-Opening balance, transfer from/to reserve, closing balance shall be separately disclosed for each above type of reserve.

IV. Borrowings

V. Current liabilities and provisions

Distinguishing between the following current liabilities and provisions

Current liabilities:

- Sundry creditors;
- Contract for purchase of investments;
- Unclaimed distributed income;

Provisions (Indicate nature):

VI. Contingent liabilities

- Disclosure should be made of all contingent liabilities, showing separately:—

- (i) Uncalled liability on partly paid shares;
- (ii) Other commitments; and
- (iii) Others (specifying details).

III. Contents of Revenue Account:

- (i) The Revenue Account shall give scheme wise particulars of the income, expenditure and surplus of the pension fund.
- (ii) If profit on sale of investments shown in the Revenue Account includes profit/loss on inter-scheme transfer of investments within the same pension fund the aggregate of such profit recognised as realised, shall be disclosed separately without being clubbed with the profit/loss on sale of investments to third parties.
- (iii) The Revenue Account shall indicate the appropriation of surplus by way of transfer to reserves.
- (iv) The following disclosures shall also be made in the Revenue Account:
 - (a) provision for aggregate value of doubtful deposits, debts and outstanding and accrued income;
 - (b) profit or loss on sale and redemption of investments may be shown on a net basis;
 - (c) custodian, Trustee Bank and central recordkeeping agency charges
 - (d) Total income and expenditure expressed as a percentage of average net assets, calculated on a daily basis.

Major Headings of Revenue Account**Income:**

- Dividend;

- Interest;
- Profit on sale/redemption of investments (other than inter-scheme transfer/sale);
- Profit on inter-scheme transfer/sale of investments;
- Unrealized gain on appreciation in investments
- Other income (indicating nature).

Expenses and losses:

- Unrealized losses in value of investments
- Provision for outstanding accrued income considered doubtful;
- Provision for doubtful deposits and current assets;
- Loss on sale/redemption of investments (other than inter-scheme transfer/sale);
- Loss on inter-scheme transfer/sale of investments;
- Management fees;
- Trusteeship/regulatory fees;
- Publicity expenses;
- Audit fees;
- Custodian fees;
- Trustee Bank fees
- Central recordkeeping agency fees

Less : Amount recovered on sale of units on account of central recordkeeping agency charges

Note :

- (i) Accounting policy in respect of recognition of revenue and income from investments (including dividend and interest) shall be disclosed by way of a note.
- (ii) The total income and expenditure expressed as a percentage of average net assets, calculated on a daily basis should be indicated.

IV. Scheme Auditor's Report

(i) The auditor shall state whether;-

1. he has obtained all information and explanations which, to the best of his knowledge and belief, were necessary for the purpose of his audit;
2. the Balance Sheet and the Revenue Account are in agreement with the books of account of the scheme;
3. whether proper books of accounts of each scheme have been maintained;
4. all transaction expenses in excess of the limits contractually agreed to/approved by Authority are borne by the pension fund and are not charged to the Net Asset Value;
5. the Balance Sheet and Revenue Account of the Scheme dealt with by this Report comply with these regulations and the Accounting Standards notified under the Companies Act, to the extent made applicable by the regulations.

(ii) The auditor shall give his opinion as to whether;-

1. the Balance Sheet gives a true and fair view of the scheme wise state of affairs of the fund as at the end of the financial year,
2. the Revenue Account gives a true and fair view of the scheme wise surplus/deficit of the fund for the financial year.

(iii) The Auditor shall further certify that;-

1. Investments have been valued in accordance with the guidelines issued by the Authority;
2. Transaction and claims/ fee raised by different entities are in accordance with the prescribed fee.

(iii) The Auditor shall also submit a separate report called as “NPS Scheme - Detailed Audit Report” (to be referred as NPS-DAR) along with the scheme audit report / scheme accounts for a particular financial year. A copy of the said Audit Report should be given to the Board of Pension Fund. The contents of the report would be based on the format prescribed by Authority/NPS Trust. The Board of Directors of Pension Fund should submit a Compliance Report within two months of the receipt of Detailed Audit Report. NPS-DAR will be a combined report for all the NPS Schemes. The Auditor will give a certificate in the following format;

To

The Board of Trustees

National Pension System Trust

1st Floor, ICADR Building,

6, Vasant Kunj Institutional Area- Phase II,

New Delhi 110 070

We have conducted the Detailed Audit of under mentioned schemes of National Pension System of (The 'Pension Fund Manager') for the Period/Year as per the check list provided to us by the NPS Trust and hereby submit the NPS-DAR for your perusal.

