



## PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY

### PROPOSED DRAFT EXIT REGULATIONS

**Issued on:** 4<sup>th</sup> September, 2014

**Last date for accepting Comments:** 3<sup>rd</sup> October, 2014

PFRDA has prepared the draft Exit Regulations, 2014 for the subscribers of National Pension System (NPS) as envisaged under section 52 (2) of the PFRDA Act, 2013. Now, the draft document is being published on the website for inviting comments from general public and all concerned.

It may also be noted that comments/feedback on the draft may be forwarded by email to the e-mail id [Venkateswarlu.peri@pfrda.org.in](mailto:Venkateswarlu.peri@pfrda.org.in) latest by 3<sup>rd</sup> October, 2014.

**The comments should be given in the following format:**

Name of entity/ person			
Sr.No.	Pertains to which Section/sub-section and Page number	Proposed/ suggested changes	Rationale

The proposals may be modified in the light of the comments received before being issued in final form.

Written comments in the above format may be addressed to:

*Mr. Venkateswarlu Peri  
General Manager  
Pension Fund Regulatory & Development Authority  
1<sup>st</sup> Floor, ICADR Building, Vasant Kunj Institutional Area Phase - II  
Vasant Kunj, New Delhi – 110070*

THE GAZETTE OF INDIA  
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PART –\*– SECTION –\*–  
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PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY  
NOTIFICATION  
New Delhi, the       , 2014  
PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY  
(Exit and Withdrawals under National Pension System) Regulations, 2014

No.....-PFRDA —In exercise of the powers conferred by Sub-Section (1) of Section 52 read with sub-clause (g), (h) (i) (p) of sub-section 2 of Section 52 read with sub-clause (h) and (i) of sub-section 2 of Section 20 of The Pension Fund Regulatory and Development Authority Act, 2013 (Act No. 23 of 2013), the Pension Fund Regulatory and Development Authority in consultation with the Pension Advisory Committee hereby makes the following regulations, namely: —

## **CONTENTS**

### **CHAPTER I – PRELIMINARY**

1. Short title and commencement
2. Definitions

### **CHAPTER II – Exit from National Pension System**

3. Conditions subject to which the subscriber shall exit from the National Pension System
4. Exit conditions for Government sector subscribers
5. Exit conditions for All citizens other than government sector subscribers
6. Exit conditions for Swavalamban subscribers

### **CHAPTER III – Withdrawals, purpose, frequency and limits under National Pension System**

7. Conditions of its purpose, frequency and limits for withdrawals from individual pension account
8. The types of withdrawals permitted under National Pension system
9. Withdrawal process
10. Default Annuity Service Provider and annuity Scheme under National Pension System

### **CHAPTER IV – Annuity purchase under National Pension System**

11. Conditions of Annuity purchase under National Pension System
12. Empanelment to Annuity Service Providers
13. Eligibility Criteria for grant of a certificate of Empanelment to an Annuity Service Provider
14. Disclosure of information
15. Furnishing of information and clarification
16. Verification of information
17. Consideration of application
18. Procedure for grant of certificate of registration
19. Conditions of certificate of Empanelment
20. Effect of refusal to grant certificate of empanelment or expiry of certificate of empanelment
21. Period of validity of certificate of Empanelment
22. Renewal of certificate of Empanelment
23. Exemptions in certain cases from eligibility criteria
24. Duties and responsibilities of Empanelled Annuity Service Providers (ASP)
25. Fees and Charges to be charged to the NPS subscribers
26. Appointment of Nodal officer
27. Code of Conduct
28. Submission of annual report on purchases of annuity contracts by NPS subscribers to the Authority
29. Power of the Authority to take up any of the matters associated with Insurance Regulatory and Development Authority
30. Confidentiality

#### **CHAPTER V -Inspection and Investigation Proceedings**

31. Inspection and Investigation
32. Notice before inspection
33. Obligations of the Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the Authority on inspection and investigation
34. Examination of NPS records
35. Submission of inspection report to PFRDA

#### **CHAPTER VI – Investigation**

36. Appointment of Investigating Authority for Conducting the Inquiry
37. Issuance of Notice
38. Manner of Service of Notice and Order and Publication of Order
39. Reply by Notice

40. Action in Case of Default
41. Procedure for Action on Receipt of Recommendation
42. Common Report or Order
43. Intimation of the Order
44. Penalty and Adjudication
45. Appeal to Securities Appellate Tribunal

## **CHAPTER VII –Miscellaneous**

46. Fraud prevention
47. Nomination
48. Submission of withdrawal application
49. Requirement of submission of documents
50. Providing bank account details
51. Mode of payments under NPS
52. Stoppage of last 3 months deductions by employer
53. Reports and disclosures
54. Power of the Authority to issue clarifications

## CHAPTER I – PRELIMINARY

### 1. Short title and commencement —

1. These regulations may be called the Pension Fund Regulatory and Development Authority (Exits and Withdrawals under the National Pension System) Regulations, 2014.
2. They shall come into force on the date of their publication in the Official Gazette.

### 2. Definitions

In this regulation, unless the context otherwise requires,—

1. **Accumulated Pension Wealth** shall mean the monetary value of the pension investments accumulated in the Permanent Retirement Account of NPS subscriber.
2. **Aggregator** means an intermediary registered with the Authority under sub-section (3) of Section 27 of the Act, to perform subscriber interface functions under NPS-Swavalamban and shall have functional relationship with a known customer base for delivery of some socio-economic goods / services.
3. **Annuity** means a structured financial product intended to provide fixed periodic payments to the subscriber in accordance with terms and conditions of the annuity contract executed by the subscriber with such insurance company.
4. **Annuity Service Provider (ASP):** A life insurance company registered and regulated by Insurance Regulatory and Development Authority (IRDA) and empanelled by Authority for providing annuity services to the subscribers of National Pension System
5. **Auditor means** a person who is qualified to audit the accounts of a company under section 224 of the Companies Act, 1956 (1 of 1956) or under Section 139 of the Companies Act, 2013.
6. **Authority** - means the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Act;
7. **Central recordkeeping agency (CRA)** - means an agency registered under Section 27 to perform the functions of recordkeeping, accounting, administration and customer service for subscribers to schemes;
8. **Chairperson** - means the Chairperson of the Authority;
9. **Citizens of India** – Individuals qualifying to be citizens of India under The Citizenship Act, 1955.

- 10. Company** means an organisation formed and registered under Companies Act, 1956 or under the Companies Act, 2013 or under any other Act.
- 11. Compliance Officer** shall be a person of responsibility from Central Record Keeping agency or an entity entrusted with the responsibility of receiving, processing and settlement of withdrawal claims by the Authority under National Pension System and responsible for monitoring compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc, issued by the PFRDA or the government from time to time.
- 12. Contribution data** includes data of amount to be invested by the NPS subscriber, sent by the Points of Presence (PoP)/ Nodal offices of central/State governments registered with CRA/Aggregators/POP-Special to the Central Recordkeeping Agency (CRA), which includes the pension scheme chosen.
- 13. Document** - shall include any matter written, expressed or described upon any substance by means of letters, figures or marks, or by more than one of those means, in printed or in electronic version, which is intended to be used, or which may be used, by the Interim Pension Fund Regulatory and Development Authority, or Authority or an intermediary or any other entity connected with the National Pension System, for the purpose of recording that matter;
- 14. Government Sector Subscriber** means a subscriber enrolled into NPS through the nodal offices of Central or State Governments and registered as such with the Central Record keeping agency.
- 15. I-Pin** means eight digits alphanumeric number used to authenticate the subscriber to login CRA/NPSCAN system through internet.
- 16. National Pension System(NPS)** means the contributory pension system referred to in section 20 of the Pension Fund Regulatory and Development Authority Act, 2013, whereby contributions from a subscriber are collected and accumulated in an individual pension account using a system of points of presence, a central recordkeeping agency and pension funds as may be specified by regulations;
- 17. National Pension System Trust** means the Board of Trustees who hold the assets of NPS subscribers for their benefit;
- 18. Member** means member of the Authority and includes its Chairperson.
- 19. Pension Fund** means an intermediary which has been granted a certificate of registration by the Authority as a pension fund for receiving contributions, accumulating them and making payments to the subscriber in the manner as may be specified by regulations;

