



पेंशन निधि विनियामक एवं विकास प्राधिकरण

PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

**PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY  
(REGISTRATION OF PENSION FUNDS) GUIDELINES, 2026  
(12.01.2026)**



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## DISCLAIMER

1. In terms of the PFRDA Act, 2013 and the PFRDA (Pension Fund) Regulations, 2015 and amendments thereof, this guideline is being published to enable/facilitate eligible applicants sponsor(s) to make an application for establishing and registering a Pension Fund with Pension Fund Regulatory and Development Authority (PFRDA), hereinafter referred as 'Authority', interchangeably.
2. This document confers neither the right nor an expectation on any party to participate in the process of registration of a Pension Fund by PFRDA. These guidelines do not commit the Authority to issue a letter of appointment or to engage in negotiations.
3. An application submitted under this document, it shall be presumed by PFRDA that the applicant has fully ascertained and ensured about its eligibility to act as a Sponsor of Pension Fund and that there is no statutory or regulatory prohibition or impediment to act as such and it suffers no disability in law or otherwise to act as such.
4. Applicant is advised to go through carefully the provisions of the PFRDA Act, 2013<sup>1</sup>, the Rules notified thereunder and the Regulations issued by Authority, including the PFRDA (Pension Fund) Regulations, 2015 and subsequent amendments (*available on the website of the Authority [www.pfrda.org.in](http://www.pfrda.org.in)*) and the provisions of NPS trust Regulations before making an application.

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<sup>1</sup> [https://www.pfrda.org.in/web/pfrda/w/regulatory-framework/compendium/compendium-of-pfrda-act-rules-and-regulations?p\\_l\\_back\\_url=%2Fweb%2Fpfrda%2Fregulatory-framework%2Fcompendium-of-pfrda-act-rules-regulations&p\\_l\\_back\\_url\\_title=Compendium+of+Act%2C+Rules+%26+Regulations](https://www.pfrda.org.in/web/pfrda/w/regulatory-framework/compendium/compendium-of-pfrda-act-rules-and-regulations?p_l_back_url=%2Fweb%2Fpfrda%2Fregulatory-framework%2Fcompendium-of-pfrda-act-rules-regulations&p_l_back_url_title=Compendium+of+Act%2C+Rules+%26+Regulations)

## 1. INTRODUCTION

- 1.1 PFRDA is a statutory regulator, established through an Act of Parliament being the “Pension Fund Regulatory and Development Authority Act, 2013” notified w.e.f. 01.02.2014. PFRDA is mandated to promote old age income security by establishing, developing and regulating pension funds, to protect the interest of the subscribers to the schemes of pensions funds and for matters connected therewith or incidental thereto.
- 1.2 Section 27(1) of the PFRDA Act states that *‘No intermediary, including a pension fund or a point of presence to the extent regulated under this Act, shall commence any activity relating to a pension fund except under and in accordance with the conditions of a certificate of registration granted by the Authority in accordance with the provisions of this Act and the regulations’*
- 1.3 Further, section 23(1) of the PFRDA Act 2013 states that *“The Authority may, by granting a certificate of registration under sub-section (3) of section 27, permit one or more persons to act as a pension fund for the purpose of receiving contributions, accumulating them and making payments to the subscriber in such manner as may be specified by regulations”*.
- 1.4 The framework for registration, functions, duties, responsibilities, obligations, monitoring, supervision, governance and internal control for pension fund has been laid down by the Authority through notification of the PFRDA (Pension Fund) Regulations, 2015 and amendments thereto.
- 1.5 These guidelines shall be construed to be in addition to the provisions of the PFRDA Act, 2013 and the rules and regulations notified thereunder and is issued *interalia* with an objective to lay down the process and procedure of granting registration to a pension fund by the Authority. The said process comprises of 02 steps; (i) selection/appointment of sponsor (applicant) of pension fund and (ii) registration of pension fund established by the sponsor (applicant).
- 1.6 Interested applicant(s) desirous of establishing and registering an entity as pension fund with the Authority may make an application for consideration of the Authority to be selected/appointed as a ‘sponsor of pension fund’. Thereafter, the selected/appointed sponsor may seek registration from the Authority for the pension fund established by it.
- 1.7 The registration granted by the Authority shall remain valid unless suspended or cancelled by the Authority in accordance with the PFRDA (Pension Fund) Regulations.
- 1.8 The choice of pension fund(s) for managing the funds/assets rests with the subscriber and these guidelines do not bestow any right on the pension fund(s) to get allocation of funds contributed by subscribers/ employers.