Schemes	Year/Period
Scheme Name	From 1st April ...to 31st March
Scheme Name	From 1st April ...to 31st March
Scheme Name	From 1st April ...to 31st March
Scheme Name	From 1st April ...to 31st March
Scheme Name	From 1st April ...to 31st March
Scheme Name	From 1st April ...to 31st March
Scheme Name	From 1st April ...to 31st March

We report as under:

1. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit,
2. In our opinion, proper books of accounts of each scheme have been maintained.
3. Our procedures covered all the areas listed in the recommended NPS-DAR Checklist (Enclosed, duly signed by us under reference to this certificate.)
4. Further, all deviations with regards to applicable accounting principles, regulations and guidelines for preparation of accounts are being disclosed in the attached report.

Based on our test checking of the records maintained by the pension fund, we certify as under:

1. The system, procedures and safeguards followed by the pension fund are adequate.
2. The terms and conditions of registration of these regulations, Investment Management Agreement signed with the National Pension System Trust are being complied with by the Pension Fund.
3. Directions issued by the Authority from time to time or any other statutory requirements have been followed.
4. Affairs of the pension fund are being conducted in a manner which is in the interest of the subscribers.
5. All transaction expenses in excess of the limits contractually agreed to / approve by Authority are borne by the pension fund and are not charged to NAV.

Yours truly

For

..... (Name of Firm)

Chartered Accountants

Firm Regn. No...

..... (Name of Partner)

Partner

Membership No:

Place:

Date:

V. Key Statistics

Name of the Pension Fund :

Key Statistics for the year / period ended _____

	Scheme A		Scheme B	
	As at	As at	As at	As at
	Current Year	Previous Year	Current Year	Previous Year
1. NAV per unit (Rs.):				
Open				
High				
Low				
End				
2. Closing Assets Under Management (Rs. in Lakhs)				
End				
Average (AAuM)				
3. Gross income as % of AAuM				
4. Expense Ratio:				
a. Total Expense as % of AAuM (scheme wise)				
b. Management Fee as % of AAuM (Scheme wise)				
5. Net Income as a percentage of AAuM				
6. Portfolio turnover ratio				
7. Total Dividend per unit distributed during the year / period (scheme wise)				
8. Returns: (%)				
a. Last One Year				
Benchmark				
b. Since Inception				
Benchmark				
c. Compounded annualised yield (%)				
Last 1 year				
Last 3 years				
Last 5 years				
Since launch of the scheme (date of launch to be given)				
1. Gross income = amount against (A) in the Revenue account i.e. Income.				
2. Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD				
3. Portfolio Turnover = Lower of sales or purchase divided by the Average AUM for the year/period.				
4. AAUM=Average daily net assets				
5 'Compounded annualised yield' is to be calculated based on the following formula: $\bar{r} = (1 + \text{cumulative return})^{\frac{1}{n}} - 1 \quad (\text{where } n = 365/\text{no. of days})$				
6. NAV= (Market value of Investment held by scheme + value of current assets- value of current liability and provisions , if any)/ (no. of units at the valuation date (before creation/ redemption of units)				

ABRIDGED BALANCE SHEET FORMAT

Name of the Pension Fund :

Abridged Balance Sheet as at _____

		Scheme A		Scheme B	
		As at	As at	As at	As at
		Current Year	Previous Year	Current Year	Previous Year
	<u>LIABILITIES</u>				
1	Unit Capital				
2	Reserves & Surplus				
2.1	Unit Premium Reserve				
2.2	Unrealised Appreciation Reserve				
2.3	Others				
4	Current Liabilities & Provisions				
4.1	Provision for doubtful Income/Deposits				
4.2	Other Current Liabilities & Provisions				
	TOTAL				
	<u>ASSETS</u>				
1	Investments				
	Equity				
	Debenture				
	Bonds				
	CG/ SDL				
	Money Market				
	Others				
	Total Investments				
3	Other Current Assets				
3.1	Cash & Bank Balance				
3.3	Others				
	TOTAL				