- 20. Permanent Retirement Account** is a unique account opened for each NPS subscriber by CRA under NPS.
- 21. Permanent Retirement Account Number means** 12-digit unique number allotted by CRA to each subscriber.
- 22. Point of Presence** means an intermediary registered with the Authority as a point of presence and capable of electronic connectivity with the central recordkeeping agency for the purposes of receiving and transmitting funds and instructions and pay out of funds;
- 23. Prescribed** means prescribed by rules made under this Act;
- 24. Regulations** means the regulations made by the Authority under the Act;
- 25. Scheme** means a scheme of pension fund approved by the Authority under this Act;
- 26. Subscriber** includes a person who subscribes to a scheme of a pension fund;
- 27. Subscriber Education and Protection Fund** means the fund constituted under sub-section (1) of section 41 of the Pension Fund Regulatory and Development Authority Act, 2013,
- 28. Swavalamban subscriber** means a subscriber who is registered as such with the Central Record Keeping (CRA) agency under National Pension System and includes those who are registered as NPS-Lite subscribers with the CRA and who have never availed any benefit of Swavalamban co-contribution under National Pension System.
- 29. T-Pin** - Four-digit number used to authenticate the subscriber in the Interactive Voice Response (IVR) system
- 30. Tier-I account-**
- 31.** A Non withdrawable account under National Pension System (NPS) wherein the contributions deposited by subscriber/employer are accounted and managed as per the regulations and guidelines of the Authority.
- 32. Tier-II Account-**
- 33.** The Withdrawable saving account under NPS offering the facility of liquidity to the subscriber in case of any urgent financial urgency.
- 34. Trustee Bank** means a banking company as defined in the Banking Regulation Act, 1949.

## CHAPTER II – Exit from National Pension System

### 3. Conditions subject to which the subscriber shall exit from the National Pension System

- a) A subscriber registered under National Pension System shall not exit from the National Pension System except as may be specified by these regulations and no withdrawal from the accumulated pension wealth in the Tier-I account of National Pension System of the subscriber is permitted except as may be specified by these regulations.
- b) No Pension or accumulated pension wealth in the Tier-I account of the permanent retirement account of the NPS subscribers under National Pension System on account of past services or present services, shall be liable to seizure, attachment or sequestration by process of any Court at the instance of a creditor, for any demand against the subscriber, or in satisfaction of a Decree or Order of any such Court.
- c) Assignments, etc., in anticipation of pension or accumulated pension wealth in the Tier-I account of the permanent retirement account of the NPS subscribers under National Pension System shall be void: All assignments, pledge, contracts, orders, sales and securities of every kind made by any subscriber of National Pension System, entitled to any benefits as provided under the Exit regulations of National Pension System, in respect of any money payable at or on account of any such benefits to such subscriber under National Pension System or for giving or assigning any future interest therein are null and void.
- d) Right of President to withhold benefits under National Pension System - The President of India or the Governor of a State as the case may be reserves to himself the right of withholding the co-contributions made by the Central government/ State government as employer to the Tier-I account of the National Pension System account of the subscriber and without any investment income accruing thereon, in the event of recovery of the whole or part of any pecuniary loss caused to the Government, if, in any departmental or judicial proceedings, the government servant is found guilty of grave misconduct or negligence during the period of service under the relevant service rules. However, such right of withholding shall have to be effected before the date of normal superannuation of the employee pursuant to a notice to be given to the National Pension System Trust, seeking to withhold the said co-contributions from the accumulated pension wealth of the subscriber and providing the evidence thereof on the related matter.

- i. The benefits which are held back as above under National Pension System shall not be paid to such Government subscriber until the conclusion of the departmental or judicial proceedings and issue of final orders thereon.
  - ii. Such amount withheld as specified in sub-clause (i) shall remain invested in the scheme in the manner and mode in which it was held prior to resort of such action by the Government and the final settlement of the withheld amount shall be made thereafter after the final orders are issued by the Government to the National Pension System Trust or any other entity or authority authorized by the Authority.
  - iii. The amount which is withheld and becomes payable to the individual on final settlement shall be paid to the individual as soon as possible but not later than 90 days of receipt of final order by the National Pension System Trust or any other entity or authority authorized by the Authority.
- e) **Additional relief provided by government to the government employee covered under National Pension System:** If the family members of the diseased subscriber or subscriber avail the option of additional relief on death or disability of government servant covered by National Pension System provided by the Government, the government shall have right to adjust or transfer the entire accumulated pension wealth in such government subscribers permanent retirement account to the Government and such family members or subscriber shall specifically agree and undertake to transfer the entire accumulated pension wealth in the permanent retirement account to the Government authority, in lieu of enjoying or obtaining such additional reliefs like family pension or disability pension or any other pensionary benefit from such government authority unconditionally.
- f) If a person who in the event of death of the subscriber of the National Pension System is eligible to receive any of the benefits under National Pension System pertaining to the deceased subscriber in terms of these regulations, is charged with the offence of murdering the deceased subscriber of the National Pension System or for abetting in the commission of such an offence, his claim to receive such benefits including that of receiving monthly or any periodic annuity shall remain suspended till the conclusion of the criminal proceedings instituted against him. During this

period the said benefits available under National Pension System shall remain suspended from payment till the determination of the criminal proceedings and if the person concerned-

- a) is convicted for the murder or abetting in the murder of the subscriber, he shall be debarred from receiving the benefits under NPS which shall continue to be payable to other eligible members of the family, if any;
- b) is acquitted of the charge of murdering or abetting in the murder of the subscriber, the benefits including the monthly or periodic annuity shall be payable to him.
- g) All benefits receivable including the purchase of annuity as prescribed under these regulations under the National Pension System shall be arranged to be paid by the Central Record Keeping Agency or any other entity authorized by the Authority after processing the withdrawal applications as per rules, regulations, guidelines, orders and notifications issued by the Authority from time to time.
- h) For a subscriber exiting from Tier-I account under the National Pension System, Tier-II account also shall be monetized and closed simultaneously.
- i) For the purpose of exit from National Pension System, the subscribers are categorized and defined as (1) Government sector subscribers (2) All citizens including corporate sector but excluding Government and Swavalamban subscribers and (3) Swavalamban subscribers. The exit rules specified hereunder shall apply accordingly to the category to which they belong.

#### **4. Exit from National Pension System for Government sector subscribers**

A subscriber registered under National Pension System as Government sector subscriber shall exit from the National Pension System NPS, as hereunder:-

- a) Upon attaining the normal age of superannuation as prescribed under the relevant service rules applicable in case of such subscriber and by the respective government or government authority or entity registered as government sector under the National Pension System with the central record keeping agency (CRA), provided at least 40% of the accumulated pension wealth in the permanent retirement account of the subscriber shall be mandatorily utilized for purchase of annuity providing for monthly or any periodic pension and balance accumulated pension wealth being paid as lump sum.

**Further Provided** that if the accumulated pension wealth in the permanent retirement account of the subscriber is equal to or less than a sum of two lakh rupees, the subscriber shall have the option to withdraw the entire accumulated pension wealth without purchasing any annuity as mentioned above and upon exercising this option the liability of the government or any person under the National Pension System shall get extinguished there upon.

Further provided that with respect to the Chairman and members of regulatory bodies whose appointment is made through a Government of India Gazette notification whereby they are provided with an option either to take entire accumulated pension wealth in their NPS account, the same would be allowed without insisting for the mandatory annuitisation, if opted by such subscriber.

**Further provided** that the subscriber has the option to defer the withdrawal of eligible lump sum amount till he or she attains the age of 70 years, to be given in writing in the prescribed form before the attainment of age of normal superannuation.

**Further provided** that the subscriber has the option to defer the purchase of annuity for a maximum period of 3 years from the date of attainment of normal superannuation to be given in writing in the prescribed form before the attainment of age of normal superannuation.

**Further provided** that the subscriber would be allowed to defer the withdrawal of lump sum amount or the purchase of annuity only if the subscriber agrees to bear the NPS account maintenance charges including CRA, PFM, Trustee Bank etc as are applicable from time to time.

- b) Any subscriber who wishes to exit from National Pension System before attaining the normal age of superannuation as prescribed by the respective government or government authority or entity registered as government sector under the NPS with the central record keeping agency (CRA), provided at least 80% of the accumulated pension wealth shall be mandatorily utilized for purchase of annuity and balance pension wealth shall be paid as lump sum payment to the subscriber. However, the subscriber shall stay invested in the NPS system if the accumulated pension wealth in the permanent retirement account is more than rupees one lakh but the age of the

subscriber is less than the minimum entry age prescribed for provision of an annuity by any of the empanelled annuity service providers.