## 2. PROCEDURE FOR PENSION FUND REGISTRATION

Registration of a pension fund by the Authority shall be a two-step process wherein in the first step the eligible sponsor(s) makes an application for its selection/appointment as sponsor of pension fund and upon the sponsor(s) being found suitable to act as such, in the second step the selected/appointed sponsor(s) makes an application for grant of a Certificate of Registration to the pension fund incorporated by the sponsor(s).

## 3. SPONSOR (APPLICANT)

“Sponsor” means a body corporate who proposes to hold 20% or more of paid-up equity capital in the pension fund (to be established) for which registration is being sought from the Authority by the applicant.

## 4. FUNCTIONS AND OBLIGATIONS OF SPONSOR (APPLICANT)

The functions, duties, obligations and responsibilities of the sponsor of a pension fund is detailed under PFRDA (Pension Fund) Regulations.

## 5. APPLICATION FEE

The application shall be accompanied with a non-refundable application fee of Rs.10,00,000 (Rupees Ten Lakh only) along with applicable taxes and levies in the form of a demand draft/banker's cheque drawn in favor of Pension Fund Regulatory and Development Authority payable at New Delhi or proof of payments through electronic transfers to the designated Bank account of PFRDA.

## 6. ELIGIBILITY CRITERIA (PRE-QUALIFICATION)

The prospective applicants are requested to check the eligibility and other operative framework as provided in Pension Fund Regulations 2015 and amended from time to time. The sponsors and the pension funds have to ensure their compliance with the provisions of PF Regulations, NPST Trust Regulations and the provisions of PFRDA Act 2013.

6.1 An applicant shall satisfy (on the date of application) the following eligibility criteria to act as a sponsor of pension fund;

- (a) as specified in the PFRDA (Pension Fund) Regulations and amendments thereto.
- (b) additional terms and conditions as stated in these guidelines.

6.2 Applicant(s) with joint venture status can also apply provided one or more of the joint venture partner(s) fulfill the eligibility criteria to act as a sponsor of pension fund.

6.3 The eligibility criteria *interalia* that should be fulfilled by the applicant(s) as on the date of application, for consideration of its application, are summarized hereunder:-

| <b>ELIGIBILITY CRITERIA (PRE-QUALIFICATION)</b><br>(Applicable for new and existing PFs) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.                                                                                       | shall have experience of fund management (equity and debt) of at least 05 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2.                                                                                       | shall be an entity engaged in financial business activity and regulated by RBI or SEBI or IRDAI                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3.                                                                                       | shall have a positive net worth of at least Rs 50 crore for the last 05 preceding financial years and paid-up capital of at least Rs 25 crore on the date of application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 4.                                                                                       | shall have profits after tax in at least 03 of the preceding 05 financial years with no cash losses during this period of 05 financial years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 5.                                                                                       | <p>(a) Monthly Average Assets under Management (AAUM) of Sponsor(s), individually or jointly, must not be less than Rs.50,000.00 crores for the last 12 months ending the preceding month of application till the sponsored Pension Fund meets this criterion on its own.</p> <p>Provided that Clause (5) relating to own investment shall not apply where the Sponsor(s) of a Pension Fund is/are a Scheduled Commercial Bank having a market capitalization of not less than ₹1,00,000 crore and a total asset base of not less than ₹5,00,000 crore, and complying with the regulatory requirements relating to net worth and the Capital to Risk-Weighted Assets Ratio, as stipulated by the Reserve Bank of India. Further, such Scheduled Commercial Bank shall satisfy the following conditions, based on the published annual report(s) for the most recent financial years, as required to be published under applicable law:</p> <p>(a) the bank has declared profits in each of the immediately preceding three financial years; and</p> <p>(b) the bank has net non-performing assets not exceeding 4% of net advances.</p> |

## 7. DISQUALIFICATION / REJECTION

The Authority may disqualify/reject any applicant/application if:-

- the application received is incomplete, conditional or is based on incorrect/false information or omits to disclose material facts.
- the application is not accompanied with the requisite fees.
- the applicant and its principal officer(s) is not a 'fit & proper person' as specified in Schedule – II of the PFRDA (Pension Fund) Regulations.
- the application does not conform to these guidelines or regulations.
- the applicant fails to submit relevant information within the given timelines, which in the opinion of the Authority is required for evaluation of the application.

## 8. SUBMISSION OF APPLICATION BY APPLICANT (SPONSOR)

8.1 Applicant(s) fulfilling the eligibility criteria (on the date of application) as specified in the PFRDA (Pension Fund) Regulations and in these guidelines, to act as sponsor of pension fund are only eligible to apply.