ABRIDGED REVENUE ACCOUNT FORMAT

Name of the Pension Fund :

Abridged Revenue Account For The Year / Period Ended

		Scheme A		Scheme B	
		As at	As at	As at	As at
		Current Year	Previous Year	Current Year	Previous Year
1	INCOME				
1.1	Dividend				
1.2	Interest				
1.4	Realised Gains on Interscheme transfer				
1.5	Realised Gains on sale / redemption of investments				
1.7	Other Income				
	(A)				
2	EXPENSES				
2.1	Realised Losses on Inter scheme transfer				
2.2	Realised Losses on sale / redemption of investments				
2.3	Investment Management fees				
2.4	Custodian fees				
2.5	Bank Charges				
2.6	Other operating expenses				
	(B)				
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD (A -B = C)				
4	Net Change in Unrealised Depreciation/ appreciation in value of investments				
7	NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD				
	Notes to Accounts as specified below				
	<u>Guidance Note</u>				
	1 : Provide details of significant items indicating nature & corresponding amount in Notes to accounts				
	2. Unrealised Depreciation/Appreciation to be computed by each asset category and shown on an aggregated basis. This should take into account change in unrealised depreciation/ appreciation for the year/period and write back of unrealised depreciation/ appreciation provided in the previous year end.				

NOTES TO ACCOUNTS - ANNEXURE TO THE ABRIDGED BALANCE SHEET AND REVENUE ACCOUNT

Name of the scheme :

Notes to Accounts - Annexure to the Abridged Balance Sheet and Revenue Account for the Year / Period ended _____

Sr. No.	Particulars
1	Investments:- 1.1. Note confirming that Investments of the Schemes are in the name of the NPS Trust. 1.2. Open Position of derivatives (outstanding market value & % to Net Assets as of the Year end). 1.3. Investments in Associates and Group Companies: Provide details of issuer, nature of instruments, amount, aggregate investments by all schemes. 1.4. Open position of Securities Borrowed and / or Lend by the scheme. 1.5. Details of NPA: Aggregate market value and provision thereof. 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Year / Period and percentage to net assets. 1.7. Aggregate Value of Purchase and Sale with Percentage to average assets. 1.8. Non-Traded securities in the portfolio: Provide Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets.
2	Details of Transaction with Associates and Group Companies. Provide details of name of associate, nature of payment and amount
3	Unit Capital movement during the year ended / period ended. Scheme wise details of movement in units - opening, subscription, redemption, closing. Indicate scheme wise face value of units.
4	Prior Year Comparison - a suitable statement that prior year figures have been reclassified whenever necessary to conform to current years' presentation.
5	Contingent Liability. Provide details of nature and amount.

Guidance Note: Provide corresponding previous year/period figures for all the above disclosures.

IX. Accounting Policies

The Accounting Policies related to schemes has to be complied by pension fund for preparation of financial statements and calculation of Net Assets Value:

1. The Pension Fund should maintain their scheme-wise books of account on an accrual basis. Investment should be stated as per the valuation guidelines issued by the Authority from time to time, at the Balance Sheet date or date of computation of asset value or Net Asset Value.
2. Investments should be tallied with the custodian records and units should be tallied with Central Recordkeeping Agency records on daily basis.
3. All allowable expenses and incomes accrued upto the valuation date, which are considered for computation of asset value/ NAV, major expenses like management fees and other allowable periodic expenses like custodian charges etc, should be accrued on a day-to-day basis. The period to be considered for accrual will be the financial year.
4. Dividend income earned by a scheme should be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis.

