



**Consultation paper on the proposed International Financial Services Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024**

**Objective:**

1. The objective of this consultation paper is to seek comments/views/suggestions from the public on the proposed International Financial Services Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024 (“the Regulations”).

**Background:**

1. As per sub-section (1) of Section 3 read with Section 34B of the Payment and Settlement Systems Act, 2007 (PSS Act), the International Financial Services Centres Authority (IFSCA) shall be the designated authority for regulation and supervision of Payment Systems in IFSC. As per section (2) of Section 3 read with Section 34B of the PSS Act, IFSCA may, for the purposes of exercising the powers and performing the functions and discharging the duties conferred on it by or under this Act, by regulation, constitute a committee to be known as the Board for Regulation and Supervision of Payment and Settlement Systems (BPSS).
2. Clause (a) of sub-section (2) of Section 38 read with Section 34B of the PSS Act empowers IFSCA to make regulations providing for the powers and functions of the BPSS, the time and venue of its meetings and the procedure to be followed by the BPSS at its meetings (including the quorum at such meetings).
3. In the above context, in order to enable the functioning of the BPSS for IFSC, the Regulations, inter alia, proposes to:
  - a. Specify the duties, powers and functions of the BPSS
  - b. Specify the procedure to be followed at the meetings of the BPSS
4. The draft Regulations are placed on the website of the IFSCA at <https://ifsc.gov.in/PublicConsultation>. General public and stakeholders are requested to forward their comments/suggestions through e-mail to Mr. Supriyo Bhattacharjee at [supriyo.b@ifsc.gov.in](mailto:supriyo.b@ifsc.gov.in) and Mr. Vaibhav Sattavan at [vaibhav.sattavan@ifsc.gov.in](mailto:vaibhav.sattavan@ifsc.gov.in) on or before **May 30, 2024**, in the attached format. The comments may be provided in MS Word or MS Excel format only.

**Format for providing comments / suggestions**

**Proposed IFSCA (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024**

<b>Name, Designation of the person</b>				
<b>Contact No.</b>				
<b>Name of Organisation</b>				
<b>Page No. of Draft Regulation</b>	<b>Reg. No.</b>	<b>Sub-Regulation No/Para No.</b>	<b>Comments/Suggestions/Suggested modifications</b>	<b>Rationale</b>

**INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY**

**Gandhinagar, the \_\_\_\_/\_\_\_\_, 2024**

**International Financial Services Centres Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024**

*In exercise of the powers conferred by section 13 of the International Financial Services Centres Authority Act, 2019 (50 of 2019); read with sub-section (2) of section 3 and sub-section (1) read with clause (a) of sub-section (2) of section 38 of the Payment and Settlement Systems Act, 2007(51 of 2007), the International Financial Services Centres Authority hereby makes the following regulations, namely:*

**Short title and commencement**

1. (1) These regulations may be called the International Financial Services Centres Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024.

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

**Definitions**

2. (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings as assigned to them below, and their cognate expressions shall be construed accordingly –

(a) “Act” means the Payment and Settlement Systems Act, 2007 (51 of 2007);

(b) “Authority” means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(c) “Board” means the Board for Regulation and Supervision of Payment and

Settlement Systems constituted under sub-section 2 of section 3 of the Act;

- (d) “Member” means a member of the Board;
- (e) “International Financial Services Centre” shall have the meaning assigned to it in clause (g) of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(2) Words and expressions used and not defined in these regulations but defined in the Act or the Reserve Bank of India Act, 1934 (2 of 1934) or the International Financial Services Centres Authority Act, 2019 (50 of 2019) or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

### **Duties, powers and function of the Board**

3. (1) Subject to the provisions of the Act, the Board shall exercise the powers, perform the functions and discharge the duties accorded on it by the Authority, including but not limited to, in relation to the regulation and supervision of the payment systems in the International Financial Services Centres under the Act.

(2) In particular and without prejudice to the generality of the foregoing provisions, the powers and functions of the Board shall include the following matters, namely: -

- (a) the laying down of the policies relating to the regulation and supervision of the payment systems including electronic, non-electronic, domestic and cross-border payment systems affecting transactions in International Financial Services Centres;
- (b) the laying down of the standards for payment systems;
- (c) the authorisation of the payment systems;
- (d) the determination of the criteria for membership of the payment systems including continuation, termination and rejection of membership;
- (e) overseeing the administration of regulations and guidelines framed under the Act for the purposes of the above matters including the directions issued by the Authority from time to time to the operators and system participants of the payment systems besides taking such action as may be deemed necessary for ensuring the compliance;
- (f) recommending necessary administrative structure for ensuring effective regulation and

supervision of the payment systems;

- (g) safeguarding and protecting the interests of consumers and overall safety and soundness of the payment systems;
- (h) such other matters as are deemed necessary for the effective regulation and supervision of payment systems.

#### **Assistance to the Board**

4. The Authority shall provide necessary assistance, including resources to the Board for all or any of the purposes set out in these regulations.

#### **Vacation of Office**

5. A Member nominated under clause (c) of sub-section (3) of section 3 of the Act shall cease to hold office if he absents himself from three consecutive meetings of the Board, without the leave of the Chairperson.

#### **Powers on behalf of the Board by whom to be exercised: -**

6. The powers of the Board may be exercised by the following persons to the extent mentioned hereunder: -

- (a) The Chairperson and in his absence the Vice-Chairperson may also exercise all powers and do all acts and things, which may be exercised or done by the Board;
- (b) Without prejudice to the provisions of clause (a), the Chairperson may, by general or special order, delegate to a Vice-Chairperson or Member, subject to such conditions and limitations, if any, as may be specified in the order, any powers exercisable by the Chairperson under these regulations, as the Chairperson may deem necessary, for the efficient administration of the functions of the Board.

#### **Meetings of the Board and Quorum**

7. (1) The Board shall ordinarily meet at least once in three months in such manner as may be decided by the Chairperson from time to time.

- (2) Members shall be given sufficient notice to enable them to attend the meetings.
- (3) The quorum for holding a meeting of the Board shall be three Members and shall include the Chairperson and at least one Member nominated under clause (c) of sub-

section (3) of Section 3 of the Act.

- (4) Save as otherwise provided in these regulations, the provisions of International Financial Services Centres Authority (Procedure for Authority Meetings) Regulations, 2020 shall, *pari-materia*, apply to the meetings of the Board.

#### **Constitution of Sub-Committees and Advisory Committees**

8. (1) The Board may constitute Sub-Committees or Advisory Committees for providing assistance or advice in the performance of its functions, as may be considered necessary from time to time.

(2) A Sub-Committee or Advisory Committee shall have power to invite persons with experience in the field of Payment and Settlement Systems to attend the meetings of that Committee.

#### **Report to the Authority**

9. The Board shall submit a report on its functioning to the Authority on an annual basis.