**Further provided** that if the accumulated pension wealth in the permanent retirement account of the subscriber is equal to or less than one Lakh rupees, the subscriber has the option to withdraw the entire accumulated pension wealth without purchasing any annuity as mentioned above and upon exercising this option the right of the subscriber to receive any pension or other amounts under the National Pension System shall extinguish thereupon.

- c) Upon Death of the subscriber before the attainment of the age of normal superannuation, the entire accumulated pension wealth (100%) would be paid to the nominee/nominees of the subscriber registered under the National Pension System and there shall not be any requirement of the annuitisation of the accumulated pension wealth of such deceased subscriber.

**Further provided** that the nominee/family members of the deceased subscriber shall have option to purchase any of the annuities being offered under the National Pension system, if they so desire while applying for withdrawal of benefits on account of deceased subscribers permanent retirement account.

**Further provided** that in case “nomination” is not registered by the subscriber before his death, the accumulated pension wealth would be paid to the “Family members” as evidenced by the Legal Heir certificate issued by the Revenue authorities of the state or a succession certificate issued by a court of competent jurisdiction.

**Further provided** that in case there are no legal heirs or successors as determined by the law applicable, the entire accumulated pension wealth would be transferred to the Subscriber Education and Protection Fund constituted under the provisions of the Act.

## **5. Exit from National Pension System for All citizens including corporate sector but excluding government sector subscribers and Swavalamban subscribers**

Any subscriber registered under National Pension System, including a corporate sector subscriber but excluding Government sector and Swavalamban subscribers, shall exit from the National Pension System NPS, as hereunder:-

- a) Upon attaining age of 60 years or upon attaining the age of normal superannuation (applicable in case of corporate sector subscribers) shall exit from NPS provided at least 40% of the accumulated pension wealth shall be mandatorily utilized for purchase of annuity providing for monthly or other periodic pension and remaining balance pension wealth being paid as lump sum. However, if the accumulated pension wealth in the permanent retirement account of the subscriber is equal to or less than a sum of two lakh rupees, the subscriber has the option to withdraw the entire accumulated pension wealth without purchasing any annuity.

**Further provided** that the subscriber has the option to defer the withdrawal of eligible lump sum amount till he or she attains the age of 70 years, to be given in writing in the prescribed form before the attainment of 60 years of age or age of normal superannuation (applicable to corporate sector subscribers).

**Further provided** that the subscriber has the option to defer the purchase of annuity for a maximum period of 3 years from the date of attainment of 60 years of age or the age of normal superannuation (applicable to corporate sector subscribers) to be given in writing in the prescribed form before the attainment of age of attainment of 60 years or the age of normal superannuation (applicable to corporate sector subscribers).

**Further provided** that the subscriber would be allowed to defer the withdrawal of lump sum amount or the purchase of annuity only if the subscriber agrees to bear the NPS account maintenance charges including CRA, PFM, Trustee Bank etc as are determined by Authority from time to time.

- b) At any time before attaining the age of 60 years or before the age of normal superannuation (applicable to corporate sector subscribers), provided at least 80% of the accumulated pension wealth shall be mandatorily utilized for purchase of annuity and balance pension wealth shall be paid as lump sum. However, the subscriber shall stay invested in the NPS system if the accumulated pension wealth in the permanent retirement account is more than rupees one lakh but the age of the

subscriber is less than the minimum entry age prescribed for provision for an annuity by any of the empanelled annuity service providers.

**Further provided** that if the accumulated pension wealth in the permanent retirement account of the subscriber is equal to or less than one lakh rupees, the subscriber has the option to withdraw the entire accumulated pension wealth without purchasing any annuity and the right of the subscriber to receive any pension or other amounts under the National Pension System shall extinguish thereupon.

- c) Upon Death of the subscriber before the attainment of 60 years of age or before the age of normal superannuation (applicable to corporate sector subscribers), the entire accumulated pension wealth (100%) would be paid to the nominee/nominees of the subscriber as registered with National Pension System and there shall not be any requirement of the annuitisation of the accumulated pension wealth of such deceased subscriber.

**Further provided** that the nominee/family members of the deceased subscriber shall have option to purchase any of the annuities being offered under the National Pension system, if they so desire while applying for withdrawal of benefits on account of deceased subscribers permanent retirement account.

**Further provided** that in case “nomination” is not registered by the subscriber before his death, the accumulated pension wealth shall be paid to the “Family members” as evidenced by the Legal Heir certificate issued by the Revenue authorities of the state or a succession certificate issued by a court of competent jurisdiction.

**Further provided** that in case there are no legal heirs or successors as determined by the law applicable, the entire accumulated pension wealth would be transferred to the Subscriber Education and Protection Fund constituted under the provisions of Act,.

## 6. Exit from National Pension System by Swavalamban subscribers

A subscriber registered under National Pension System as Swavalamban subscriber, can exit from the National Pension System, as hereunder:-

- a) Any subscriber upon attaining 60 years of age can exit from NPS provided at least 40% of the accumulated pension wealth shall be mandatorily utilized for purchase of annuity providing for monthly or periodic pension to the subscriber and remaining balance pension wealth being paid as lump sum payment to the subscriber. This shall be subject to the condition that the annuity purchased by utilizing at least 40% of the accumulated pension wealth shall yield to the subscriber at least Rs.1000/- per month failing which the entire accumulated pension wealth would be annuitised in such a manner so as to yield the maximum monthly or periodic pension possible. However, there shall not be any explicit or implicit guarantee under the National Pension System of payment of any monthly or periodic pension of a minimum sum of Rs.1000/- which would purely depend upon the accumulated pension wealth in the permanent retirement account of the subscriber (PRAN) and the annuity purchased by the subscriber.

**Further provided** that, if the accumulated pension wealth in the permanent retirement account of the subscriber is equal to or less than a sum of rupees one lakh (Rs.100000/-), the subscriber has the option to withdraw the entire accumulated pension wealth without purchasing any annuity and the right of the subscriber to receive any pension or other amounts under the National Pension System shall extinguish thereupon.

- b) Any subscriber, who wishes to exit from Tier –I account of National Pension System before attaining 60 years of age can do so, provided at least 80% of the accumulated pension wealth is mandatorily utilized for purchase of annuity and balance pension wealth shall be paid as lump sum payment to the subscriber. This shall be subject to the condition that the annuity purchased by utilizing at least 80% of the accumulated pension wealth shall yield to the subscriber at least Rs.1000/- per month failing which the entire accumulated pension wealth would be annuitised in such a manner so as to yield the maximum monthly or periodic pension possible. However, there shall not be any explicit or implicit guarantee under the National Pension System of payment of any monthly or

periodic pension of a minimum sum of Rs.1000/- which would purely depend upon the accumulated pension wealth in the permanent retirement account of the subscriber (PRAN) and the annuity purchased by the subscriber.

**Further provided** that subject to provisions of sub-regulation (b) above, where the subscriber has been subscribed to the Swavalamban Scheme of the National Pension System (NPS) and the accumulated pension wealth does not exceed a value of Rs.1 lakh, the whole of the pension wealth shall be returned to the subscriber, without any provision for annuitisation of the pension wealth of such subscriber provided the subscriber has stayed in the scheme for a minimum period of 25 years from the date of joining the scheme. With the payment of the total pension wealth as provided above, the right of the subscriber to receive any pension or any other benefits under the Swavalamban scheme of National Pension System shall cease there upon.

- c) Upon Death of the subscriber before the attainment of 60 years of age, the entire accumulated pension wealth (100%) would be paid to the nominee of the subscriber and there would not be any condition of mandatory purchase of annuity and provision of monthly or periodic pension and there shall not be any requirement of the annuitisation of the accumulated pension wealth of such deceased subscriber. However, the nominee/family members of the deceased subscriber shall have option to purchase any of the annuities being offered under the National Pension system, if they desire so.

**Further provided** that in case “nomination” is not registered by the subscriber before his death, the accumulated pension wealth would be paid to the “Family members” as evidenced by the Legal Heir certificate issued by the Revenue authorities of the state or a succession certificate issued by a court of competent jurisdiction.

