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THE PAYMENT AND

SETTLEMENT SYSTEMS

(AMENDMENT) ACT, 2015

The Hon'ble members of Rajya Sabha have passed the Payments and Settlement Systems (Amendment) Bill, 2015 on 27th April, 2015. The said bill was earlier passed by the Hon'ble members of Lok Sabha on 9th December, 2014. Some of the key highlights of this amendment bill are herein below:-

1. Extending application of the Act to a designated trade repository, or issuer, in relation to payment systems by introducing three definitions – issuer, legal entity identifier, trade repository;
2. Amending section 23 of the old Act whereby an order of a court, Tribunal or authority will not affect any settlement that has become final and irrevocable prior to such order or immediately thereafter. It will have an overriding effect on Banking Regulation Act, 1949 or the Companies Act, 1956 or the Companies Act, 2013;
3. Introducing a new provision in above-mentioned section according to which the payment obligation and settlement instructions between the counter party and the system participants is to be determined by the central counter party in accordance with the gross or netting procedure or any other provision of the Act upon an order of declaration of insolvency, dissolution or winding up in relation to a central counter party;
4. Prohibiting liquidator or receiver or assignee of the central counter party from re-opening any determination that has become final and irrevocable;

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5. Insertion of new section 23A empowering RBI to protect the interest of customers or funds collected from customers by requiring system provider to (a) deposit payment in a separate account held in a scheduled commercial bank; or (b) maintain liquid assets of an amount equal to such percentage of the amounts collected from its customers and remaining outstanding, as specified by the RBI.

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