

RESERVE BANK OF INDIA

Notification

Mumbai, the 12th August 2008

DPSS No. 194/02.11.01/2007-2008: In pursuance of sub-section (1) of section 38 of the Payment and Settlement Systems Act, 2007 (51 of 2007), the Reserve Bank hereby publishes the annexed Board for Regulation and Supervision of Payment and Settlement Systems Regulations, 2008 which shall come into force from the date on which the provisions of Section 38 of the said Act is brought into force by the Central Government.

G. Gopalakrishna
(Executive Director)

ANNEX

Board for Regulation and Supervision of Payment and Settlement Systems Regulations, 2008

In exercise of the powers conferred by 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 Reserve Bank of India hereby makes the following regulations, namely:-

Short title and commencement :- (1) These Regulations may be called the Board for Regulation and Supervision of Payment and Settlement Systems Regulations, 2008.

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

2. Definitions :- (1) In these regulations, unless, the context otherwise requires:-

- (a) 'Act' means the Payment and Settlement Systems Act, 2007 (51 of 2007);
- (b) 'Bank' means the Reserve Bank of India constituted by the Reserve Bank of India Act, 1934 (2 of 1934);
- (c) 'Central Board' means the Central Board of Directors of the Reserve Bank of India constituted under Section 8 of the Reserve Bank of India Act (2 of 1934);
- (d) 'Board' means the committee known as the Board for Regulation and Supervision of Payment and Settlement Systems constituted under Sub-section (2) of Section 3 of the Act;
- (e) 'Director' means the Director of the Central Board nominated under clauses (b) and (c) of sub-section (1) of Section 8 of the Reserve Bank of India Act, 1934 (2 of 1934);
- (f) 'General Regulations' means the Reserve Bank of India General Regulations, 1949 made under the Reserve Bank of India Act, 1934 (2 of 1934);
- (g) 'Member' means a member of the Board;

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

3. Composition of Board :-

- (1) There shall be a committee of the Central Board to be known as the "Board for Regulation and Supervision of Payment and Settlement Systems".
- (2) The Board shall consist of the following Members, namely :-
 - (a) Governor of the Bank who shall be the Chairperson of the Board;
 - (b) Deputy Governors of the Bank, out of whom the Deputy Governor who is in charge of the Department of Payment and Settlement Systems, shall be the Vice-Chairperson of the Board;
 - (c) Not more than three Directors of the Central Board nominated by the Governor of the Bank

- (3) Two Executive Directors nominated by the Chairperson and the principal Legal Adviser in the Bank shall be permanent invitees to the meetings of the Board.
- (4) Persons with experience in the fields of payment and settlement systems may be invited by the Board to attend its meetings either as permanent or as ad-hoc invitees.

4. Functions and powers of the Board:- (1) The functions and powers of the Board shall pertain to the regulation and supervision of payment systems under the Act.

(2) In particular and without prejudice to the generality of the foregoing provisions, the functions and powers 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 domestic transactions;
- (b) the laying down of the standards for both existing and future payment systems;
- (c) the authorization 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 and the directions issued by the Bank from time to time to the operators of the payment systems and their members and taking such action as may be deemed necessary for ensuring the compliance;
- (f) creating necessary administrative structure within the existing rules and regulations for ensuring effective regulation and supervision of the payment systems;
- (g) such other matters as are deemed necessary for the effective regulation and supervision of payment systems.

5. Assistance to the Board :- (1) The Board shall be assisted by the Department of Payment and Settlement Systems which shall report to the Board.

(2) The Board may, if necessary, obtain assistance from other personnel on deputation or on contract or tenure basis, as may be appointed by the Bank on the recommendation of the Board.

6. Vacation of Office :- A Member nominated under clause (c) of sub-regulation (2) of regulation 3 shall cease to hold office if he absents himself without the leave of the Chairperson from three consecutive meetings of the Board.

7. Powers on behalf of the Board by whom to be exercised :- Notwithstanding anything contained in sub-regulation (1) of Regulation 17 of the General Regulations, but subject to the provisions of the Reserve Bank of India Act, 1934 and any regulation made by the Central Board in regard to expenditure to be incurred by or on behalf of the Bank and any direction which may be given by the Central Board generally or in particular with regard to

the conduct of the business of the Bank, 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 the Vice-Chairperson or a member, subject to such conditions and limitations, if any, as may be specified in the order, any of the powers exercisable by him under these regulations as he may deem necessary for the efficient administration of the functions of the Board;
- (c) Any other officer of the Bank, if authorized, and to the extent that he is so authorized by the Board, may exercise all the powers in relation to matters pertaining to the Department of Payment and Settlement Systems.

8. Applicability of the General Regulations :- The following provisions of the General Regulations shall apply, *mutatis mutandis*, as specified below, namely:-

- (a) regulations 3, 4, 7, 13 and 24 of the General Regulations shall apply to the Members of the Board.
- (b) regulations 3 and 24 shall apply to the invitees to the meetings of the Board referred to in sub-regulations (3) and (4) of regulation 3, the invitees to the meetings of the sub-committees referred to in sub-regulation (2) of regulation 10 and the members of the advisory committees.

9. Meetings of the Board and Quorum :-

- (1) The Board shall ordinarily meet at least once in three months at such place 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 or the Vice-Chairperson and a Member nominated under clause (c) of sub-section (2) of regulation 3.
- (4) Save as otherwise provided in these regulations the provisions of the Reserve Bank of India Act, 1934 (2 of 1934) and the General Regulations shall apply to meetings of the Board, as if they were meetings of the Central Board.

10. Constitution of Sub-Committees and Advisory Committees :- (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 shall have power to invite persons with experience in the fields of Payment and Settlement Systems to attend the meetings of that Committee.

11. Report to the Central Board :- The Board shall submit a report to the Central Board on an annual basis.

File No.....

Name

Designation