8.2 Application complete in all respects shall be submitted by the applicant(s) in three separate sealed envelopes containing the following:

- (a) Application fee as per clause 5 of these guidelines.
- (b) Confirmation for fulfillment of eligibility criteria as per Annexure-III along with supporting documents, undertaking letter as per Annexure-I and details of equity shareholding of the applicant/sponsor and in the pension fund (proposed) as per Annexure-IV along with its softcopy in any portable medium, in a sealed cover marked as “**Envelope 1: Eligibility Criteria (Pre-qualification)**”.
- (c) Concise write-ups for the Technical Parameter along with supporting documents (attachments/schedules) as per clause 13 of these guidelines and its softcopy in any portable medium, in a sealed cover marked as “**Envelope 2: Technical Parameter**”.
- (d) Commercial Proposal as per Annexure – II complying to the requirements stated under clause 14 of these guidelines in a sealed cover marked as “**Envelope 3: Commercial Proposal**”.
- (e) Applicant name and address, the name/designation/contact details of the primary and secondary contact person.
- (f) Additional information, if any

8.3 Pages of the application should be properly numbered and an index of the same should be provided at the beginning. The application should be spiral bound and for ease of reference documents submitted against each Clause/Annexure should be separated by separators.

8.4 Applicant shall ensure that there is no discrepancy in the information provided in the hard copy and the soft copy. In case of discrepancy between the hard and the soft version, hardcopy/printed version shall be considered final or official.

8.5 The hardcopy of the application should reach PFRDA Office by post or courier. In case of in-person submission, acknowledgement of submission shall be obtained by the applicant's representative.

8.6 The Authority will not accept delivery of application by fax or e-mail or any other mode other than as stated above. Application received electronically shall be treated as defective, invalid and rejected.

Applications and accompanying documents received will be deemed to be the property of the Authority.

8.7 A prospective applicant requiring any clarification on these guidelines may submit his query to PFRDA in writing in the format prescribed below by sending a physical copy at the PFRDA address or through email (word copy) at [dept-regfm@pfrda.org.in](mailto:dept-regfm@pfrda.org.in). All queries and clarifications should reach PFRDA as per schedule decided by Authority in this regard.

| Applicant's Request for Clarification   |                                              |                                                       |                                                                       |
|-----------------------------------------|----------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------|
| Name of Organization submitting request |                                              | Name of Organization submitting request               | Address of organization including phone, fax, email points of contact |
|                                         |                                              |                                                       | Tel:<br>Fax:<br>E-mail:                                               |
| No.                                     | Reference (Number/page) under the Guidelines | Section/Content of guidelines requiring clarification | Points of Clarification required                                      |
|                                         |                                              |                                                       |                                                                       |

## 9. APPLICATION EVALUATION PROCESS

### 9.1 Completeness of Application documents

- (a) The contents of the application along with documents received shall be scrutinized to ascertain that all the information requirements are met and are provided in the format and manner specified.
- (b) In the Authority's opinion, if any document is not in the specified format, Authority, at its option, may seek a fresh submission of the document.
- (c) The Authority may seek further information/document and the applicant shall submit such information/document as desired within the stipulated time frame. This is without prejudice to the Authority's right to reject the application for non-conformity.
- (d) The Authority may seek further information/document(s) that it deems fit for the purpose of evaluation and may also require the applicant to appear in person for representation.
- (e) The Authority may conduct verification of the information submitted in the application.

### 9.2 Shortlisting of Applicant Based on Eligibility Criteria

- (a) Applicants will be shortlisted on the basis of information submitted under Annexure- III for fulfillment of the eligibility criteria contained in the regulations and guidelines issued by the Authority.
- (b) Any application not satisfying the eligibility criteria or possessing any disqualification will be summarily rejected.

### 9.3 Evaluation of Technical Parameter

- (a) The information submitted under Technical Parameter of clause 12 will be evaluated as per Annexure-V. Score/Marks will be assigned to each sub-

parameter based on the information/documents provided by the applicant.

#### 9.4 Shortlisting of Applicant(s) for Commercial Proposal Evaluation

- (a) An applicant securing the minimum cut-off score/marks of 70 or more in the evaluation of Technical Parameter shall be considered as technically qualified applicant(s) for evaluation of its Commercial Proposal.
- (b) Commercial Proposal will not be opened for those applicant(s) who secure less than 70 score/marks in the evaluation of Technical Parameter and whose application have not been rejected in any manner.