**Further provided** that in case there are no legal heirs or successors as determined by the law applicable, the entire accumulated pension wealth would be transferred to the Subscriber Education and Protection Fund constituted under the provisions of Act.

### CHAPTER III

#### Withdrawals, purpose, frequency and limits under National Pension System

## **7. Conditions of withdrawals, purpose, frequency and limits under National Pension System**

- a) The Authority, or where any entity/intermediary has been authorized on that behalf, any officer of such authorized entity/intermediary, may on receipt of an application for withdrawal, from a subscriber in such form as may be prescribed and subject to fulfillment of conditions so prescribed may sanction withdrawal from National Pension System in the mode and manner permitted under these regulations and that of any guidelines, circulars, orders and notifications issued by the Authority in that behalf..

**Provided** that the subscriber shall submit the completely filled in application for withdrawal in the prescribed format, process and modes, which shall be duly attested by the authorized officer of the employer or that of a Point of Presence or an Aggregator as the case may be along with such documents to be submitted as may be prescribed by the Authority from time to time. The formats for withdrawal shall be as prescribed by the Authority from time to time and which shall be placed on the website of the Authority as well as with the concerned employer/intermediaries/entity authorized to deal with the exit or withdrawals under the National Pension System.

**Provided** that the subscriber shall at the time of making such application for withdrawal fulfill all the requirements requiring compliance with the requirements under the Prevention of Money Laundering Act, 2002 as prescribed by the Authority from time to time.

**Provided** that the Authority, or where so authorised by the Authority, any officer of the employer/intermediary/entity so authorized, may conduct an investigation into the claim for withdrawal made by any subscriber in order to ascertain and establish the authenticity or eligibility for the claim so made.

## **8. The following types of withdrawals shall be permitted under National Pension system:**

- A. **Withdrawals from Tier-I account of the subscriber** : Under this head, the following types of withdrawals shall be permitted:
  - i. Withdrawal arising out of exit of subscriber from National Pension System upon attaining the age of 60 years or upon attaining the age of normal superannuation, as applicable under Sections 4, 5 and 6 of these regulations.
  - ii. Withdrawal arising out of exit of subscriber from National Pension System at any age before attaining the age of 60 years or before attaining the age of

normal superannuation, as applicable under Sections 4, 5 and 6 of these regulations.

- iii. Withdrawal of accumulated pension wealth from the permanent retirement account of the subscriber, not exceeding twenty-five per cent (25%) of the past contributions made by the subscriber,( excluding contribution made by employer) at any time before exit from National Pension System subject to the terms and conditions, as stipulated for the purpose, frequency and limits given below:

- 1. Purpose:** A subscriber shall be permitted to withdraw not exceeding twenty-five percent (25%) of the contribution made by him individual pension account (PRAN) for any of the following purposes only:

- a. For Higher education of his/her children including a legally adopted child.
- b. For the marriage of his/her children, including a legally adopted child.
- c. For the purchase/construction of residential house or flat in his/her own name or in a joint name with his or her legally wedded spouse. However, if the subscriber already owns either individually or in joint name a residential house or flat, other than ancestral property, no withdrawal under this clause shall be permitted..
- d. Treatment for prescribed illnesses – suffered by subscriber, his legally wedded spouse, children including a legally adopted child and dependent parents. For this purpose, the prescribed illness shall comprise of hospitalization and treatment for the following diseases:

- A.** Cancer
- B.** Kidney Failure (End Stage Renal Failure)
- C.** Primary Pulmonary Arterial Hypertension
- D.** Multiple Sclerosis
- E.** Major Organ Transplant
- F.** Coronary Artery Bypass Graft
- G.** Aorta Graft Surgery
- H.** Heart Valve Surgery
- I.** Stroke
- J.** Myocardial Infarction (First Heart Attack)
- K.** Coma
- L.** Total blindness
- M.** Paralysis

N. Any other critical illness of a life threatening nature as stipulated in the circulars, guidelines/notifications issued by the Authority from time to time.

**Provided** that no withdrawal shall be permitted under this sub-clause if medical benefits covering complete treatment expenses of the subscriber or other dependents family members are met by the employer or any health insurer.

**2. Limits:** The permitted withdrawal shall be allowed only if the following eligibility criteria and limit for availing the benefit are complied with by the Subscriber:

a. The subscriber should have been covered under NPS for a continuous period of not less than ten years

b. Subscriber shall be permitted to withdraw accumulations not exceeding twenty-five percent (25%) of the contributions made by him and standing to his credit in his NPS account, as on the date of application for withdrawal.

**3. Frequency:**

Subscriber shall be allowed to withdraw only a maximum of three (3) times from the scheme during the entire tenure of subscription under the NPS and not less than a period of 5 years should have elapsed from the last date of such withdrawal. However, the mandatory requirement of 5 years having elapsed between two withdrawals shall not apply in case of “treatment for prescribed illnesses” or in case of Withdrawal arising out of exit from National Pension System due to the death of the subscriber.

The request for withdrawal in the prescribed form should be sent along with relevant document through the Nodal Office/POP/Aggregator to Central Record Keeping Agency or any other entity as may be authorised by the Authority from time to time for processing of such withdrawal claim.

## **B. Withdrawals from Tier-II account of the subscriber**

A subscriber having a valid and active Tier-II account can withdraw the accumulated wealth either in full or part, at any time by applying for such withdrawal in the prescribed application in the manner and mode prescribed there under by the Authority for the purpose. There shall be no limit on such withdrawals till the account has a positive balance of accumulated pension wealth sufficient to take care of charges applicable and the withdrawal.

**Provided** that the Tier-II account shall stand automatically closed at the time of complete exit from National Pension System whether an application for the given purpose is submitted or not and the accumulated wealth in such account shall be transferred to the bank account provided by the subscriber in application form seeking complete exit from National Pension System.

## 9. **Withdrawal process**

- a) The Central Recordkeeping Agency (CRA) or any other intermediary or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** shall be responsible for receiving requests related to all types of permitted withdrawals, processing and settlement of all claims lodged by NPS account holders under National Pension System. There shall be a specific Claim Cell called NPS Claim processing cell (NPSCPC) for processing all claims at the Central Recordkeeping Agency (CRA) whose functions shall be exclusively to deal with the issues related to withdrawal claims as provided under these regulations.
- b) The Central Recordkeeping Agency (CRA) or any other intermediary or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** shall receive process and settle withdrawal claims in accordance with these regulations as also any other instructions issued by Authority or any other intermediary/entity which is specifically entrusted with such functions by the Authority in the form of circulars, guidelines, notifications etc issued from time to time. This shall include the process of facilitating the purchase of annuity by the subscriber.
- c) The units in the permanent retirement account of the subscriber shall be redeemed as the case may be on the immediate working day after the date of attaining the age of normal superannuation by the subscriber or upon attaining the age of sixty years irrespective of

the receipt of an application for withdrawal. Where such redemption has taken place, no further amounts excepting the amount redeemed shall be payable to the subscriber.

- d) Where the subscriber/claimants seeks to exit and withdraw the benefits under National Pension System before attaining the age of normal superannuation or before attaining the age of 60 years or upon the death of the subscriber before the age of normal superannuation of the subscriber or before attaining the age of 60 years, the redemption of units in the permanent retirement account of the subscriber shall happen upon acceptance and settlement of such claim by the Central Recordkeeping Agency (CRA) or any other any entity/intermediary entrusted with the functions of managing the withdrawals from National Pension System by the Authority. Where such redemption has taken place, Where such redemption has taken place, no further amounts excepting the amount redeemed shall be payable to the subscriber.

#### **10. Default Annuity Service Provider and annuity Scheme under National Pension System**

The default annuity service provider and default annuity scheme applicable for subscribers exiting from National Pension System Shall be as decided by the Authority and communicated in the form of circulars, guidelines, notifications issued by the Authority in this regard from time to time.