5. In respect of all interest-bearing investments, income must be accrued on a day to day basis. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase must not be treated as a cost of purchase but must be debited to Interest Recoverable Account. Similarly interest received at the time of sale for the period from the last interest due date upto the date of sale must not be treated as an addition to sale value but must be credited to Interest Recoverable Account.
6. In determining the holding cost of investments and the gains or loss on sale of investments, the “weighted average cost” method must be followed.
7. Transactions for purchase or sale of investments should be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
8. Bonus shares to which the scheme becomes entitled should be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements should be recognized only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
9. The cost of investments acquired or purchased will include applicable taxes and stamp charges but *exclude* brokerage, applicable taxes on brokerage and other transactional charges. In respect of privately placed debt instruments any front-end discount offered should be reduced from the cost of the investment.
10. All taxes which are leviable and actually paid shall be charged to the NAV of the Fund and be borne by the Subscriber. Any subsequent refund on this account, if any, should be added to the scheme/fund as income.
11. The Investment Management Fee is inclusive of all transaction related charges such as brokerage, transaction cost etc. except custodian charges and applicable taxes. The Investment Management Fee is calculated on the daily assets managed by the pension fund. The fees to be paid to the Authority will not be charged to the scheme.
12. In respect of non-performing assets, recognition, classification and provisioning should be in compliance with the guidelines issued by the Authority.

SCHEDULE VIII

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY (PENSION FUND) REGULATIONS, 2015

[See regulation 10(1)(c)]

BANKING AND CENTRAL RECORDKEEPING AGREEMENTS

Before obtaining the certificate of commencement of business, the pension fund shall undertake to enter into a banking agreement with Trustee Bank and central recordkeeping agency as per details given below:

1. The pension fund shall provide electronic interconnectivity to the central recordkeeping agency and Trustee bank. The pension fund shall need to be able to adapt to future changes including changes on account of technology advancements, changes in system specifications including number of subscribers, number of schemes, and services and functional obligations specified by the Authority.
2. Funds for investment purposes as referred to hereinabove, would comprise past, present and future investment and periodical income, redemption and sale proceeds actually received there from and transferred to the credit of the National Pension System Trust, National Pension System Trust A/c at a designated branch of the Trustee Bank with which the investment account of the Pension Fund is held and specifically earmarked for investment purposes as above.
3. The details of the designated branch and the Trustee Bank would be as per arrangements made and approved by the Authority and notified from time to time.
4. Where and as applicable, the central recordkeeping agency shall cause to transfer the netted fund to the designated branch of the Trustee Bank.
5. The funds accepted under this Agreement shall be credited to be held in a separate investment account in the name of the National Pension System Trust with the designated branch with due notice to the National Pension System Trust. All receipts, payments, income, expenses, sale proceeds, purchase, cost of transactions of investments shall be debited or credited, as the case may be, to this account.
6. For the removal of doubts, while the account of the pension fund with the Trustee Bank where from the investments are to be made and the expenses to be incurred in connection with the investment thereof by

pension fund on behalf of the National Pension System Trust shall be maintained by the pension fund, the National Pension System Trust shall maintain the account as per the agreement with the Trustee Bank.

7. The pension fund shall maintain scheme wise bank account with the Trustee Bank to receive funds from the National Pension System Trust account maintained with the Trustee bank and remit funds into the same National Pension System Trust account as per instructions of the central recordkeeping agency from time to time.
8. Where and as applicable, the pension fund shall cause to transfer the withdrawal amount to the subscribers Bank account or in any other manner that is prescribed by the Authority/ National Pension System trust from time to time.

SCHEDULE IX

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

(PENSION FUND) REGULATIONS, 2015

[See regulation 10(1)(c)]

CUSTODIAL AGREEMENTS

Before obtaining the certificate of commencement of business, the pension fund shall undertake to enter into a custodian agreement with the National Pension System custodian to carry out the custodial services for the schemes of the fund with the prior approval of the National Pension System Trust as detailed below.

1. Securities shall be purchased by the pension fund on behalf of, and in the name of the National Pension System Trust. The National Pension System Trust shall be the registered owners of these securities and funds. However, individual National Pension System subscribers' shall remain beneficial owners of these assets and funds.
2. The pension fund shall interface with the National Pension System custodian to receive detailed information and reports from the custodian. Accordingly, the pension fund shall provide electronic interconnectivity to custodian.
3. The pension fund shall ensure Scheme wise segregation of securities account.
4. The pension fund shall not hypothecate, pledge and lend any assets or property of the Fund without the approval of the National Pension System Trust.
5. The pension fund shall enter into transactions relating to securities only in dematerialised form. The pension fund shall, for securities purchased in physical form get the securities transferred in the name of the National Pension System Trust on account of the scheme in dematerialised form except for authorised investments that are available only in physical form.
6. The pension fund shall obtain from the custodian of the scheme, from time to time, such financial reports, proxy statements and other information relating to the business and affairs of the scheme as the Investment Manager may reasonably require in order to discharge its duties and obligations, or to comply with the Authority's guidelines or directions, or any applicable law, rules and regulations.

