



**KFin Technologies Limited – Central Recordkeeping Agency**



**PFRDA**

**Standard Operating Procedure**

**For**

**Annuity Purchase Version 2.3**

**KFin Technologies Limited** 

(Formerly known as KFin Technologies Private Limited)

**Registered & Corporate Office:**

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## Document Revision History

Sr.No.	Version	Prepared	/	Reviewed & Approved By		Reasons for revisions
		Revised By		Name	Date	
1	1	Suraj Kumar Amin		Sarvadeep Singh	Jan 27, 2017	Initial version
2	1.1	Suraj Kumar Amin		Sarvadeep Singh	20th Nov 2018	Change in Organization name from "Karvy Computershare Private Ltd" to "Karvy Fintech Pvt Ltd"
3	2	Suraj Kumar Amin		Sarvadeep Singh	4th Dec 2019	Change of Logo and Name from Karvy Fintech Pvt Ltd to Kfin Technologies Pvt Ltd.
4	2.1	Suraj Kumar Amin		Sarvadeep Singh	4th Dec 2020	Standardization Of SOP in new template format
5	2.1	Suraj Kumar Amin		Sarvadeep Singh	1 <sup>st</sup> Dec 2021	No Changes
6	2.1	Shraddha Patil		Anitha Chatla	1st Dec,2022	No Changes
7	2.2	Shraddha Patil		Anitha Chatla	18th March,2023	Change in company name and logo. Added new SOP format.
8	2.3	Shraddha Patil		Anitha Chatla	18th June,2024	Annual Review

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## 1. NPS - Overview

The National Pension System (NPS) was introduced by the Government of India to enable its citizens (in the Government/All-citizen/Corporate sector) to effectively plan for their retirement through reasonably safe and market based returns. Periodic contributions from the subscribers (and their employers – for Government/Corporate sector), are invested in Pension Funds chosen by the subscriber from the approved list. On attaining superannuation, part of the accumulated wealth can be withdrawn lump-sum and the balance can be invested in an “Annuity” with a registered ASP (Annuity Service Provider), so that the subscriber gets regular monthly pension from the Annuity purchase. There are other regulations regarding withdrawal, under various circumstances. Each subscriber is registered with the CRA and is allotted a PRAN (Permanent Retirement Account Number). This ID is used to track all his/her transactions, contributions, change of details, scheme preferences etc.

NPS is operated through various intermediaries at various stages, as given below:

1. Registration of subscribers – Application is submitted by the Subscriber and routed through *Nodal Offices* – to *CRA*. Permanent Retirement Account is created in the CRA system and PRAN is allotted to the subscribers by the CRA.
2. Deposit of contribution is made by Subscribers to the Nodal Offices (Contribution is deducted from the salary by the Nodal Offices, for Government employees). The funds are remitted by *Nodal Offices* to the *Trustee Bank*, with details being uploaded in the CRA system by the Nodal Offices.
3. Transfer of funds from *Trustee Bank* to *PFM* (as selected) – On reconciliation & as per settlement instructions from CRA
4. Changes in subscriber details (address, scheme preference etc.) - intimated by Subscribers are routed through Nodal Offices – to CRA system. In case of changes in scheme preference etc., new instructions are accordingly implemented in the daily settlement run by CRA.
5. On Exit/ withdrawal - Application is submitted by Subscribers and routed through Nodal Offices – to CRA. On processing, CRA gives instructions to the PFM to transfer the funds to the Trustee Bank. The Trustee Bank would transfer the lump-sum withdrawal to the Subscriber’s Bank account and the ‘Annuity’ amount to the ASP. The subscriber would thereafter receive monthly payouts from the ASP.