### **CHAPTER IV**

#### **Annuity purchase under National Pension System**

#### **11. Conditions of Annuity purchase under National Pension System**

- a) All NPS subscribers shall at the time of exit from National Pension System mandatorily purchase an annuity providing for periodic pension with not less than 40% or 80% of accumulated pension wealth depending on the type of exit from National Pension system as prescribed in these regulations. Such annuity shall be purchased from an Annuity Service Provider (ASP) who is empanelled by the Authority in accordance with the contract to be entered into by the ASP and the subscriber.
- b) The mandated percentage of accumulated pension wealth shall be invested in annuity by way of purchase of an annuity by the subscriber as per the option to be exercised by him at the time of exiting from the National Pension System. The monthly or periodic annuity shall be payable to the subscriber of the National Pension System

throughout his life and if specifically opted such annuity shall be payable to the spouse of such subscriber/annuitant after his/her demise with or without the return of purchase price of the annuity in accordance with the terms of the contract. After the demise of the spouse the annuity if opted shall be payable to the nominees as provided in the annuity purchase application form as provided by the subscriber at the time of exit from National Pension System.

- c) Once an investment is made in the annuity by way of purchase of annuity, the option of cancellation and reinvestment with another annuity service provider or in another annuity scheme shall not be allowed unless the same is within the time period specified by the Annuity Service Provider for the Free look period as provided in the terms of the contract or unless specifically provided by Insurance Regulatory Development. Authority
- d) There shall be available to the subscriber to choose from various options of annuity services provided by the empanelled annuity service providers and there shall also be a default annuity scheme and annuity service provider for the benefit of the subscribers who would not like to exercise any option for any reason and which shall be provided by the Authority from time to time in the form of circulars, guidelines, notification etc.

## **12. Empanelment of Annuity Service Providers**

- a) On and from the date of commencement of these regulations an applicant meeting the eligibility criteria as specified in this regulation for grant of a license to act as an empanelled Annuity Service Provider shall make an application in Form A along with supporting documents specified from time to time to the Authority along with a onetime registration fee of Rs.25000/- upon intimation about acceptance of his application and such fee shall be paid within 15 days from the date of receipt of intimation. Also, every empanelled Annuity Service Provider at the time of renewal of empanelment license shall pay license fees, if any as prescribed by the Authority from time to time in the form of circular, order, notification etc.
- b) An application, not complete in all respects and not conforming to the instructions specified in the Form A and these regulations shall be rejected. Provided that, before rejecting any such application, the applicant shall be given a reasonable opportunity to withdraw or complete the application in all respects and rectify the errors, if any. The Authority may ask for additional information from the applicant only after providing the reasons for the relevance of the additional information.

c) Annuity Service Provider, who is permitted to function as empanelled Annuity Service Provider by the Interim Pension Fund Regulatory and Development Authority prior to the commencement of these regulations , may continue to act as such, subject to the following

- a) where the certificate was granted for a specified period, an application for grant of certificate under these regulations shall be made by the Annuity Service Provider within six months of the notification of the Act or if it has made an application for such empanelment within the said period of six months till the disposal of such application, and if the Annuity Service Provider fails to do so, it shall cease to act as an empanelled Annuity Service Provider and from the expiry of the aforementioned period;

### **13. Eligibility Criteria for grant of a certificate of Empanelment to an Annuity Service Provider :**

The following shall be the eligibility criteria for any applicant institution intending to act as an Empanelled Annuity Service Provider:

- i. IRDA licensed Life Insurance Companies dealing and selling annuity products in the Indian market for at least last 3 years.
- ii. Having a minimum Net worth of 250 Crores.
- iii. There should not have been any change in shareholding of more than 20%, in the last 3 years.
- iv. The Life insurer should have competency in design, development and offering of Annuity products. This will be demonstrated by the details of the annuity products filed with IRDA.
- v. Not being barred from dealing with or selling annuity products in the market by IRDA.
- vi. Any other criteria as may be specified by the Authority from time to time in the form of resolutions, notifications, circulars, guidelines, norms, memorandums etc.

However, the Authority reserves the right to waive or modify some or all of the above criteria for reasons to be recorded in writing.

### **14. Disclosure of information**

- a) The Authority shall have the right to disclose to the public, of the information on such application made by the Annuity Service Provider by uploading such information on the website as specified by the Authority:
- b) Any material change in the information furnished or uploaded under these regulations shall be intimated to the Authority by the Annuity Service Provider promptly but not later than fifteen days of the occurrence of such change.

#### **15. Furnishing of information and clarification**

- a) The Authority may require an applicant to furnish any further information or clarification for the purpose of disposal of the application, and, thereafter, in regard to any other matter as may be deemed necessary by the Authority. The applicant or its principal officer shall, if so required, appear before the Authority for a personal representation in connection with an application.
- b) The applicant shall furnish such information and clarification to the satisfaction of the Authority, within the time specified in this regard by the Authority.

#### **16. Verification of information**

- a) While considering the application, the information furnished by the applicant and its eligibility, the Authority may, if it so desires, verify the information by onsite verification of documents, office space, and inspect the availability of office space, infrastructure, and technological support which the applicant is required to have for an Annuity Service Provider.
- b) For the purpose under regulations, the Authority may appoint any person including any of its officers or an auditor for authentication of information provided.

#### **17. Consideration of application**

- a) For considering the eligibility of the applicant and grant of certificate of empanelment to such applicant, the Authority shall take into account all matters which it deems relevant to the pension sector and National Pension System, including but not limited to the following -
  - a) whether the applicant or any of its associates have in the past been refused certificate of registration by any of the financial sector regulators in India including, RBI, SEBI, IRDA and the Authority and if so, the ground for such refusal;

- b) Whether the applicant have in the past 5 years been imposed with penalties by any of the financial regulators (RBI, SEBI, IRDA and Authority) or by a court of law or tribunal, on the matters concerning violation of regulations, directions, guidelines and circulars of the regulator and if so, the ground for such refusal;
- c) whether the applicant satisfies the eligibility criteria and other requirements as specified in these regulations;
- d) Whether the grant of a certificate to the applicant is in the interest of the subscribers and or the objective of orderly development of Pension Sector and or of the National Pension System.

The Authority may invite the applicant to make a presentation to the Authority at a date, time and locations determined by the Authority. The purpose of such presentations would be to allow the applicants to present their proposal to Authority and the key strengths in their proposals.

- b) Any application for grant of certificate of empanelment :-
  - a) which is not complete in all respects and does not conform to the requirements and the relevant requirements specified in the regulation;
  - b) which does not contain such additional information as required by the Authority;
  - c) which is incorrect, false or misleading in nature;
  - d) where the applicant is not in compliance with the eligibility requirements as set out under these regulations or the relevant regulations;
  - e) which in the opinion of the Authority is not in the interest of subscribers and or the objective of orderly development of Pension Sector and/ or National Pension System.
  - f) where the Applicant is not a fit and proper person not complying with the requirements as provided in these regulations

**Shall be rejected by the Authority for reasons to be recorded by the Authority in writing.**

Before rejecting an application, the applicant shall be given an opportunity in writing 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 may be given and the applicant shall not make any application for grant of certificate under these regulations or any other regulations for a period of one year from the date of such rejection.

An application for grant of certificate of empanelment, under these regulations, which is complete in all respects, shall be disposed of by the Authority, ideally within a period of sixty days from the date of receipt of such request.

#### **18. Procedure for grant of certificate of Empanelment**

a) The Authority on being satisfied that the applicant is eligible, shall grant a certificate of empanelment in the form specified in Annexure III and send an intimation to the applicant in this regard:

**Provided** that where a pending proceeding before the Authority or any court or tribunal may result in the suspension or cancellation of the certificate, the Authority may give a conditional registration.

b) Within thirty (30) working days of the date of receipt of certificate of empanelment, the Annuity Service Provider shall enter into a contract with CRA or any entity as prescribed by the Authority for the purpose of operationalization of the process for purchase of annuities to the subscribers of National Pension System.

#### **19. Conditions of certificate of Empanelment**

a) Any certificate of empanelment granted by the Authority to Annuity Service Provider shall be subject to the following conditions, namely:—

- a) where the Annuity Service Provider proposes to change its status or constitution, it shall obtain prior approval of the Authority for continuing to act as an Annuity Service provider after such change in status or constitution;
- b) it shall pay the applicable fees and levies in accordance with the relevant regulations;
- c) it shall abide by the provisions of the PFRDA Act, 2013 the rules and regulations framed thereunder and any , directions, guidelines and circulars as may be issued by the Authority from time to time;
- d) it shall abide by the provisions of the Insurance Act, 1938, IRDA Act, 1999 and the rules and regulations framed thereunder.