SCHEDULE X

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

(PENSION FUND) REGULATIONS, 2015

[See regulation 22 (9)]

INVESTMENT AND RISK MANAGEMENT COMMITTEE

I INVESTMENT COMMITTEE

1. Pension fund shall constitute an Investment Committee consisting of two directors, the Chief Executive Officer and the Chief Investment Officer or Fund Manager in case CEO and CIO are the same official.
2. Pension fund shall draw up an investment policy and place the same before the board of directors for its approval. In framing such a policy, the board will be guided by issues relating to liquidity, prudential norms, exposure limits, stop loss limits in securities trading, management of all investment and market risks, management of assets liabilities mismatch, investment audits and investment statistics and the provisions of the Authority's guidelines or directions.
3. The investment policy as approved by the board will be implemented by the Investment Committee, which shall keep the board informed periodically about its activities.

4. The board shall review its investment policy and its implementation on an half- yearly basis or at such short intervals as it may decide and make such modifications in its existing investment policy as are necessary to bring them in tune with the requirements of law and regulations in regard to protection of subscribers' interest and pattern of investment laid down by the Authority.
5. The details of the investment policy or its review as periodically decided by the board shall be submitted to the National Pension System Trust within thirty days of its decision thereto. The National Pension System Trust may call for further information from time to time from the pension fund as it deems necessary and in the interest of the subscribers.
6. The Investment Committee shall also review the changes, if any, in its team and any other matter relating to investments and forward its recommendation to the Board of Directors of Pension Fund.
7. The Investment Committee may engage services of investment professionals, as may be required.

II RISK MANAGEMENT COMMITTEE

1. Pension fund shall constitute a Risk Management Committee which shall consist of at least one independent director, the Chief Executive Officer, Chief Investment Officer or fund manager in case CEO and CIO are the same official and the Risk or Compliance Officer. The director should not be the same as the one on the Investment Committee.
2. The pension fund shall draw up a Risk Policy and place the same before its board of directors for its approval. In framing such a policy, the Board shall be guided by:
 - (a) Risk management functions
 - (b) Disaster recovery and business contingency plans
 - (c) Insurance cover against risks
 - (d) Ensuring a risk adjusted return to subscribers consistent with the protection, safety and liquidity of such funds.
3. The Risk policy as approved by the Board will be implemented by the Risk Management Committee, which shall keep the Board informed periodically about its activities.
4. The Board shall review the Risk policy on a half-yearly basis or at such intervals as it may be decided and make such modifications in its existing risk policy as are necessary to bring them in tune with the requirements of law and regulations. The Board shall periodically update the National Pension System Trust on the same.
5. The Risk Management Committee may engage services of risk management professionals, as may be required.

SCHEDULE XI

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

(PENSION FUND) REGULATIONS, 2015

[See regulation 10(1)(a)]

INVESTMENT MANAGEMENT AGREEMENT (Format)

Before obtaining the certificate of commencement of business, the pension fund shall enter an agreement with the National Pension System Trust *inter alia* containing the following clauses:

1. The pension fund shall act as the Investment Manager of the schemes with respect to the investment and reinvestment of the investible funds including cash, securities and other properties comprising the assets of each scheme in accordance with the investment policies, guidelines or directions issued by the Authority from time to time.
2. The pension Fund shall assume day to day investment management of the Schemes and, in that capacity, make investment decisions and manage the Scheme in accordance with the provisions of the Act , rules, guidelines, directions, notifications, circulars or regulations thereunder.
3. The pension fund shall invest funds made available to it by the Trustee Bank within the time lines specified by the Authority or the National Pension System Trust from time to time.
4. The pension fund shall exercise all due diligence, prudence, promptness and vigilance in carrying out its duties and in protecting the rights and interests of the subscribers.
5. The pension fund shall avoid all nature of speculative transactions or dealing in investments..
6. The pension fund shall be responsible for the acts of omissions or commissions, if any, by its employees or the persons whose services have been procured by the pension fund and shall remain liable to compensate for the same at all times.
7. The pension fund shall deploy well qualified professionals/officers with track record of integrity to manage the funds.
8. The pension fund shall manage the Fund schemes independently of other activities and take adequate steps to ensure that the interests of the subscribers are not being compromised in any manner.

