

The Payment and Settlement Systems Regulations, 2008

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The Payment and Settlement Systems Regulations, 2008¹

In exercise of the powers conferred by sub-section (1) read with clauses (b) to (f) of sub-section (2) of Section 38 of the Payment and Settlement Systems Act, 2007 (51 of 2007), the Reserve Bank of India hereby makes the following regulations, namely:—

CHAPTER I PRELIMINARY

1. Short title and commencement.—(1) These regulations may be called the Payment and Settlement Systems Regulations, 2008.

(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 Payment and Settlement Systems Act, 2007 (51 of 2007);
- (b) ‘Bank’ means the Reserve Bank of India constituted by the Reserve Bank of India Act, 1934 (2 of 1934);
- (c) ‘Authorisation Certificate’ means the Certificate containing the authorisation issued by the Bank under sub-section (1) of Section 7 of the Act.

(2) All other words and expressions used herein and not defined, but defined in the Act or the Reserve Bank of India Act, 1934 (2 of 1934) shall have the meanings respectively assigned to them in those Acts.

CHAPTER II AUTHORISATION OF PAYMENT SYSTEMS

3. Submission of application for authorization for commencing or carrying on a payment system.—(1) Every person desirous of commencing or carrying on a payment systems (hereinafter referred to as ‘applicant’) shall submit an application under sub-section (1) of Section 5 of the Act to the Bank for grant of authorization under sub-section (1) of Section 7 of the Act.

(2) The application under sub-regulation (1) shall be made in Form A addressed to the Chief General Manager of Department of Payment and Settlement Systems at Central Office of the Bank at Mumbai, or to such other office or officer of the Bank as may be specified by it in this behalf.

1. RBI, Noti. No. DPSS/194/02-11-01/2007-2008, dated August 12, 2008, published in the Gazette of India, Extra., Part III, Section 4, dated 12th August, 2008, pp. 17-29, No. 131.

(3) The application under sub-regulation (1) shall be accompanied by a non-refundable fee of Rs 10,000 in the form of cash or electronic funds transfer or cheque or payment order or demand draft drawn in favour of the Bank.

4. Grant of Authorisation Certificate.—(1) On consideration of the particulars furnished by the applicant, if the Bank is satisfied that the requirements under sub-section (1) of Section 7 of the Act are fulfilled, it may issue an authorisation certificate in Form 'B' to the applicant to commence or carry on a payment system and specify the date on which the authorisation shall take effect.

(2) The Bank, while granting authorization, may impose such conditions as it may deem fit, and the authorization so granted shall be in force subject to satisfaction of such conditions.

(3) The Bank may levy such amount as may be specified by it in the authorisation certificate, towards fees for authorization to be in force under clause (c) of sub-section (2) of Section 7 of the Act.

(4) Where the Bank considers it necessary for the proper conduct of the payment system, it may require the applicant to furnish a security deposit under clause (d) of sub-section (2) of Section 7 of the Act, of such amount as may be specified by the Bank from time to time.

CHAPTER III

PAYMENT INSTRUCTIONS AND DETERMINATION OF STANDARDS

5. Every ²[system participant], with respect to the format of payment instructions and other matters specified in clauses (a) to (f) of sub-section (1) of Section 10 of the Act, shall be governed by the regulations, guidelines and instructions, set out in the Schedule, as modified from time to time.

CHAPTER IV

FURNISHING OF RETURNS, DOCUMENTS AND OTHER INFORMATION

6. Submission of Returns, documents etc.—(1) Entry system provider shall be bound to submit to the Bank such returns, documents and other information as may be required by the bank from time to time.

(2) ³[* * *]

2. Subs. for "system provider" by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022).

3. Omitted by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022). Prior to omission it read as:

"(2) Without prejudice to the generality of the above, every system provider shall submit the following returns/documents to the Bank, namely:—

- (a) Monthly return, either in electronic form or paper format or both, containing the number of participants in the payment system operated, payment instructions processed, both in terms of volume and value, and number of instructions returned, with reasons.
- (b) Details of the defaults in fulfilling the payment obligations by the system participants to be reported on the date of occurrence.
- (c) Monthly return containing the details of the defaults in fulfilling the payment obligations by the system participants.
- (d) Quarterly certificate from the bankers about functioning of system provider's account with them.

⁴[(2)] ⁵[The returns and documents as required by the Bank under sub-regulation (1) above shall be submitted by the system provider in the form specified by the Bank from time to time.]

⁶[(3)] ⁷[The returns and documents under sub-regulation (1) shall be submitted by the system provider from its registered office to the office of the Bank (Deptt. of Payment and Settlement Systems, Central Office) situated in Mumbai:

Provided that the Bank may at any time, direct that the returns and documents under sub-regulation (1) be submitted to any other office of the Bank as may be specified.]