#### 9.5 Evaluation of Commercial Proposal

- (a) The Commercial Proposal of technically qualified applicant(s) (with technical parameter score/marks of 70 or more) shall be evaluated based on the permissible slab-wise Investment Management Fee (IMF) structure as specified under clause 14.
- (b) Commercial Proposal of applicant(s) within the permissible limits (upper & lower ceiling) of IMF for the given slab structure shall be considered as valid and those beyond the permissible limits of IMF in any of the AUM slabs, shall be rejected.
- (c) The pension funds shall be obligated to manage the funds as per the commercial proposal of the sponsor(s). However, the pension fund shall have flexibility to charge a lower Investment Management Fee within the permissible AUM slab wise fee structure without any option for upward revision thereafter.

#### 9.6 Determination of Successful Applicant

Applicant qualifying the minimum eligibility criteria, securing 70 or more score/marks in the Technical Parameter and whose Commercial Quote is acknowledged as valid, shall be considered for appointment as sponsor of a pension fund for managing the pension schemes regulated by the Authority excluding APY and the 'default scheme' applicable to government employees.

#### 9.7 Issuance of Letter of Appointment as Sponsor of Pension Fund

The applicant(s) approved by the Authority will be issued a letter of appointment to act as sponsor of pension fund, subject to such terms and conditions as may be determined by the Authority.

### **10. REGISTRATION OF PENSION FUND**

- 10.1 The sponsor of pension fund shall provide acknowledgement to the letter of appointment issued by the Authority and confirm its readiness to comply with the obligations and obtain necessary approvals for establishing a pension fund to be regulated by PFRDA.

- 10.2 The sponsor of pension fund shall incorporate a pension fund as per the provisions of the PFRDA (Pension Fund) Regulations and amendments thereto after obtaining necessary approvals from the sectoral regulator.
- 10.3 The sponsor of pension fund shall submit documents evidencing establishment of the pension fund *inter alia* Certificate of Incorporation, Memorandum of Association, Articles of Association, Shareholder details including holdings by sponsor(s) and foreign entity, Net worth Certificate from Auditor, Board of Directors details, Key Personnel details etc. towards fulfillment of its obligations under the PFRDA (Pension Fund) Regulations.
- 10.4 Applicable non-refundable registration fee shall be deposited by the sponsor(s) with the Authority in the mode and manner specified in the PFRDA (Pension Fund) Regulations.
- 10.5 The sponsor(s) and the pension fund shall make an application seeking Certificate of Registration for the Pension Fund incorporated by the sponsor(s) by giving complete particulars of the pension fund for which such certificate has been sought.
- 10.6 Certificate of Registration to the Pension Fund shall be granted by the Authority after evaluation of the aforesaid application in terms of PFRDA (Pension Fund) Regulations.

## **11. DOCUMENTATION BY PENSION FUND WITH INTERMEDIARIES**

- 11.1 Pension Fund upon receipt of the Certificate of Registration shall provide its acknowledgement and shall *inter alia* execute agreements and enter into arrangements with NPS Trust, Custodian, Trustee Bank and Central Recordkeeping Agency as provided under the PFRDA (Pension Fund) Regulations and amendments thereto.
- 11.2 Pension Fund shall comply with the documentation requirements of the intermediaries viz. opening of accounts, authorizing signatories, obtaining digital signatures, providing electronic connectivity, software installation and other like matters such that it suffers no disability under law or otherwise to act as a pension fund.

## **12. COMMENCEMENT OF BUSINESS BY PENSION FUND**

- 12.1 The pension fund shall commence its operations within a period of six months from the date of grant of certificate 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.
- 12.2 The Pension Fund shall deposit with the Authority the requisite Annual Fee as specified in the PFRDA (Pension Fund) Regulations and amendments thereto.

- 12.3 The sponsor of the pension fund shall comply with all the terms and conditions contained in the letter of appointment issued by the Authority.
- 12.4 Physical inspection of the pension fund shall be undertaken by PFRDA or through its authorized representative to ascertain its readiness to commence operations as a pension fund.
- 12.5 Upon completion of the inspection, the pension fund shall seek issuance of “Certificate for Commencement of Business” from the Authority.
- 12.6 “Certificate for Commencement of Business” shall be granted by the Authority after evaluation of the aforesaid application considering the aforesaid inspection report.

### **13. TECHNICAL PARAMETERS**

- 13.1 Applicant shall provide information on the following Technical Parameters in the manner or order given below with proper index and reference of page numbers etc.