- e) it shall meet the eligibility criteria and other requirements specified in these regulations throughout the tenure of such certificate so granted:

**Provided** that the Authority may impose such other and further conditions as it may deem fit in the interest of subscribers and/or for orderly development of the National Pension System or the Pension sector.

## **20. Effect of refusal to grant certificate of empanelment or expiry of certificate of empanelment:**

a) Where an existing Annuity Service Provider has failed to apply for renewal of empanelment certificate granted and upon expiry of certificate or has been refused grant of certificate under these regulations, or has surrendered its certificate, or has been directed to be wound up by an order of a court, such Annuity Service Provider shall:

- a) forthwith cease to act as such Annuity Service Provider;
- b) make provisions as regards liability incurred or assumed by the Annuity Service Provider, if any;
- c) take such other action, within the time period and in the manner, as may be required under the relevant regulations or as may be directed by the Authority.

b) While refusing grant of certificate of empanelment under these regulations to an Annuity Service Provider, the Authority may impose such conditions upon the Annuity Service Provider as it deems fit for protection of interest of subscribers and such conditions shall be complied with.

## **21. Period of validity of certificate of Empanelment**

a) Subject to compliance with the provisions of the Act, these regulations and the relevant regulations, the certificate granted to a Annuity Service Provider shall be valid for a period of 5 years from the date on the certificate unless surrendered by the Annuity Service Provider or suspended or cancelled in accordance with these regulations.

## **22. Renewal of certificate of Empanelment**

a) The Annuity Service Provider may, within ninety days before the expiry of the certificate of empanelment make an application in Form A along with the necessary

documents to the Authority for renewal of certificate of empanelment along with the fee as prescribed by the Authority from time to time for the purpose. The selection process and criteria may be different from the criteria adopted at the time of initial registration of the Annuity Service Provider and all such changes would be as per the relevant notifications, circulars, guidelines issued by the Authority and which are hosted on its website.

b) Provided however that if the application reaches the Authority later than that period but before the actual expiry of the current certificate, an additional fee of rupees one thousand per month only shall be payable by the applicant to the Authority.

c) **Provided** further that the Authority may for sufficient reasons offered in writing by the applicant for a delay not covered by the previous proviso, accept an application for renewal after the date of the expiry of the certificate on a payment of an additional fee of three thousand rupees only by the applicant.

d) The application for a renewal, under sub-regulation (1) shall be dealt with in the same manner as is specified under regulation 3. However, the selection process and criteria may be different from the criteria adopted at the time of initial registration of the Annuity Service Provider and all such changes would be as per the relevant notifications, circulars, guidelines issued by the Authority and which are hosted on its website.

e) The Authority, upon being satisfied that the applicant fulfills all the conditions specified for a renewal of the certificate of empanelment, may renew the certificate for a period of five years or such other period and send intimation to that effect to the applicant.

### **23. Exemptions in certain cases from eligibility criteria**

a) If any of the entity does not fulfill some of the eligibility criteria as defined for the Annuity Service Provider, it may request the Authority through an application seeking exemption from such criteria.

b) The Authority, if in its opinion feels, that the non-fulfillment of the eligibility conditions of which relaxation is sought would not prejudicially affect the interest of the subscriber, it may grant exemption from some of the criteria to such entity for reasons to be recorded in writing. The Authority may in such circumstances impose such additional conditions as it may deem fit for grant of registration.

### **24. Duties and responsibilities of Empanelled Annuity Service Providers (ASP)**

- a) The main functions of the empanelled annuity service providers, as envisaged are:
  - i. To provide different kinds of Immediate Annuities to the subscribers at the time of exit from NPS.
  - ii. Shall provide minimum Immediate annuity variants options as required by the Authority and shall be able to provide any new variant as required by Authority from time to time in the interest of subscribers in conformity with Insurance Regulatory and Development Authority rules, regulations and guidelines on the matter.
  - iii. Shall provide monthly or any other periodic annuity payment to the subscriber for the annuity contract purchased by the NPS subscriber
  - iv. The Annuity Service Provider shall be responsible for handling the grievances/issues related to the pre & post entering of annuity contract with the NPS subscribers.
  - v. The ASPs shall be required to provide professional, objective, impartial service and advice to NPS subscribers keeping subscriber's interests as paramount.
- b) Initial Customer Interaction for NPS
  - a) Addressing queries of potential subscribers regarding purchase of annuity.
  - b) Providing and displaying IRDA approved information/material on Annuities and application form/ offer document/other publicity material pertaining to Immediate Annuities available including the annuity calculators.
- c) Subscriber Registration for Purchase of Annuity
  - (a) To accept both manual as well as online applications from the National Pension System, process the same for acceptance in line with the approvals granted by Insurance Regulatory and Development Authority (IRDA) for the product, to receive premiums against the annuity contracts arising out of National Pension System from the entity authorized by the Authority from time to time like Trustee Bank registered under National Pension System and issue acknowledgement either in electronic format or otherwise, to the Trustee bank and Central Record Keeping agency in the mutually agreed formats.

- (b) Issuance of the annuity contract as per the choice of the subscriber provided in the annuity application in the least possible time and in line with regulations and guidelines prescribed by IRDA in this regard.
- d) The Annuity Service Provider shall be responsible for delivering the monthly/quarterly/annual pension or annuity as chosen by the NPS subscriber in the annuity application form and the annuity contract entered with subscriber . However, in case of government employee subscribers, the annuity payable shall be on monthly basis only.
- e) The Annuity Service Provider shall be responsible for collection, verification and subsequent actions for annuity purchases by NPS subscribers from the Central Recordkeeping Agency or its representative or other entity which is authorized by the Authority for the purpose.
- f) The Annuity Service Providers shall provide the necessary facilities to facilitate the annuity purchase by the NPS subscribers through the CRA system or any other mode including the necessary software support. Where required the annuity service provider shall provide the necessary application forms, literature on the available annuities and other facilities available to the subscribers through the CRA system or any other mode.
- g) The annuity service provider shall provide the information on annuity purchases made by the NPS a subscriber in the form, format and interval at which such information is to be provided, as mutually agreed between the CRA and the annuity service provider.
- h) Handling of subscriber requests such as
  - receiving, processing and effect requests from the annuitants for change in address, nomination or any other activity in connection with the annuity contract entered into by the annuity service provider.
- i) The Annuity Service Provider shall be responsible for receiving, and resolving grievances from NPS subscribers who had purchased the annuity from it and follow them up till their Redressal.
- j) The Annuity Service Provider must adhere to the standards laid down in the grievance Redressal guidelines or regulations for insurers and issued by Insurance Regulatory and Development Authority (IRDA).
- k) Any complaint of the NPS subscriber relating to the services provided by an annuity service provider shall lie with the Insurance Regulatory and Development Authority and

shall be disposed in accordance with the IRDA Act, the rules and regulations framed thereunder. This shall be without prejudice to the powers of the Authority to cancel/suspend the empanelment of the Annuity Service provider or take such other measures as deemed necessary in subscribers' interest.

#### **25. Fees and Charges to be charged to the NPS subscribers**

There shall not be any additional fees or charges other than the premium as approved by Insurance Regulatory and Development Authority (IRDA) for the product but excluding any taxes imposed by the Government. Also, there shall not be any additional intermediation expense or charge for the product issued to the NPS subscribers.

#### **26. Appointment of Nodal officer**

- a) Each Annuity Service Provider shall appoint a compliance officer who must be responsible for monitoring compliance of duties of annuity service provider as provided under these regulations and any other rules, regulations, guidelines issued by Insurance Regulatory and Development Authority and for Redressal of grievances reported by the NPS subscribers who have purchased the annuities from the annuity service provider through the National Pension System. The name and details of such compliance officer shall be intimated to the Authority within 30 days of such appointment.
- b) The Nodal officer shall be responsible for activities related to coordination with other entities in National Pension System like CRA, Trustee bank or any other specific entity connected with annuity purchases or any activity related to it.

#### **27. Code of Conduct**

The empanelled Annuity Service Provider shall observe the code of conduct for insurers or any other similar rules, guidelines, regulations prescribed by Insurance Regulatory and Development Authority for fair dealing in activities related to annuity purchase by NPS subscribers. (Code of conduct to be provided in Annexure)

#### **28. Submission of reports on purchases of annuity contract by NPS subscribers to the Authority**

The empanelled Annuity Service Providers shall submit periodical reports in the mode and manner as specified by the Authority from time to time in the form of circulars, guidelines, and notifications etc on the purchase of annuity contracts by the NPS subscribers.