7. Furnishing of accounts and balance sheets.—(1) Every system provider shall furnish to the Bank within three months from the date on which its annual accounts are closed and balanced, a copy of its audited balance sheet as on the last date of the relevant year together with a copy of profit and loss account for the year and a copy of the Auditor's report:

Provided that the Bank may, on an application made by the system provider, extend the said period of three months for furnishing of returns by a further period not exceeding three months.

(2) The system provider shall also publish, a copy of its balance sheet, profit and loss account and Auditor's report submitted to the Bank, under sub-regulation (1), in any two leading newspapers, one in English and the other in Hindi, or place a copy of the same on its website within a period of one month from the date of submission of the same to the Bank.

(e) Quarterly statement regarding any disputes between participants or between participants and the system provider.

(f) Annual return relating to the staff strength, income and expenditure.

(g) Annual return from the system provider showing changes in its Board of Directors or partners, as the case may be, changes in shareholding pattern whereby the aggregate shareholding of an individual or a group becomes equivalent to 5% or more of the paid up capital of the system provider and changes in Memorandum or Articles of Association of the system provider.”

4. *Renumbered* by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022).

5. *Subs.* by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022). Prior to substitution it read as:

“The returns and documents referred to in clauses (a) to (g) of sub-regulation (2) shall be submitted by the system provider in the form specified by the Bank from time to time.”

6. *Renumbered* by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022).

7. *Subs.* by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022). Prior to substitution it read as:

“The returns and documents under sub-regulation (1) and those referred to in clauses (a) to (g) of sub-regulation (2) shall be submitted by the system provider from its registered office to the office of the Bank (Department of Payment and Settlement Systems, Central Office) situated in Mumbai:

Provided that the Bank may at any time, direct that the returns and documents under sub-regulation (1) and those referred to in clauses (a) to (g) of sub-regulation (2) be submitted to any other office of the Bank as may be specified.”

FORM A

[See Regulation 3(2)]

Application Form for authorisation to set up Payment System

From

Name and Address of registered office/principal place of business of applicant
(By Registered Post AD/Hand Delivery)

To

Chief General Manager
Department of Payment and Settlement Systems
Reserve Bank of India
Central Office
14th Floor RBI Central Office Building
Shaheed Bhagat Singh Marg
Mumbai — 400 001

Dear Sir,

Application for authorization for setting up a payment system

We hereby submit an application under sub-section (1) of Section 5 of the Payment and Settlement Systems Act, 2007 for authorization to set up a payment system. The required information and documents have been furnished as per instructions.

We declare that to the best of our knowledge and belief the information furnished in the statements/annexes enclosed are true/correct and complete.

A electronic funds transfer transaction No. or cheque or payment order or demand draft No. dated for an amount of Rs 10,000 (Rupees Ten Thousand only) as non-refundable application fees is enclosed with the application.

Yours faithfully

Signature:

Name:

Designation:

Company Seal:

Date and Place:

Encl: Sheets

*Application for authorisation to set up Payment System***Part-A**

1. Name of applicant:
2. Constitution of applicant:
 - (a) Is the applicant a company or firm or any other entity:
 - (b) If the applicant is a company, is it a private limited company or public limited company:
 - (c) If the applicant is any other entity please specify the statute under which it is incorporated/established
3. Address of Registered Office and Principal Offices (if applicant is a company):
4. Principal place of business and address (if applicant is a firm or any other entity)
5. If applicant is a firm, names, nationality and addresses of the partners:
(Copy of Partnership Deed to be enclosed)
6. Date of incorporation of applicant if it is a company:

7. Date of commencement of business:
(Memorandum of Articles and Association to be enclosed)
8. If the applicant is any other entity, name, nationality and address of each of its directors/managers/principal officers:
9. Main business of the applicant company/firm/other entity:
10. Names and addresses of subsidiary companies/associated firms/other associated entities:
11. Management information, if applicant is a company/firm/any other entity:
 - (a) Name of Chief Executive:
 - (b) Age, Nationality, Qualifications and Experience of Chief Executive:
 - (c) Shares held by the Chief Executive and Directors in the applicant company:
12. Name of the statutory auditors and their business address:
(Attach the audited balance sheet, profit and loss statement of applicant for the last three years)
13. Name and address of bankers of the applicant:
14. Whether the applicant has committed any default in repayment of loan, advance or any credit facility taken from a bank or financial institution, if so please mention full particulars:
[Attach a bankers' report on the functioning of the applicant account and its financial health in sealed cover(s)]:
15. Amount of fees deposited along with application:
16. Mode of deposit of fees:
(Additional information sheets/documents as required may be enclosed)

