

## INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

**Twentieth Authority Meeting held on 27.06.2024**

**Gist of Agenda item: Draft International Financial Services Centres Authority (Board for Payment and Settlement Systems) Regulations, 2024 – For approval**

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). **In exercise of such powers, it is proposed to notify the International Financial Services Centres Authority (Board for Payment and Settlement Systems) Regulations, 2024 (“the regulations”).**
3. On notification of the regulations, the BPSS would be formally constituted with the Chairperson, IFSCA formally nominating three members of the Authority to the BPSS in exercise of his powers under section 3 (3) (c) of the PSS Act.
4. 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
  - c. Specify how the powers of the BPSS are to be exercised under specific circumstances
  - d. Specify the power of the BPSS to set up sub-committees and advisory committees.

5. The draft regulations were placed on the website of the Authority for public comments. One comment was received suggesting that detailed provisions regarding the procedure to be followed by the BPSS to exercise its powers under section 3 (2) of the regulations be included as part of the regulations itself. It is submitted that the regulations propose to lay down the broad outlines of the operations of the BPSS and its activities. Detailed provisions relating to exercise of powers by the BPSS including procedure for authorisation of payment systems, safeguarding and protecting the interests of consumers and overall safety and soundness of the payment systems and other related matters shall form part of the IFSCA (Payment and Settlement) Systems Regulations which shall be placed before the BPSS post its formation. Accordingly, no changes are proposed to the draft regulations on account of the comments received.
6. **Approval of the Authority is sought for notifying the draft International Financial Services Centres Authority (Board for Payment and Settlement Systems) Regulation, 2024 in the Official Gazette, after carrying out changes, if any, of drafting and consequential nature. The Authority is further requested to authorise the Chairperson to make such necessary, consequential, and incidental steps to operationalise the said Regulation.**

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