## 29. **Power of the Authority to take up any of the matters associated with Insurance Regulatory and Development Authority**

In order to remove any difficulties in the annuity purchase, grievances arising out of annuity purchase or any other matter associated with annuity purchase by NPS subscribers under the National Pension system, the Authority may take up the matter directly with the Insurance Regulatory and Development authority directly with or without giving any notice or information to the concerned annuity service provider or providers.

## 30. **Confidentiality**

The empanelled annuity service provider shall maintain absolute confidentiality with respect to all records, data and information received by it under the NPS including information received from subscriber. The annuity service provider shall 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.

## **CHAPTER V**

### **INSPECTION AND INVESTIGATION PROCEEDINGS**

## 31. **Inspection and Investigation**

a) The Authority may appoint one or more of its officers as authorised officer(s) under Section 14 of the Act to undertake inspection of any books of account, records, documents and infrastructure, systems and procedures or other facilities of the Annuity Service Provider, Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the Authority for the following purposes:

- i. to ensure that the books of account, records and documents are being maintained by the Annuity Service Provider, Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** in the manner specified in these regulations;
- ii. to ascertain whether the provisions of the Act and these regulations including instructions issued by the **Authority** with respect to withdrawal claims management are being complied with by the Annuity Service Provider, Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the

functions of managing the withdrawals from National Pension System by the **Authority**;

- iii. to ascertain whether the systems, procedures and safeguards followed by the Annuity Service Provider , Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** are adequate ;
- iv. to ascertain whether the provisions of the Act or any rules or regulations made thereunder have been violated ;
- v. to investigate into the complaints received from the subscribers or any other person on any matter having a bearing on the activities of the Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority**;
- vi. to ensure suo-moto that the affairs of the Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** are being conducted in a manner which is in the interest of the subscribers.

### 32. Notice before inspection

- a) In cases where Authority orders an inspection under regulation, it shall give not less than ten days' notice to the Central Recordkeeping Agency (CRA), Annuity Service Provider or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority**

Notwithstanding anything contained in regulation, where the Authority is satisfied that in the interest of the subscribers no such notice should be given, it may, by an order in writing, direct that the inspection of the affairs of the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** be taken up without such notice.

During the course of an inspection, the, Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals from National Pension System by the

**Authority** against whom the inspection is being carried out shall be bound to discharge its obligations as provided in these regulations

**33. Obligations of the Central Recordkeeping Agency (CRA) or any other authority or entity entrusted with the functions of managing the withdrawals from National Pension System by the Authority on inspection and investigation**

a) It shall be the duty of the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the **Authority** whose affairs are being inspected and investigated and of every director, officer and employee thereof to produce to the authorised officer such statements, and information relating to their activities, as the authorised officer may require, within such reasonable period as the inspecting officer may specify.

b) The Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under the National Pension System by the **Authority** shall allow the authorised officer to have reasonable access to the premises occupied or by any other person on his behalf and also extend reasonable facility for examining any books, records, documents and computer data in the possession or such other person and also provide copies of documents or other materials which in the opinion of the authorised officer are relevant for the purposes of the inspection.

c) The authorised officer, in the course of inspection, shall be entitled to examine or to record the statements of any director, officer or employee of the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority**.

d) It shall be the duty of every director, officer or employee of the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the **Authority** to give to the authorized officer or the Investigating Authority all assistance in connection with the inspection, or investigation which the authorised officer may reasonably require.

#### 34. Examination of NPS records

a) The Authority may appoint an auditor to inspect or investigate, as the case may be, into the books of account, records, documents or affairs of the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the **Authority**;

**Provided** that the auditors so appointed shall have the same powers as vested in the authorised officer under regulations and the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the **Authority** and its directors, officers and employees shall be under the same obligations, towards the auditor so appointed, as are mentioned in regulations.

#### 35. Submission of inspection report to Authority

a) The authorised officer shall, on completion of the inspection, as far as possible submit an inspection report duly signed and dated to Authority within 21 days; Provided that if directed to do so by the Authority, he may submit an interim report.

b) The **Authority** shall, after consideration of inspection report, take such action as Authority may deem fit and as provided in the Act, and/or the rules or regulation framed thereunder.

c) The **Authority** may suo moto or after consideration of the inspection report as the case may be, order an investigation to be conducted by the Investigating Authority under Section 16 of the Act.

### CHAPTER VI - INVESTIGATION

#### 36. Appointment of Investigating Authority for Conducting the Inquiry

1. The Authority shall appoint an officer not below the rank of Chief General Manager, or any other officer of an equal rank as the Investigating Authority under Section 16 of the Act, who would be responsible for investigating the affairs of the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority

2. No officer who was involved with the process of grant of such registration certificate to the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or who has conducted an inspection in respect of the alleged violation shall be appointed as the Investigating Authority.
3. The Investigating Authority may seek the aid of the authorised officer under Section 17 of the Act for the purpose of conducting the inquiry.

### **37. Issuance of Notice**

1. The Investigating Authority shall, if he finds reasonable grounds to do so, issue a show cause notice to the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority as to why the certificate of registration granted to it should not be suspended or cancelled or why any other action provided under the Act or the rules or regulations 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, rules, regulations, circulars or guidelines or any agreement 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 arriving at the imputations, extracts of relevant portions of documents and the reports containing the findings arrived at in an investigation or inspection, if any, has been carried out.
4. The notice shall be called upon to submit within a period not exceeding 21 (twenty one) days from the date of service thereof, a written representation along with documentary evidence, if any, in support of the representation to the Investigating Authority.

### **38. Manner of Service of Notice and Order and Publication of Order**

1. Any notice issued or order passed under these regulations may be served -
  - (a) by hand delivery to the concerned Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or any other noticee
  - (b) by delivery, at the address available on the records of the Authority and addressed to the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other

intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or the noticee, by registered post acknowledgement due or by speed post or by such courier service or by electronic mail service or by any other means of transmission which affords a record of delivery; or

- (c) If it cannot be served as per the above modes, then by affixing the same on the door of the premises in which such Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or any other Noticee carries on business or is known to have last carried on business or by way of paper publication.
2. Every order passed under these regulations shall be put up on the website of the Authority.

### **39. Reply by Notice**

- a. The Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or the noticee shall submit to the Investigating Authority its written representation within the period specified in the notice along with documentary evidence, if any, in support thereof;
2. Provided that the Investigating Authority may extend the time specified in the notice after sufficient grounds shown by the noticee and after recording reasons in writing.
  - a. If the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or the noticee does not reply to the show-cause notice, within the stipulated time period granted for the purpose, the Investigating Authority shall proceed with the matter ex-parte recording the reasons for doing so and make recommendations as the case may be on the basis of material facts available before him.

### **40. Action in Case of Default**

1. After considering the representations, if any, of the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or the noticee, the facts and circumstances of the case and applicable provisions of the Act, regulations, directions, instructions or circulars issued thereunder,

the Investigating Authority shall submit a report, where the facts so warrant, and recommend –

- (a) suspension of certificate of empanelment for a specified period;
  - (b) cancellation or withdrawal of certificate of empanelment;
  - (c) debarring the principal officer of the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority from being employed or associated with any registered intermediary, for such period as may be specified.
  - (d) prohibit the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or noticee from taking up any new assignment under the National Pension System
  - (e) Appropriate warning to the noticee;
  - (f) Imposition of, any other conditions, restrictions or compliances as may be deemed necessary upon the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or the noticee or its principal officer or other officers or any other person connected with it.
2. The Inquiry shall be concluded within a period of 120 days or such other period as may be extended by the Authority, for reasons to be recorded in writing. The Investigating Authority shall submit his report within 30 days of the conclusion of the Inquiry or such other period as may be extended by the Authority.

#### **41. Procedure for Action on Receipt of Recommendation**

1. On receipt of the report recommending the measures from the Investigating Authority, a designated member shall consider the same and issue a show cause notice to the Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or any other noticee enclosing a copy of the report submitted by the Investigating Authority calling upon the parties to submit its written representation as to why the action, including passing of appropriate direction, as the designated member considers appropriate, should not be taken.

