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विकास प्राधिकरण

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Date: 09th August, 2021

To,

All registered POPs,

Subject: Guidelines for engaging business correspondents (BCs) or agents for facilitating the distribution of pension schemes

As per Regulation no. 15(5) of Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018 and amendments thereto, the Point of Presence registered for undertaking activities under sub-clause (i) or (ii) of Regulation 3 of the said regulations, may engage the services of individuals who are working as business correspondents or agents within their existing business structure for facilitating the distribution of pension schemes.

Point of Presence (POP) registered under sub-clause (i) or (ii) of Regulation 3 of Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018 may engage business correspondents (BCs) or agents subject to compliance with the following guidelines:

1. Introductory

The POP, where BCs or Agents are part of their already existing business structure may engage them for facilitating the distribution of pension schemes as well. The POPs where BCs or Agents are not part of their existing business structure, and if they desire to engage individuals as BCs or Agents for facilitating the distribution of pension schemes, such POPs shall be required to formulate and document a policy including the terms and conditions of such engagement, review and monitoring mechanism etc., with the approval of their Board. The POP shall enter into an agreement with BC/Agent prior to allowing them to distribute the pension schemes and shall maintain record of such agreement(s).

2. Eligible individuals

The eligibility condition for BCs or Agents may be decided by the concerned POP based on required role and responsibility for distribution of pension schemes. The POP shall do due diligence of such BCs/Agents like checking the credentials, prior experience of selling financial products, completion of their KYC etc, before engaging them. The POP shall maintain record of such BC/Agents with an Identifier number and issue Identity Card to them. In case BC/Agent is already part of their existing structure, the Identity Card with an Identifier number already issued to them will suffice for the purpose. The BC/Agent can be associated only with single POP.

3. Scope of Activities

The scope of activities may include providing information about pension schemes, preliminary work related to account opening formalities, ensuring that subscriber registration form is completely filled, collection of contribution. The POP shall ensure that collection of contribution is done only by means of Cheque or Demand Draft or through electronic mode in favour of the point of presence to which the BC/Agent is associated, as per the prescribed nomenclature of accounts of the said point of presence in accordance with Regulation 15(1)(III)(b) of PFRDA (POP) Regulations 2018. Collection of National Pension System contributions by way of cash

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is not permitted for BCs/Agents, ensuring compliance with KYC and AML norms of subscribers, provisions of PFRDA (POP) Regulations, 2018, prescribed timelines for activities under NPS and handling of subscriber's grievances continue to be the responsibility of POPs.

4. Subscriber confidentiality

POPs shall ensure the preservation and protection of the security & confidentiality of subscriber information in the custody or possession of BC/Agent.

5. Payment of commission/fee

The POPs may pay reasonable commission/ fee to the BC/Agent, the rate and quantum of which shall be settled between POP and BC/Agent. Commission structure or incentive mechanism should be well documented in the agreement or terms and conditions of engagement. The agreement or terms and conditions of engagement with the BC/Agent should specifically prohibit them from charging any fee to the subscribers directly for services rendered by them on behalf of the POP. The POP shall ensure that no charge/fee other than prescribed fee is collected from subscribers

6. Internal Control & Monitoring

POPs shall devise an effective monitoring method for the BCs/Agents engaged. The POPs should carry out a detailed review of the performance of BCs/Agents engaged by them at the defined frequency as informed to their Board.

The point of presence shall be solely liable for any acts of omission or commission by the business correspondent or agents in discharge of their functions including monitoring their activities and imparting training on pension schemes to them. The POPs shall develop suitable training modules in the local language(s) in order to provide proper orientation and skills to BCs/Agents.

This Circular is issued under Regulation 45 of Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018 and is available at PFRDA's website (www.pfrda.org.in) under the Regulatory framework in "Circular" section.

Yours sincerely,



(Vikas Kumar Singh)
General Manager