#### **BUSINESS MANAGEMENT**

- 13.2 Profile of the applicant/sponsor company including an outline of ownership, objectives (main & ancillary), history and overview of its services or activities. Please include organizational structure of the sponsor company and group (maximum 5 pages).
- 13.3 Business plan for the proposed pension business (maximum 3 pages) with details of financial/infrastructural support to the proposed pension fund.
- 13.4 Applicant/sponsor company’s corporate governance policy (not for investment portfolio), including the process and reporting lines for internal audit committee, selection of external auditors and fixation of their remuneration etc. (maximum 5 pages).
- 13.5 Details of the senior management team of the applicant/sponsor company.

| Name | Title/Role | Qualification | Years with the company | Previous employment (years and companies) |
|------|------------|---------------|------------------------|-------------------------------------------|
|      | CEO        |               |                        |                                           |
|      | Marketing  |               |                        |                                           |
|      | Financial  |               |                        |                                           |
|      | Operations |               |                        |                                           |
|      | Investment |               |                        |                                           |
|      | Risk       |               |                        |                                           |

|  |            |  |  |  |
|--|------------|--|--|--|
|  | Compliance |  |  |  |
|  | --         |  |  |  |
|  | --         |  |  |  |
|  | --         |  |  |  |
|  | --         |  |  |  |

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

| Asset class                                                                                                                                       | Institutional<br>(INR Cr.) | Retail<br>(INR Cr.) | Total<br>(INR Cr.) |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------|--------------------|
| Equities                                                                                                                                          |                            |                     |                    |
| <ul style="list-style-type: none"> <li>Indian listed equities (portfolios with more than 60% equities)</li> <li>Global listed equities</li> </ul> |                            |                     |                    |
| Fixed Income (portfolio with more than 60% in fixed income instruments including government and non-government)                                   |                            |                     |                    |
| Cash (less than 12 month maturity)                                                                                                                |                            |                     |                    |
| <b>Total</b>                                                                                                                                      |                            |                     |                    |

13.7 Profit and net worth of applicant/sponsor company(ies) (or parties of a JV) for the last 5 financial years as per the following table;

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

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

## INVESTMENT CAPABILITIES

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

13.8 Investment policy document, investment decision making process flow and portfolio management guidelines.

13.9 List of all sources of information and in-house research used in the management of the asset class and a rationale for their selection.

13.10 An explanation of the portfolio operations management process including trading systems, procedures and controls, BCP/DRP.

13.11 List of all investment and trading professionals as per the following table. For fund/portfolio managers, please indicate the name of the funds/portfolios managed. For analysts, please indicate which sector they cover. Please indicate where the person is considered a key decision maker in the applicant/sponsor company's investment process, the policies in place to ensure retention of this professional. Please indicate the fund manager who is expected to be appointed to manage the pension fund assets.

| Name | Title/Role including sectors/portfolios | Qualification | Years with sponsor company | Previous employment (years and companies) |
|------|-----------------------------------------|---------------|----------------------------|-------------------------------------------|
|      |                                         |               |                            |                                           |
|      |                                         |               |                            |                                           |
|      |                                         |               |                            |                                           |
|      |                                         |               |                            |                                           |
|      |                                         |               |                            |                                           |
|      |                                         |               |                            |                                           |

13.12 A chart showing reporting lines for the investment team.

13.13 List of all key investment staff who have departed or joined in the last 3 years.

| Name | Role | Date joined | New role/Replacement |
|------|------|-------------|----------------------|
|      |      |             |                      |
|      |      |             |                      |
|      |      |             |                      |
|      |      |             |                      |

| Name | Role | Date departed | Reason for departure |
|------|------|---------------|----------------------|
|      |      |               |                      |
|      |      |               |                      |
|      |      |               |                      |
|      |      |               |                      |

## INVESTMENT TRACK RECORD

13.14 Please provide performance track record for all vehicles/institutional mandates managed by the sponsor company in the equities and fixed income asset classes (*please use same definitions for equities and fixed income schemes as in clause 13.6*). Please provide the benchmark and any mandate restrictions for each vehicle/mandate.

| Date                               | Fund1 | Fund2 | Fund3 | Fund4 |
|------------------------------------|-------|-------|-------|-------|
| DD MM YYYY (1 <sup>st</sup> Month) |       |       |       |       |

|                                     |  |  |  |  |
|-------------------------------------|--|--|--|--|
| DD MM YYYY (2 <sup>nd</sup> Month)  |  |  |  |  |
| DD MM YYYY (3 <sup>rd</sup> Month)  |  |  |  |  |
| ---                                 |  |  |  |  |
| ---                                 |  |  |  |  |
| ---                                 |  |  |  |  |
| DD MM YYYY (60 <sup>th</sup> Month) |  |  |  |  |

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

13.16 Details of NPAs in the portfolio in last 5 years:

| Year    | Percentage of NPA | AUM under FixedIncome schemes |
|---------|-------------------|-------------------------------|
| FY : 01 |                   |                               |
| FY : 02 |                   |                               |
| FY : 03 |                   |                               |
| FY : 04 |                   |                               |
| FY : 05 |                   |                               |

## OPERATIONS AND RISK MANAGEMENT

13.17 An outline of the applicant/sponsor company(ies)' risk management policy and reporting lines along with list of dedicated people for risk management. Please provide a list of instances where any guidelines, internal or external, were breached and how it was rectified.