2. The Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or any other noticee may, within twenty one days of receipt of the notice send a reply to the designated member who may pass an appropriate order after considering the reply, if any received from such persons 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.

#### **42. Common Report or Order**

The Investigating Authority may submit a common report in respect of a number of notices where the subject matter in question is substantially the same or similar in nature and similarly the designated member may pass a common order where the subject matter in question is substantially the same or similar in nature.

#### **43. Intimation of the Order**

1. Every report submitted by the Investigating Authority and every order made 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 Central Recordkeeping Agency (CRA) or Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or any noticee and also uploaded on the website of the Authority.

#### **44. Penalty and Adjudication**

The imposition of penalty, if any, on the Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or noticee shall be in accordance with provisions of the Act and the Procedure for Holding Inquiry by an Adjudicating Officer Regulations, 2014.

#### **45. Appeal to Securities Appellate Tribunal**

The Central Recordkeeping Agency (CRA) or Annuity Service Provider any other intermediary or entity entrusted with the functions of managing the withdrawals under National Pension System by the Authority or any other party to the proceedings may if

aggrieved by any order passed by the Designated Member prefer an appeal under Section 36 of the Act.

## CHAPTER VII

### Miscellaneous

#### 46. Fraud prevention

The Central Recordkeeping Agency (CRA) or the Annuity Service Provider or any other intermediary or entity entrusted with the functions of managing the withdrawals from National Pension System by the **Authority** shall take all possible steps to prevent fraud or mismanagement of the withdrawals of the subscribers upon exit from National Pension System including obtaining of a errors & omissions insurance policy to protect them.

#### 47. Nomination

1. Nomination by a NPS subscriber to receive moneys outstanding in the permanent retirement account of subscriber—Notwithstanding anything contained in these regulations or in any other law for the time being in force—
  - a) A subscriber, at the time of joining the National Pension System is required to make a nomination, in the prescribed form, conferring on one or more persons the right to receive the amount that may stand to his credit in the fund in the event of his death, before that amount has become payable or having become payable has not been paid. The nominee/nominees shall be entitled on the death of the pensioner, to receive, to the exclusion of all other persons, all such moneys which have so remained unpaid:

**Provided** that if the nominee predeceases the pensioner, the nomination shall so far as it relates to the right conferred upon the said nominee, become void and of no effect:

**Provided** further that where provision has been duly made in the nomination, in accordance with these regulations, conferring upon some other person the right to receive all such moneys, which have so remained unpaid, in the event

of the nominee predeceasing the pensioner, such right shall, upon the deceased as aforesaid of the nominee, pass to such other persons.

**Provided** that a subscriber may in his nomination distribute the amount that may stand to his credit in the Fund amongst his nominees at his own discretion.

**Provided** that If a subscriber has a “**family**” at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family. Any nomination made by such subscriber in favour of a person not belonging to his family shall be invalid.

**Provided** that a fresh nomination shall be made by the member on his marriage and any nomination made before such marriage shall be deemed to be invalid.

**Provided** that if at the time of making a nomination the subscriber has no family, the nomination may be in favour of any person or persons but if the subscriber subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the subscriber shall make a fresh nomination in favour of one or more persons belonging to his family.

**Provided** that where the nomination is wholly or partly in favour of a minor, the subscriber may, for the purposes of this Scheme, appoint a major person of his family, as defined in clause (g) of paragraph 2, to be the guardian of the minor nominee in the event of the subscriber predeceasing the nominee and the guardian so appointed.

**Provided** that where there is no major person in the family, the subscriber may, at his discretion, appoint any other person to be a guardian of the minor nominee.

A nomination made under National Pension System may at any time be modified by a subscriber after giving a written notice of his intention of doing so in Form prescribed. A nomination or its modification so made shall take effect to the extent that it is valid on the date on which it is received by the Point of Presence/Aggregator/nodal officer (PAO/DDO etc of the government dept) of the government dept., where the subscriber is employed.

**For the purpose of nomination referred above, the ‘family’ means**

i. in the case of a male subscriber, his wife, his children, whether married or unmarried, his dependent parents and his deceased son's widow and children:

**Provided** that if a subscriber proves that his wife has ceased, under the personal law governing him or the customary law of the community to which the spouses belong, to be entitled to maintenance she shall no longer be deemed to be a part of the member's family for the purpose of this Scheme, unless the subscriber subsequently intimates by express notice in writing to the designated entity for the purpose that she shall continue to be so regarded; and

ii. in the case of a female subscriber, her husband, her children, whether married or unmarried, her dependent parents, her husband's dependent parents and her deceased son's widow and children:

**Provided** that if a subscriber by notice in writing to the designated entity for the purpose expresses her desire to exclude her husband from the family, the husband and his dependent parents shall no longer be deemed to be a part of the subscriber's family for the purpose of this Scheme, unless the subscriber subsequently cancels in writing any such notice.

Explanation -- In either of the above two cases, if the child of a subscriber [or as the case may be, the child of a deceased son of the subscriber] has been adopted by another person and if, under the personal law of the adopter, adoption is legally recognized, such a child shall be considered as excluded from the family of the subscriber;

#### **48. Submission of withdrawal application**

A subscriber seeking withdrawal from Tier-I account of the National Pension System shall submit his withdrawal application complete with the information sought therein in the manner and mode prescribed by the Authority in the following manner:

- a. In respect of Government sector subscribers to the PrAO/PAO/DDO or any similar authority as nominated by the respective government or entity, as the case may be, under whose authority the last NPS contribution of the subscriber are deducted /uploaded.
- b. In respect of Corporate sector and all citizens through the POP with whom they are currently registered and contributions are being credited to the National Pension System

- c. In respect of Swavalamban subscribers through the Aggregator with whom they are currently registered and contributions are being credited to the National Pension System
- d. In any other manner as prescribed by the Authority including merging any or all of the above.
- e. The DDO/PAO/POP-SP/Aggregator/POP-Special as the case may be, shall send the withdrawal application along with the documents after verification to NPS Claims Processing Cell at CRA. The NPS Claims Processing Cell shall process and settle the withdrawal Claim after verifying the completeness of the Claim.

#### **49. Requirement of submission of documents**

A subscriber seeking withdrawal from Tier-I account of the National Pension System shall submit all the documents as prescribed on the withdrawal application form. The withdrawal application forms applicable to various categories of subscribers shall be as per the forms provided by the Authority from time to time.

#### **50. Providing bank account details**

A subscriber seeking withdrawal from Tier-I account of the National Pension System shall provide Bank details mandatorily in the section provided in the withdrawal form in order to provide credit of the NPS claim amount directly in to their Bank account. In support of the Bank account details on withdrawal form and cross verification, the subscriber shall attach the following documents in support along with the withdrawal form:

- i. A cancelled cheque (containing account holder(s) Name, Bank Account Number and IFS Code) or
- ii. In case if the cheque is not preprinted with name, additionally copy of the bank passbook or bank certificate containing account holder(s) name, Bank Account Number and IFSC code should be submitted)
- iii. Bank Certificate Containing account holder(s), Bank Account Number and IFSC code, for direct credit or electronic transfer.
- iv. Copy of the bank passbook or bank certificate containing account holder(s), Bank Account Number and IFSC code should be submitted)

#### **51. Mode of payments under NPS**

All kinds of monetary withdrawals under NPS shall be made through electronic transfer only and the withdrawal amount shall be directly credited to the subscriber/claimant's bank account as furnished in the withdrawal form.

### **52. Stoppage of last 3 months deductions by employer**

The contribution uploading offices of employers including Government sector and Corporate sector where there is employer co-contribution shall ensure that the deductions for last 3 months under NPS are not deducted from the salary of the employee (including employer co-contribution) from the date of normal retirement or on attainment of 60 years, as applicable to ensure that the exit and withdrawal of the subscribers from NPS is smooth and effective. The employer shall settle directly the said last 3 months contributions at their end with the concerned employee.

### **53. Reports and disclosures**

The Central Record Keeping Agency or any other authority or entity authorized by the Authority to receive, process and settle claims of the NPS subscribers upon exit shall submit such information reports as required by the Authority in the mode and manner prescribed including the frequency of such reporting as provided through circulars, guidelines and notifications issued by the Authority from time to time.

### **54. Power of the Authority to issue clarifications**

In order to remove any difficulties in the application or interpretation of these regulations, Authority may issue clarifications and guidelines in the forms of circulars.