9. The pension fund shall (i) not undertake any other business activities except activities relating to pension fund for schemes regulated by the Authority or any other activity as permitted by the Authority and (ii) not be entitled to charge any fees on investment of its own assets in its schemes.
10. The pension fund shall maintain books and records and comply with the disclosure requirements specified by the Authority or National Pension System Trust from time to time and as detailed in Schedule III.
11. The valuation of the schemes would be done in accordance with the regulations, guidelines or directions issued by the Authority from time to time.
12. The pension fund shall submit a periodical report on the functioning of the fund to the National Pension System Trust or at such intervals and in such manner as may be required or called for by the National Pension System Trust or the Authority. Pension fund shall also send any additional reports, information or data, without fail as may be required or called for by the Pension System Trust or Authority from time to time. Besides the above pension fund shall submit to the National Pension System Trust, reports on quarterly basis or at such intervals in specified formats of its activities and the compliances with the guidelines.
13. The pension fund shall provide electronic interconnectivity to the Authority, National Pension System Trust, central recordkeeping agency, custodian, Trustee Bank and other service providers as advised or specified by the Authority or National Pension System Trust from time to time. The pension fund will need to be able to adapt to future changes including changes on account of technology advancements, changes in system specifications including number of subscribers, number of schemes, and services and functional obligations prescribed by the Authority.
14. The pension fund shall not give any undue or unfair advantage to any associates or deal with any of the associates of the pension fund in any manner detrimental to interest of the subscribers.
15. The pension fund shall not utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction
16. The pension fund must take prior approval of National Pension System Trust for any proposed transactions or engagement of a related party and must provide reasons for the proposed transactions or engagement except investments of National Pension System Trust funds within the specified threshold limit. It shall make disclosure of such transactions undertaken to the National Pension System Trust in its periodic reports.
17. The pension fund shall not purchase or sell securities through any broker which is average of 5 per cent or more of the aggregate purchases and sale of securities under all schemes made by the pension fund unless the pension fund has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the Authority the National Pension System Trust on a quarterly basis:
18. Provided that the aforesaid limit of 5 per cent shall apply for a annually .
19. Pension fund shall enter into such agreements with the permission of the Authority as is necessary for effective discharge of its responsibilities.
20. Pension fund shall provide information regarding performance, NAV history, portfolio composition under its schemes, scheme financials. to subscribers on a periodic basis as specified by the Authority, the National Pension System Trust from time to time including uploading of such information in electronic form on the website of the pension fund.
21. Pension fund shall ensure that the pension fund complies with all the provisions of the guidelines and that the investments made by the fund managers are in the interest of subscribers.
22. The pension fund shall not invest any part of the pension fund outside the territory of India either directly or indirectly.
23. The pension fund shall constitute an Investment Committee and a Risk Committee. The constitution and functions of the Investment / Monitoring Committee are as set forth in Schedule VI
24. The pension fund shall provide the National Pension System Trust with the reports specified in Schedule VII and must take reasonable steps to ensure that these reports are complete and accurate in all material respects to the extent the necessary information is within the reasonable control of the Pension Fund.
25. The pension fund shall discharge its duties with adequate care, caution, prudence, promptness and due diligence and shall be liable to indemnify the National Pension System Trust for any loss or damages caused to the National Pension System Trust out of bad faith, negligence, fraud, misconduct and or misdemeanor, improper or unethical practices, infringement of intellectual property rights, breach of fiduciary duty, breach of trust, breach of confidentiality, breach of contract, inaction, or any breach of applicable law, guidelines, rules, regulations or directions issued by the Authority or of the provisions of the Act, regulations or guidelines on the part of pension fund or its employees, agents or subagents.
26. The pension fund is authorised and responsible to collect interest on maturity, redemption and sale proceeds relating to the investments, on due dates and credit them to the appropriate accounts of the National Pension System Trust in time. While doing so, it shall be the duty of the pension fund to inform the relevant institutions and authorities that the interest received by the National Pension System Trust is not liable for deduction of tax at source under the Income-tax Act.
27. Despite the above, if any tax is deducted at source (TDS) on such investments, it shall be the entire responsibility of the pension fund to obtain the refund of such tax within the financial year on behalf of the National Pension System Trust, at its own cost and expense, failing which the pension fund shall reimburse the