13.18 An outline for the following areas -

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

## 14. COMMERCIAL PROPOSAL

14.1 The commercial proposal should be submitted by the applicant as per Annexure- II.

14.2 The commercial proposal shall be the investment management fee expressed as percentage of the assets managed, envisaged to be charged by the pension fund.

14.3 The existing Investment Management Fee (IMF) allowed to be charged by pension funds in percentage terms as per the slab structure of Asset Under Management is as

under:

| <b>Slabs of AUM</b>                | <b>Maximum Investment Management Fee</b> |
|------------------------------------|------------------------------------------|
| Upto 10,000 crore.                 | 0.09%                                    |
| Above 10,000 & Upto 50,000 crore   | 0.06%                                    |
| Above 50,000 & Upto 1,50,000 crore | 0.05%                                    |
| Above 1,50,000 crores              | 0.03%                                    |

14.4 The above-mentioned IMF is the maximum fee that can be charged against each AUM slab by the pension fund. Applicant shall quote the IMF rates against each slab within the applicable range. Applicant in its proposal can quote a lower slab wise fee within the limit mentioned in the above table subject to a lower cap of 0.03% for each slab, which shall be charged by the pension fund. The IMF to be charged by pension fund on the slab structure would be on the aggregate AUM of the pension fund under all schemes managed by it.

14.5 The aforementioned IMF is exclusive of brokerage, custodian fee and applicable taxes thereon, subject to maximum brokerage @ 0.03% (inclusive of taxes and stamp duty) allowed to be charged to the scheme by the pension funds on equity transactions only. All other costs shall be borne by the pension fund and shall not be reimbursed or charged to the scheme by the pension fund.

14.6 The IMF shall be calculated by the pension fund on the assets managed by on a daily accrual basis and payments will be received by the pension fund at the end of every month after obtaining due approvals from NPS Trust.

## **15. PFRDA's RIGHT TO ACCEPT OR REJECT ANY OR ALL APPLICATIONS**

PFRDA reserves the right to accept or reject any application received under these guidelines. The applications may be rejected at any point of time prior to grant of registration to a pension fund, without incurring any liability to the affected applicant(s) or any obligation to inform the affected applicant(s) of the grounds for PFRDA's action.

## **16. GOVERNING LAWS/ JURISDICTION OF COURTS**

- 16.1 The selected/appointed sponsor(s) of the pension fund and the pension fund shall be responsible to comply with the provisions of the PFRDA Act, 2013, the Rules and Regulations framed thereunder and the directions/guidelines/notifications/circulars issued by PFRDA from time to time, and any other applicable laws/Rules/Regulations/guidelines in force.
- 16.2 The sponsor(s) of pension funds shall also be responsible to comply with the terms and conditions of appointment issued by PFRDA including the conditions specified under these guidelines.
- 16.3 Any matter relating to the selection of sponsor(s) and registration of pension fund or the procedure thereof shall be governed by the Laws of Union of India. Only Courts at New

Delhi (with exclusion of all other Courts) shall have the jurisdiction to decide or adjudicate on any matter or dispute which may arise in connection with the above.

#### **17. POWER TO RESOLVE DIFFICULTIES**

Should there arise any ambiguity between the terms of these guidelines and the provisions of the Act or the Rules or Regulations or any other guidelines or circulars issued as aforementioned, the same shall be subject to the interpretation as given by Authority, including on whether there exists any ambiguity at all. The interpretation of Authority shall be treated as final and binding on the applicant(s).

**Annexure I: Format of Undertaking Letter**

[Date]

Head of Department (Pension Funds – Regulations)  
Pension Fund Regulatory and Development Authority,  
New Delhi

Dear Sir,

**Ref: Submission of Application for Selection of Sponsor of Pension Fund**

After going through the PFRDA Guidelines for Registration of Pension Fund, I/we the undersigned, offer to provide the services as required under the PFRDA (Pension Fund) Regulations for managing the assets under the schemes regulated and/or administered by PFRDA. We agree to meet such requirements and provide such services as set out in the said regulations.

