

Public Comments

The consultation paper seeking comments/views/suggestions from public on the proposed **International Financial Services Centres Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024** was issued by IFSCA on May 9, 2024.

The following comments were received:

Sr No.	Regulation No. (as per consultation paper)	Comments/Suggestions	Rationale	IFSCA view/comments
1	2. Definitions	Definitions should be expanded to include specific examples or scenarios where applicable, especially concerning the criteria for membership termination or rejection within payment systems.	Benefit from further specificity to ensure there is no ambiguity in interpretation.	As per Regulation 3(b) of the proposed regulations, the BPSS, once constituted, shall have the powers to determine the criteria for membership, termination or rejection within payment systems. These aspects shall be set out by the BPSS under the regulations for payment and settlement systems. Hence, no change is proposed in these regulations (No change proposed)
2	3. Duties, powers and function of the Board	Introduce detailed procedures and criteria for each function, particularly authorization and compliance oversight. This can include step-by-step guidelines	The powers and duties of the Board are broadly defined but lack detailed procedural guidelines for critical activities such as authorizing payment	The detailed guidelines for authorising and compliance requirement for the payment systems shall form part of the regulations for payment and settlement systems.

		and criteria based on risk assessment and system criticality.	systems and overseeing compliance	Hence no change is proposed in these regulations (No change proposed)
3	Consumer Protection and System Soundness	Implement specific consumer protection guidelines, including transparency requirements, complaint handling procedures, and redress mechanisms. For system soundness, stipulate requirements for regular system audits, stress testing, and contingency planning aligned with international standards like those of the Financial Stability Board (FSB) or the Committee on Payments and Market Infrastructures (CPMI).	While the regulations mention protecting consumer interests and ensuring system soundness, they do not specify the methods or tools to be employed.	As per Regulation 3(2)(g) one of the duties of the BPSS to be constituted is to safeguard and protect the interests of consumers and overall safety and soundness of the payment systems. Once BPSS is constituted the necessary regulations for payment and settlement systems shall cover it. Hence, no change is proposed in these regulations (No change is proposed in these regulations)
4	Reg-3 and Reg-7. Meetings, Quorum, and Decision-Making	Introduce more structured meeting procedures, detailed agendas, and decision-making processes that include minority opinion protections. Specify virtual meeting protocols to adapt to unforeseen circumstances like pandemics.	benefit from more robust governance protocols.	The proposed IFSCA (Board for Regulation and Supervision of Payment and Settlement Systems), 2024 mentions – <i>“Save as otherwise provided in these regulations, the provisions of International Financial Services Centres Authority (Procedure for Authority Meetings) Regulations, 2020 shall, pari-</i>

				<p><i>materia, apply to the meetings of the Board.”</i></p> <p>Regulation 6, 7 and 9 of the Chapter II of IFSCA (Procedure for Authority Meetings), 2020 covers the circumstances highlighted.</p> <p>Hence no change is proposed in these regulations</p> <p>(No change is proposed)</p>
5	8. Sub-Committees and Advisory Committees	Define the roles, responsibilities, and terms of the sub-committees and advisory committees. Include provisions for stakeholder engagement to ensure diverse perspectives in policy-making processes.	The provision for the creation of sub-committees and advisory committees is positive but lacks detail on their composition, tenure, and accountability.	<p>With respect to the composition and tenure, the proposed regulations provide for the formation of sub-committees “as may be considered necessary from time to time” and also “have power to invite persons with experience in the field of Payment and Settlement Systems to attend the meetings of that Committee”.</p> <p>As the constitution of Sub-Committees and Advisory Committees is issue-specific, hardcoding the responsibilities before identifying the nature of the issue to be addressed may not be suitable.</p>

				(No change is proposed in these regulations)
6	9. Annual Reporting and Transparency	Enhance reporting requirements to include publication of reports for public access, detailing the Board's activities, decisions, and their impact assessments. This should align with best practices for transparency and accountability in public governance.	Good transparency practice	IFSCA (Procedure for Authority Meetings) Regulations, 2020 is applicable on the BPSS hence this ensures transparency in the functioning of BPSS. (No change proposed in these regulations)
7	Global Alignment and Interoperability	Establish clear protocols for interoperability with global systems and compliance with international standards such as ISO and SWIFT for cross-border transactions. This includes harmonizing with global data protection standards like GDPR for handling transaction data involving international entities.	The regulations need to explicitly address how they will align with global payment and settlement systems standards and practices.	Post constitution of the BPSS, it shall in exercise of its power under Regulation 3 (b) of proposed regulations lay down the standards for payment system. This will get addressed in the regulations to be drafted for regulating payment systems and directions issued by the Authority to cover such and other issues (No change is proposed in these regulations)

The above comments were considered suitably and the revised draft of the International Financial Services Centres Authority (Board for Regulation and Supervision of Payment and Settlement Systems) Regulations, 2024 is to be placed before the Authority in its meeting to be held on June 27, 2024.