



**PENSION FUND REGULATORY AND DEVELOPMENT AUTHORITY**

PFRDA/2018/42/NPS-T/1

Date: 12.01.2018

**GUIDELINES FOR APPOINTMENT OF TRUSTEES UNDER PFRDA (NATIONAL PENSION SYSTEM TRUST) REGULATIONS, 2015**

1. These guidelines are issued by the Authority in exercise of powers under Regulation 32 of the PFRDA (National Pension System Trust) Regulations 2015 and in replacement of the earlier guidelines for appointment of trustees dated 18.06.2015, subject however to para 3 hereunder.
2. The guidelines are issued to clarify Regulation 5, 7, and 10, pertaining to appointment and tenure of trustees and shall be in force and effect, until modified or superseded by any other guidelines issued by the Authority.
3. The guidelines shall not be applicable in the case of trustees, who have been appointed and are on the Board of the National Pension System Trust, prior to the date of issuance of these guidelines.
4. The process of appointment of a new trustee in place of a vacant position shall preferably commence at least six months prior to the date of such position falling vacant.
5. Each trustee, appointed to the National Pension Trust ought to possess a minimum of a graduate degree in any discipline including law or finance or economics or accountancy or social welfare or administration or information

technology, with proven management skill, experience, capacity, integrity and reputation and having an experience of not less than twenty years in the relevant field of specialisation. Further the maximum age limit for continuing as a trustee of the National Pension System Trust shall be seventy years of age, irrespective of the date and tenure of appointment.

6. Out of the maximum of eleven trustees to be appointed by the Authority the following may be the composition:

SL.NO	PARTICULARS	TENURE & OTHER STIPULATIONS
1.	Two Trustees to be nominated by the Central government (One through Department of Financial Services, Ministry of Finance and one through DoPPW) from amongst Central Government Departments/CABs. Such trustees shall meet the requirement of Regulation 5 of PFRDA (NPS Trust) Regulations, 2015	These trustees may be appointed only for an initial period of three years and should be rotated between various departments of Central Government.
2.	Two Trustees to be nominated by State governments such that initial preference shall be given to such State which has the maximum subscribers under NPS followed by a State with maximum assets under management under NPS. Such trustees shall meet the requirement of Regulation 5 of PFRDA (NPS Trust) Regulations, 2015 Notwithstanding the above,	These trustees may be appointed for an initial period of three years only and thereafter should be rotated between various State Governments, such that each State government is represented over a period of time. Further, if a state government fails to send the nomination and assumption of the trusteeship upon the request of the Authority within 90 days from such request,



	<p>Authority may request any other State Government to nominate a trustee with the approval of the Board of the Authority for the reasons to be recorded in writing.</p> <p>In case of a state government fulfils both the criteria, the state government ranking next shall be given the opportunity for nomination of the trustee.</p>	<p>the Authority may offer the opportunity to another state government which is next in ranking to the state government in consideration.</p>
3.	<p>A maximum of seven trustees to be appointed by Authority, representing the interest of all class of subscribers including all citizen and corporate sector, NPS Lite, other pension schemes. Such trustees shall satisfy the eligibility conditions prescribed for trustees under Regulation 5 of PFRDA (NPS Trust) Regulations, 2015 and these guidelines, including 20 years' experience in the relevant field of specialisation.</p>	<p>They may be appointed initially for a term of three years extendable for a further period of two years.</p>

7. The appointment of trustees, as and when undertaken, shall be made in a transparent manner and such that the trustees represent the interest of a wider section of subscribers. No composition of the board of trustees shall be called in question, in any forum, notwithstanding that any or more number of trustees have not been appointed to such trust or in accordance with the representation set out in para 6 above. The requirement of trustees and inviting the resumes of interested and eligible persons (as per Regulation 5)

shall be displayed on the website of the Authority for a period of at least fifteen days. All the applications whether received through reference or in physical form shall be routed through online registration process to be provided on the PFRDA website for the purpose. A tentative list of prospective candidates known for their abilities in their field for being offered the position of a trustee shall be prepared by internal department. The list shall be prepared based on examination of factors like whether such prospective candidates have ever worked at senior positions in the Government/or International organisations/ or have been senior academicians or have occupied Board level posts in organisations wherein they headed committees like Audit or investment committees or have held senior positions with regulatory bodies or other statutory bodies. For functional specialists like Chartered accountants and Legal professionals, besides their repute, factors like their representation on various committees or their handling cases at superior courts/tribunals may be considered.

8. The list of candidates for the position of trustees, nominated or proposed for appointment, shall be scrutinised by a committee comprising of Chairman, one other member of the Authority and an Executive Director serving the Authority and in the absence of an Executive Director on rolls at the given time, an officer of the rank of Chief General Manager. Consent shall be sought of such candidate whose name is recommended by this committee to act as a trustee, in the order of recommendation so received, prior to effecting his/her appointment. Upon conveyance of such consent, the approval of the Board of PFRDA shall be sought before effecting formal appointment. Since the trustees shall be holding a position of trust and which shall entail discharge of fiduciary responsibilities towards beneficiaries, at the time of



short listing of names of such trustees, a suitable background check shall be conducted in respect of such shortlisted candidates, to verify the antecedents in respect of five years, immediately prior to appointment. In respect of candidates who are or have been in employment, a favourable report shall be sought from the respective employer(s) and with respect to professionals, feedback shall be sought to be taken from fellow professionals or the industry or if required from the regulatory bodies granting professional membership, as may be deemed feasible.

9. The Committee while scrutinising the list of candidates, shall be guided by the benefit/value accruing to NPS and subscribers, by having such trustee on the board of NPS Trust. Mere consideration of any candidate will not give any legitimate right or expectation to be appointed as a trustee, which shall be at the sole prerogative and discretion of the Authority at all times.
10. In exigent situations, the appointment of a trustee (fulfilling the eligibility conditions) shall be made and the ratification from the PFRDA Board shall be sought subsequently. This shall be done only in exceptional cases.
11. These guidelines shall be superseded by any other guidelines that may be issued, including in the event of the amendment/revocation of the trust deed and/or the PFRDA (National Pension System) Regulations 2015, if deemed so necessary with the approval of the Authority. The interpretation of the Authority shall be final with regard to any clauses of these guidelines.

  
12/1/18  
Venkateshwarlu Peri  
(Chief General Manager)