I/We enclose hereby our application and application fee of Rs ..... for being considered for appointment as sponsor of pension fund.

I/We undertake, if our application is accepted, to unconditionally accept of all the terms and conditions set out in the PFRDA (Pension Fund) Regulations and the PFRDA Guidelines for Registration of Pension Fund as applicable.

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

I/We also understand that submission of this application and satisfying the eligibility conditions to act as sponsor(s) of a pension fund as specified in the guidelines and the said regulations will not bind PFRDA to offer appointment to us as sponsor of pension fund. PFRDA may reject our application and may do so without assigning any reasons.

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

Dated this                      Day of                      20.....

(In the capacity of)

(Signature)

Duly authorized to sign the application for and behalf of:  
(Name and Address of Company)

(Seal/Stamp of Company)

Witness Signature:

Witness Name:

Witness Address:

**CERTIFICATE AS TO AUTHORIZED SIGNATORIES**

I, certify that I am Secretary of the ....., and that .....who signed the above application is authorized to bind the corporation/ Company by authority of its governing body/ Board of Directors

(Secretary)

Date

(Company Seal)

## Annexure II: Format for submitting Commercial Proposal

Head of Department (Pension Funds – Regulations)  
Pension Fund Regulatory and Development Authority,  
New Delhi

Dear Sir,

**Ref: Submission of Commercial Proposal along with the Application for Selection of Sponsor of Pension Fund**

I/We hereby enclose our commercial proposal i.e investment management fee to be charged as percentage of assets under management by the pension fund (to be established by us), as part of the Application for Selection of Sponsor of Pension Fund dated ....., for being considered for appointment as sponsor of pension fund by PFRDA.

### Proposal for Investment Management Fee by Applicant Sponsoring Pension Fund

| Sl. | Slabs of AUM (In Rs Crores)        | Percentage of IMF to be charged against the slab* |          |
|-----|------------------------------------|---------------------------------------------------|----------|
|     |                                    | In figures                                        | In words |
| 1   | Upto 10,000 crore.                 |                                                   |          |
| 2   | Above 10,000 & Upto 50,000 crore   |                                                   |          |
| 3   | Above 50,000 & Upto 1,50,000 crore |                                                   |          |
| 4   | Above 1,50,000 crore               |                                                   |          |

*\* Please refer clause 14 of these guidelines for details*

'Investment Management Fee' is expressed as percentage of the assets managed by the pension fund (calculated on daily accrual basis). The Investment Management Fee is inclusive of all transaction related charges except brokerage on equity transactions as permitted (maximum brokerage @ 0.03% inclusive of taxes and stamp duty) and custodian charges along with applicable taxes thereon. All other transaction costs shall be borne by the pension fund and shall not be charged to the scheme by the pension fund.

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

Dated this                      Day of                      20.....

(In the capacity of)

(Signature)

Duly authorized to sign the application for and behalf of:

(Name and Address of Company)

(Seal/Stamp of Company)

Witness Signature:

Witness Name:

Witness Address:

### CERTIFICATE AS TO AUTHORIZED SIGNATORIES

I, certify that I am Secretary of the ....., and that .....who signed the above application is authorized to bind the corporation/ Company by authority of its governing body/ Board of Directors

(Secretary)

Date

(Company Seal)

