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Reserve Bank of India publishes the Oversight Framework for Financial Market Infrastructures and Retail Payment Systems

The Reserve Bank has today placed on its website the [Oversight Framework for Financial Market Infrastructures \(FMIs\) and Retail Payment Systems \(RPSs\)](#).

The Committee on Payments and Market Infrastructures (CPMI) (earlier known as the Committee on Payment and Settlement Systems (CPSS)) and the International Organisation of Securities Commissions (IOSCO) have established, over the years, international risk-management standards for Systemically Important Payment Systems (SIPS), Central Securities Depositories (CSDs), Securities Settlement Systems (SSSs), Central Counterparties (CCPs) and Trade Repositories (TRs) (collectively termed as Financial Market Infrastructure). In April 2012, the then CPSS and IOSCO published a comprehensive set of 24 principles as part of the report titled "Principles for Financial Market Infrastructures" (PFMI). The main objectives of the PFMI are to enhance safety and efficiency in payment, clearing, settlement, and recording arrangements, and more broadly, to limit systemic risk and foster transparency and financial stability. These standards are designed to ensure that the infrastructure supporting global financial markets is robust and well placed to withstand financial shocks.

The Reserve Bank had adopted the PFMI for supervising and assessing the FMIs regulated by it and had in June 2013 prepared a document titled "Regulation and Supervision of FMIs regulated by RBI". The scope of the document was limited to oversight activities and tools used for supervision of the FMIs prevailing then.

Over the following years, the supervisory rigour for FMIs – both onsite and offsite – has increased. Additionally, RPSs have assumed importance given their acceptance, convenience and availability of multiple payment options. National Payments Corporation of India (NPCI), the umbrella organisation for RPSs in the country, has emerged as a System Wide Important Payment System (SWIPS) because of the significant volume of transactions processed in the payment systems operated by it. Reserve Bank undertakes onsite and/or offsite supervision of RPSs like PPI issuers, ATM networks, TReDS platforms, MTSS operators, card networks, etc.

Accordingly, in line with the commitment made in the Reserve Bank's Payment and Settlement Systems Vision 2019-2021, this Oversight Framework document for FMIs and RPSs is updated to incorporate the supervisory framework for the payment system entities as well as the supervisory considerations that have arisen since the time of the previous document. It details the oversight objectives and supervisory processes of Reserve Bank as well as the assessment methodology of FMIs and SWIPS under PFMI.

This document, by enhancing supervisory transparency and disclosure, would enable better regulatory compliance by payment systems operators, and enhance customer awareness, eventually contributing to the safety and stability of our payment systems.

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