Hence, the various intermediaries in the functioning of the NPS system are:

1. **Nodal Offices** – They are the main interface for subscribers. Their functions include:
  - a. Receiving applications for registration / changes in details / withdrawals from subscribers, verification and forwarding of the same to CRA for processing
  - b. Receiving contributions from subscribers and upload of contribution details in the CRA system
  - c. Deposit of funds (contributions) with Trustee Bank and reconciliation thereof with the details uploaded

The Nodal Offices- for various models/sectors – are as given below:

Model/Sector	Registration/change requests/withdrawals	Transfer & uploading of contributions	Over-seeing Nodal Offices
	& receipt of contributions		
For Central Government employees:	DDO, PAO	PAO	Pr.AO
For State Government employees:	DDO, DTO	DTA (Centralised mode) DTO (De-centralised mode)	DTA
For 'All Citizen' model:	POP-SP & POP	POP (Centralised mode) POP-SP (De-centralised mode) POP & POP-SP (Quasi centralized mode)	POP
For 'Corporate' model:	CHO & CBO	POP (CHO – for Direct model)	POP

2. **Trustee Bank** – Their functions include:

- a. Receipt of funds from Nodal Offices for contribution deposit and reconciliation thereof with the details uploaded in the CRA system
- b. Transfer of funds to PFM's as per settlement instructions from CRA
- c. On withdrawal, transfer of funds to Subscriber's bank account (lump-sum portion of withdrawal)
- d. On withdrawal, transfer of funds to ASP (the annuitized portion)

3. **Pension Fund Manager (PFM)** – Their functions include:

- a. Receipt of funds from Trustee Bank and investment thereof as per subscribers' preference
- b. Updation of NAV etc.
- c. On withdrawal, transfer of accumulated wealth to the Trustee Bank, as per instructions from CRA.

4. **Annuity Service Provider (ASP)** – Their functions include:

- a. Receipt of funds from Trustee Bank and instructions from CRA, for investment in annuity for subscribers, on withdrawal
- b. Maintaining annuity scheme with the subscribers thereafter (monthly payouts, queries etc.)

5. **Central Recordkeeping Agency (CRA)** – Their functions include registration and interface with all intermediaries and recording all transactions i.e.:

- a. Registration of Nodal Offices
- b. Registration of Subscribers
- c. Running settlement on upload of contribution details by Nodal Offices and funds receipt

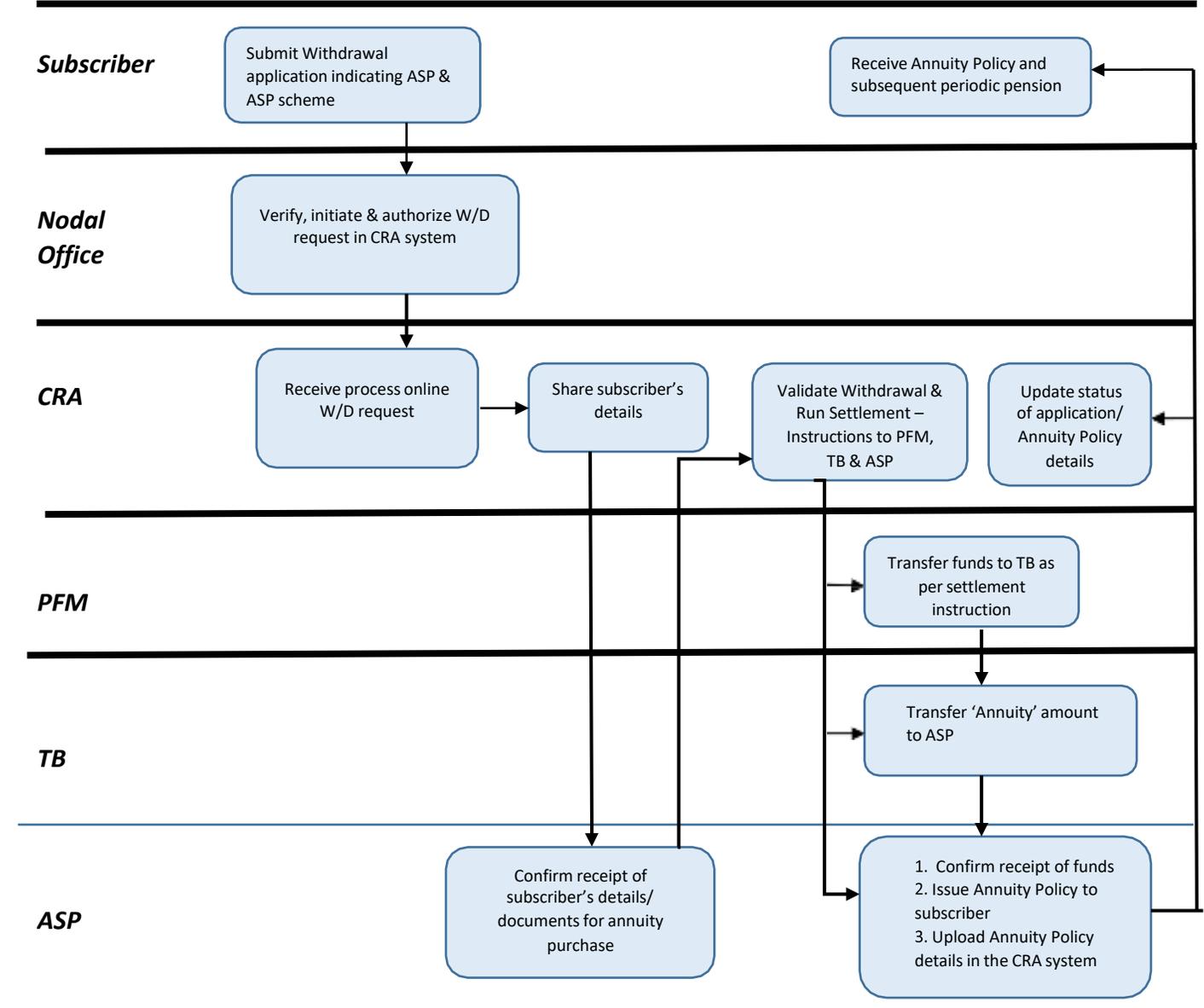
- confirmation by Trustee Banks
- d. Settlement instructions to Trustee Banks to transfer funds to PFMs
  - e. Processing change requests / withdrawals
  - f. Instructions to Trustee Banks/PFMs/ASPs on withdrawal
  - g. Providing interface to subscribers for checking status of applications/grievances etc. and providing SOT to the subscribers.