### Annexure III: Format for confirming fulfillment of Eligibility Criteria (Pre-Qualification)

| SL | Extracts                                                                                                                                                                                                                                | Remarks                                                                                                                                                       | Meet Criteria (Yes/No)                                      | Supporting Document                                                                                                                                           |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Applicant shall have at least five years' experience of fund management (comprising of both equity and debt)                                                                                                                            | Experience of fund management ( <i>no. of years</i> )<br>- Equity <input type="text"/><br>- Debt <input type="text"/>                                         | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | Details of fund management experience during the last 5 years in Debt market<br>Equity market                                                                 |
| 2. | Applicant is engaged in financial business activity and regulated by RBI or SEBI or IRDAI                                                                                                                                               | In financial business since .....                                                                                                                             | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | Registration Certificate from RBI / SEBI / IRDAI                                                                                                              |
| 3. | Applicant (individually or jointly) shall have a positive net worth of at least Rs 50 crore on the last day of each of the preceding five financial years and at least Rs 25 crore of paid-up equity capital on the date of application | Paid Up Capital .....<br>( <i>for last 05 FY</i> )<br><br>Net worth .....<br>( <i>for last 05 FY</i> )                                                        | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | Certificate of Net worth from Chartered Accountant and Audited Balance Sheets of the Applicant(s) as on 31 <sup>st</sup> March of the last 5 financial years. |
| 4. | Applicant shall have profit after tax in at least three of the preceding five financial years and no cash losses in the last preceding five financial years                                                                             | Profits/Loss.....<br>( <i>for last 05 FY</i> )<br><br>FY with cash loss ..... (if any)                                                                        | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | Audited Balance Sheets of the Applicant(s) as on 31 <sup>st</sup> March of the last 5 financial years.                                                        |
| 5. | Applicant and its principal officer(s) is a 'fit and proper person' as specified in Schedule II of the PFRDA (Pension Fund) Regulations                                                                                                 |                                                                                                                                                               | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | Declaration from the Applicant(s)                                                                                                                             |
| 6. | Applicant (individually or jointly) should have a Monthly Average Assets under Management (AAUM) of more than Rs. 50,000 crore for the last 12 months ending the preceding month of application.                                        | Monthly AAUM shall exclude investment of its own assets, investment advisory services rendered or any other similar activities undertaken by the Applicant(s) | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | Details of schemes/funds managed evidencing Monthly AAUM                                                                                                      |

#### **NOTE**

In case of joint venture Applicant(s), one or more of the joint venture partner(s) should fulfill the above eligibility criteria and the copy of Agreement/ Memorandum of Understanding between the joint venture partners should be submitted.

## Annexure IV: Format for furnishing equity shareholding in the proposed Pension Fund and of the Applicant/Sponsor company/entity

### A. DIRECT FOREIGN HOLDING IN PENSION FUND

**Name of Pension Fund (proposed):**

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

| <b>Name of Shareholder(s)</b>             | <b>No. of Shares</b> | <b>Amount</b> | <b>% of Holding</b> |
|-------------------------------------------|----------------------|---------------|---------------------|
| Domestic:                                 |                      |               |                     |
|                                           |                      |               |                     |
|                                           |                      |               |                     |
|                                           |                      |               |                     |
| Sub-Total (Domestic Holding)              |                      |               |                     |
| Foreign:                                  |                      |               |                     |
|                                           |                      |               |                     |
|                                           |                      |               |                     |
|                                           |                      |               |                     |
| Sub-Total (Foreign Holding)               |                      |               |                     |
| <b>Total (Domestic + Foreign Holding)</b> |                      |               | <b>100.00</b>       |

### B. INDIRECT FOREIGN HOLDING IN PENSION FUND

**Name of the Sponsor(s):**

**Information on total equity shareholding (including details of shareholders) in the Applicant/Sponsor company as on .....**

| <b>Name of Shareholder</b>               | <b>No. of Shares</b> | <b>Amount</b> | <b>% of Holding</b> |
|------------------------------------------|----------------------|---------------|---------------------|
| Promotor:                                |                      |               |                     |
| (i) Domestic                             |                      |               |                     |
| (ii) Foreign                             |                      |               |                     |
| Public:                                  |                      |               |                     |
| (i) Domestic                             |                      |               |                     |
| (ii) Foreign                             |                      |               |                     |
| Non-promotor/Non-public                  |                      |               |                     |
| (i) Domestic                             |                      |               |                     |
| (ii) Foreign                             |                      |               |                     |
| Others (Please specify category, if any) |                      |               |                     |
|                                          |                      |               | <b>100.00</b>       |

**C. NAME OF GROUP ENTITY SHAREHOLDER HOLDING EQUITY IN APPLICANT/SPONSOR COMPANY:**

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

| Name of Shareholder                      | No. of Shares | Amount | % of Holding  |
|------------------------------------------|---------------|--------|---------------|
| Promotor:                                |               |        |               |
| (i) Domestic                             |               |        |               |
| (ii) Foreign                             |               |        |               |
| Public:                                  |               |        |               |
| (i) Domestic                             |               |        |               |
| (ii) Foreign                             |               |        |               |
| Non-promotor/Non-public                  |               |        |               |
| (i) Domestic                             |               |        |               |
| (ii) Foreign                             |               |        |               |
| Others (Please specify category, if any) |               |        |               |
|                                          |               |        | <b>100.00</b> |

- D. Whether the Pension Fund (proposed) qualifies as a Government Company as defined under Sec 2(45) of Companies Act, 2013.  
If Yes, please provide details.

**Annexure V: Technical Evaluation Parameters**

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

**Note:** Applicant(s) scoring or securing a total of 70 marks or more shall be considered as technically qualified applicant(s) eligible for further evaluation of its Commercial Proposal.

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