National Pension System Trust, of the said amounts, being deducted as tax, upon being notified by the National Pension System Trust.

28. The pension fund is authorised to execute on behalf of the National Pension System Trust all writings, forms, returns, applications, documents, as may be necessary to be filed with a company, organisation, institution, authority, government body or department, etc. in any manner relating to the management of the National Pension System Trust investments in such manner as the pension fund may deem fit in accordance with the applicable law and for the benefit of subscribers' only and to protect their interest.
29. The pension fund shall exercise the voting rights on behalf of the National Pension System Trust as per the voting policy of the Authority in co-ordination with the National Pension System Trust.
30. The funds shall be credited to a separate investment account in the name of the National Pension System Trust with the designated branch of the Trustee Bank. All receipts, payments, income, expenses and cost of transactions of investments shall be debited or credited to this account. The pension fund shall not be entitled to recovery of its remuneration/fee/charges, if any, from this account.
31. The Investment account of the pension fund with the designated branch of the Trustee Bank shall be operated by the pension fund, whereas the National Pension System Trust shall maintain the account as per the agreement with Trustee Bank.
32. Without prejudice to any other clauses of the agreement all/any securities and other assets acquired by pension fund on behalf of the National Pension System Trust be kept at custodian facilities as detailed in the Schedule IX.
33. The pension fund is authorised to take such legal proceedings on behalf of the National Pension System Trust as may be necessary for the protection of the National Pension System Trust's investments including interest income and to engage advocates, counsel or other representatives for the effective execution of the claims on behalf of the National Pension System Trust as per the National Pension System Trust guidelines. If the National Pension System Trust requires the pension fund To undertake any proceedings with respect to securities or investments which involve payment of money or render the pension fund materially liable for the payment of money or incurring liability of some form, the National Pension System Trust shall provide indemnity to the pension fund mutually agreed by the parties. However, no such indemnity will be provided to the pension fund if the reasons for payment of money by the pension fund were on account of any failure, inaction, delay, error, omission or commission on the part of pension fund.
34. The National Pension System Trust may authorise the pension fund to engage the services of independent legal and/or tax consultants and any other consultants, as may be required for the fund management or any allied activity excluding core functions of pension fund, as may be specified by the Authority, the National Pension System Trust from time to time:
Provided that the National Pension System Trust may specify from time to time the limit on the expense that may be incurred towards such external consultants.
35. Upon request by the pension fund, the National Pension System Trust shall deliver to it such proxies, power of attorney or other instruments as may be necessary in connection with the performance by the pension fund or it's sub-agent, custodian their respective obligations under this agreement or for the operation of the bank account.
36. Conflicts of Interest- The pension fund must pro-actively identify and disclose any conflicts of interest that arise or may arise. These may relate to the pension fund itself or to service providers engaged by the pension fund. The pension fund must promptly advise the National Pension System Trust as to how these conflicts of interest are to be managed prior to taking any action affected by these conflicts of interest.
37. The pension fund shall ensure, at all times, separation between its staff responsible for investments, settlement and book-keeping, distribution and sales, if any. The pension fund shall ensure, at all times, adequate firewalling between the investments of the sponsor and the pension fund. Notwithstanding the above, the National Pension System Trust or the Authority shall be fully empowered to give directions to the pension fund to forthwith remove such issue or /instances of conflict of interest without causing any prejudice to the investments in any manner.
38. The pension fund shall provide information on outsourcing arrangements, if any, to the National Pension System Trust, provided that core functions of the pension fund shall not be outsourced in any manner. The pension fund shall not absolve itself of any responsibility for the outsourced activities and shall be liable for the same.
39. The pension fund shall ensure access to all records, data or any other relevant material to the National Pension System Trust or to the representatives of the Authority for ensuring necessary supervision (both on-site and off-site) at all times including inspection of records.
40. **Confidentiality** -Except as required by law or regulation , the pension fund may not directly or indirectly disclose to any other person, or use or permit to be disclosed without the prior written consent of the other party and each party must keep all such information confidential, except where publicly available . The confidentiality shall also extend to such other information as may be provided to the pension fund by other intermediaries like Trustee Bank, central recordkeeping agency in relation to National Pension System. The pension fund shall also execute a separate non-disclosure agreement to give further effect to this clause.
This obligation on the part of the pension fund shall survive till ten years after the termination/expiry of this registration certificate.

