A. **Objective**
To set up new pan-India umbrella entity / entities focussing on retail payment systems. Such an entity shall be a Company incorporated in India under the Companies Act, 2013. The Company may be a ‘for-profit’ or a Section 8 Company as may be decided by it.

B. **Authorisation under the Payment and Settlement Systems Act, 2007 (PSS Act)**
The NUE shall be a Company authorised by Reserve Bank of India (RBI) under Section 4 of the PSS Act, 2007. It shall be governed by the provisions of the PSS Act and other relevant statutes and directives, prudential regulations and other guidelines / instructions.

C. **Eligible Promoters & Shareholding**
The entity eligible to apply as promoter / promoter group for the NUE shall be ‘owned and controlled by residents’ [as defined in FEMA Regulations, as amended from time to time] with 3 years’ experience in the payments ecosystem as Payment System Operator (PSO) / Payment Service Provider (PSP) / Technology Service Provider (TSP). The shareholding pattern shall be diversified. Any entity holding more than 25% of the paid-up capital of the NUE shall be deemed to be a Promoter.

D. **Memorandum of Association (MoA)**
The Memorandum of Association (MOA) of the applicant entity must cover the proposed activities of operating a pan-India NUE for retail payment systems.

E. **Foreign Investment:**
In case of any Foreign Direct Investment (FDI) / Foreign Portfolio Investment (FPI) / Foreign Institutional Investment (FII) in the applicant entity, it shall:

1. Fulfil, additionally, the capital requirements as applicable under the extant Consolidated FDI policy guidelines of the Government of India.
2. Submit, with application of authorisation, necessary approval from the competent authority as required under the policy notified by the Department of Industrial Policy and Promotion (DIPP) under the consolidated policy on FDI and regulations framed under the Foreign Exchange Management Act (FEMA).
F. Fit and Proper Criteria

The Entity / Promoter / Promoter Group shall conform to the Reserve Bank’s ‘fit and proper’ criteria as under:

1. Director of the Entity / Promoter Company / Group Company shall be deemed to be a “fit and proper” person if:
   a) Such person has a record of fairness and integrity, including but not limited to –
      i. financial integrity;
      ii. good reputation and character; and
      iii. honesty.
   b) Such person has not incurred any of the following disqualifications –
      i. Convicted by a court for any offence involving moral turpitude or any economic offence or any offence under the laws administered by the RBI;
      ii. Declared insolvent and not discharged;
      iii. An order, restraining, prohibiting or debarring the person from accessing / dealing in any financial system, passed by any regulatory authority, and the period specified in the order has not elapsed;
      iv. Found to be of unsound mind by a court of competent jurisdiction and the finding is in force; and
      v. Is financially not sound.

2. The entity shall have a past record of sound credentials and integrity.

3. In case of any dispute on fulfilment of fit and proper criteria, Reserve Bank’s decision shall be final.

G. Capital

The NUE shall have a minimum paid-up capital of Rs.500 crore (to support / address the need of capital for managing risks, invest in technological infrastructure, for business operations, etc.). No single promoter / promoter group shall have more than 40% investment in the capital of the NUE. The promoters shall upfront demonstrate capital contribution of not less than 10% i.e. Rs.50 crore at the time of making an application for setting up of the NUE. The promoter / promoter group shareholding shall be diluted to a minimum of 25% after 5 years of the commencement of business of the NUE. A minimum net-worth of Rs.300 crore shall be maintained at all times.
H. Scope of Activities
The scope of activities of the NUE shall be, *inter alia*, to:

1. Set-up, manage and operate new payment system(s) especially in the retail space comprising of but not limited to ATMs, White Label PoS; Aadhaar based payments and remittance services; develop new payment methods, standards and technologies; monitor related issues in the country and internationally; take care of developmental objectives like enhancement of awareness about the payment systems.

2. Operate clearing and settlement systems; identify and manage relevant risks such as settlement, credit, liquidity and operational and preserve the integrity of the system(s); monitor retail payment system developments and related issues in the country and internationally to avoid shocks, frauds and contagions that may adversely affect the system(s) and / or the economy in general.

3. Fulfil its policy objectives and ensure that principles of fairness, equity and competitive neutrality are applied in determining participation in the system; frame necessary rules and the related processes to ensure that the system is safe and sound, and that payments are exchanged efficiently.

4. Carry on any other business as suitable to further strengthen the retail payments ecosystem in the country.

I. Governance Structure
The NUE shall conform to the norms of corporate governance along with ‘fit and proper’ criteria for persons to be appointed on its Board. The Reserve Bank retains the right to approve the appointment of Directors as also to nominate a member on the Board of the NUE.

J. Business Plan
The application for setting up the NUE shall contain a detailed business plan covering the payment system/s proposed to be set-up and / or operated along with other documents to duly establish its experience in the payments ecosystem.

Such plan shall, *inter alia*, include technology, security features, market analysis / research, benefit if any of such payment systems, operational structure of the payment systems, time-period for setting up the payment systems and proposed scale of operations, etc. A proposed organisational strategy in terms of fulfilling its responsibility as an umbrella entity shall also be given in the business plan.
K. Procedure for Application
The application shall be submitted in an envelope superscribed “Application for New Umbrella Entity (NUE)”, addressed to the Chief General Manager, Department of Payment and Settlement Systems, Central Office, Reserve Bank of India, 14th Floor, Central Office Building, Shahid Bhagat Singh Marg, Mumbai – 400 001 and shall be submitted in the prescribed form (Form A) till the close of business hours after three months from the date of the Press Release.

L. Procedure for Processing of Applications
The applications will be taken up for processing only after the last date of receipt of applications, in the order of their receipt at the Reserve Bank of India. Scrutiny of applications will be undertaken by an External Advisory Committee (EAC). The EAC will submit its recommendations to the Reserve Bank. Board for Regulation and Supervision of Payment and Settlement Systems (BPSS), will be the final authority on issuing authorisation for setting up NUE. Reserve Bank will endeavour to complete the process within a period of six months.