Part-B

1. Particulars of Payment System sought to be set up (full details to be furnished) including process flow, technology to be used, security features, inter-operability etc. (details can be given in a separate note, if required):
2. Expected benefits to the financial system/country from the operationalisation of the payment system sought to be set up:
3. Whether other companies/firms/entities will be associated with the applicant in setting up the payment system:
4. If the answer to query 3 is yes, please furnish full particulars of this association:
5. Previous experience of applicant and associated companies/firms/entities in the payment systems area:
6. Type of payment system proposed to be set up i.e. whether electronic fund transfer or payment card based/internet based/mobile phone based:
7. Whether the payment system will cover a particular region or the whole country:
8. Does the proposed payment system seek to address the needs of any particular social/economic segment/s of the population:
9. Method of settlement of payment claims, namely whether gross, net or a hybrid method combining both gross and net methods:
10. Name of the settlement agent for the payment system sought to be set up:
11. Whether the applicant or settlement agent will act as a central counterparty to provide guaranteed/secured settlement:
12. On which day will be the account credited/funds made available to the beneficiary:
13. What will be the risks in operating the payment system sought to be set up and how does the applicant propose to mitigate them:
14. Mention the customer grievances redressal machinery proposed for the payment system sought to be set up:
15. The time proposed to be taken to dispose customer complaints:
(Additional information sheets/documents as required may be enclosed)

Part-C

1. Amount of finance required for executing payment system project:
2. Sources of finances for executing the payment system project:
 - (a) Amount of own capital proposed to be deployed:
 - (b) Amount of borrowings expected from banks:
 - (c) Amount of borrowings expected from sources other than banks:
(Sources may be mentioned)
3. Rate of return on investment expected from the payment system sought to be set up:
4. How does the applicant propose to recover its investment and earn an income, that is, whether through cash flows or by levying joining fees, security fees, annual/operating charges etc. (Please give full details):
(Application information sheets/documents as required may be enclosed)

Part-D

Any other information the applicant wishes to furnish

FORM B

[See Regulation 4(1)]

[Section 7(2)]

RESERVE BANK OF INDIA

Department of Payment and Settlement Systems Central Office Mumbai

(RBI Seal)

Certificate of Authorisation

No.:

In exercise of the powers conferred on the Reserve Bank of India by Section 7 of the Payment and Settlement Systems Act, 2007

Is hereby granted

Certificate of Authorisation

To commence/operate *a payment system/*a payment system for#,
with effect from, subject to compliance with the terms and conditions given on the reverse
of this Certificate.

Given under my hand

At Mumbai on this day of 200.

Signature

(.....)

Chief General Manager

RBI Seal

* Strike off whichever is not applicable

specify the payment system

Terms and Conditions*

1. The Certificate of Authorisation or a certified copy thereof shall be displayed at the main premises of the Payment System Provider and its other offices.
2. The Payment System Provider shall adhere to the provisions of the Payment and Settlement Systems Act, 2007, regulations issues thereunder and the directions/guidelines issued by the Reserve Bank of India.

3. A sum of Rs (Rupees only) is deposited as authorization fees with the Reserve Bank of India.
4. A sum of Rs..... (Rupees only) is deposited as security deposit with the Reserve Bank of India.
5. (Any other condition as may be specified)

* Strike off whichever is not applicable

SCHEDULE

[See Regulation 5]

1. Uniform Regulations and Rules for Bankers' Clearing Houses
2. Procedural Guidelines on Mechanised Cheque Processing Using MICR Technology
3. ⁸[* * *]
4. ⁹[* * *]
5. Procedural Guidelines on National Electronic Funds Transfer System
6. ¹⁰[* * *]
- ¹¹[7. RTGS System Regulations, 2013]
- ¹²[¹³8. Procedural Guidelines for Cheque Truncation System (CTS) approved by the Bank for the concerned system provider]
9. Bye Laws, Rules and Regulations of the Clearing Corporation of India Limited
10. Such other instructions as may be specified by the Bank from time to time.]

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8. Deleted by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022). Prior to deletion it read as:
"3. Procedural Guidelines on Electronic Clearing Service (Credit Clearing)"
 9. Deleted by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022). Prior to deletion it read as:
"4. Procedural Guidelines on Electronic Clearing Service (Debit Clearing)"
 10. Deleted by Noti. No. CO. DPSS. Ovrst. No. S1417/06.08.001/2021-22, dated 10-2-2022 (w.e.f. 16-2-2022). Prior to deletion it read as:
"6. Operational Manual on National Electronic Funds Transfer System"
 11. Subs. for Item Nos. 7 and 8 by Noti. No. DPSS (CO) RTGS No. 1866/04.04.016/2016-17, dt. 17-1-2017 (w.e.f. 23-9-2017).
 12. Existing Sl. Nos. 9, 10, 11 *renumbered* as 8, 9, 10 by Noti. No. DPSS (CO) RTGS No. 1866/04.04.016/2016-17, dt. 17-1-2017 (w.e.f. 23-9-2017).
 13. Subs. by Noti. No. DPSS.CHD No./75/04.07.01/2011-12, dated 12-7-2011 (w.e.f. 3-9-2011). Prior to substitution it read as:
"9. Procedural Guidelines for Cheque Truncation System (CTS) (Version 1.1)"