41. The National Pension System Trust or the Authority may use the information, correspondence and documentation, facts, figures, data and deliverables provided by the pension fund , in any appropriate manner as deemed fit, for its own purposes. Nothing in this clause shall prevent the pension fund from disclosure of pertinent information to subscribers particularly the NAV value and composition of portfolio under the schemes.
42. **Privacy**-The pension fund must comply with all applicable privacy laws or data protection laws in force from time to time, including the privacy code and any guidelines issued by Government of India, and agree to co-operate in the resolution of any complaint under or relating to any of those laws, codes or guidelines.
43. **Security**-The pension fund must have appropriate security policy and standards to protect information within its control from unauthorised access and will ensure that its officers or supervised agents comply with those policies and standards.
44. Non- exercise of any of the rights, available to the National Pension System Trust or the Authority under this regulation shall not be construed as waiver by the Authority or National Pension System Trust of such rights and pension fund shall remain liable for non-performance or breach of this agreement to National Pension System Trust.
45. **Proper Instructions**
The National Pension System Trust shall certify to the pension fund the names and signatures and scope of authority of all persons authorised to give proper instructions or any other notice, request, direction, instruction, certificate or instrument on behalf of the National Pension System Trust. Such certificate may be accepted and relied upon by the pension fund as conclusive evidence of the facts set forth therein and may be considered in full force and effect until receipt of similar certificate to the contrary.
46. The pension fund shall certify to the National Pension System Trust the names and signatures and scope of authority of all persons authorised to receive proper instructions or any other notice, request, direction, instruction, certificate or instrument on behalf of the pension fund . The service of any notice, request, direction, instruction, certificate or instrument on such authorised persons shall be deemed to be effective notice or service to the pension fund .
47. The National Pension System Trust and pension fund may vary their respective authorized persons by notice to the other.
48. The pension funds shall submit to the exclusive jurisdiction of the Securities Appellate Tribunal at New Delhi only.
49. **Exclusivity**-The key personnel of the pension fund shall exclusively service only the pension fund company and the schemes managed by them under the agreement. Any change in the key personnel shall be duly intimated to the National Pension System Trust or the Authority. Key personnel shall include the Chief Executive Officer, CEO cum Chief Investment Officer, Chief Investment Officer/Fund Manager, Compliance Officer and Operations Manager within 15 days of change.
50. Where the pension fund or any its nominees, officers, servants have by any acts of omission or commission on its/their part, committed any breach of the Act , regulations or guidelines or have failed to discharge its duty with due care and diligence or have failed to observe or perform any representation, warranty or undertaking given under the agreement, thereby causing any loss to the fund, in any manner, either directly or indirectly, then besides any liability as provided elsewhere under this agreement, the pension fund shall be liable in terms of the provisions of the Act and the regulations.
51. **Ownership and Intellectual Property rights** -The ownership rights, intellectual property rights and all other rights relating to ownership of all the record, data, statistical returns and information whether in electronic form, or physical form or in any other form obtained collected and/or required to be maintained by the pension fund and relating to the schemes managed by the pension fund shall vest in the Authority. No person other than the Authority shall have any ownership rights or any other rights over any data or information in the possession of the pension fund. The 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 and to produce these as and when called for by the Authority.

HEMANT G. CONTRACTOR, Chairperson
[ADVT-III/4/Exty./203/15/(52)]