When a subscriber makes a request for withdrawal from NPS, part of the corpus is used to purchase an annuity for the subscriber, thereby providing him/her with a monthly pension. The ASP & ASP scheme is selected by the subscriber when making the withdrawal request (for Govt. subscribers on pre-mature exit, a default annuity contract applies). This document deals with the process to be followed for annuity purchase.

**ACRONYMS USED:**

<b>Acronym</b>	<b>Description</b>
ASP	Annuity Service Provider
CBO	Corporate Branch Office
CHO	Corporate Head Office
CRA	Central Record-keeping Agency
DDO	Drawing & Disbursing Officer
DTA	Directorate of Treasuries & Accounts
DTO	District Treasury Office
I-PIN	Internet Personal Identification Number
NPS	National Pension System
PAO	Pay & Accounts Office
PFM	Pension Fund Manager
POP	Point of Presence
POP-SP	POP Service Provider
Pr.AO	Principal Accounts Office
PRAN	Permanent Retirement Account Number
TB	Trustee Bank

### Process Chart – Annuity Purchase



## 2. Annuity Purchase

### 2.1 Overview

When making a withdrawal request, a subscriber is required to select an ASP and ASP scheme from the list of approved ASPs/ASP schemes (for Govt. subscribers – on pre-mature exit/death – a default annuity contract is applicable). The ASP is also required to follow-up with the subscriber for collection of required Annuity purchase form and other documents from the subscriber, to finalize the annuity contract. The annuity contract between the ASP and the subscriber would thereafter deal with monthly/periodic payouts, other queries etc.

For the purchase of annuity by a NPS subscriber, ASPs are required to perform certain activities in the CRA system. The following functionalities are provided in the ASP's Login in the CRA system, to enable the ASP in performing its functions:

1. Sharing of subscriber details with the concerned ASP
2. Confirmation for receipt of documents
3. Subscriber fund transfer details
4. Annuity policy detail upload

### 2.2 Sharing of subscriber details with the concerned ASP

After the online withdrawal request is raised by the Nodal Office, the CRA will share the subscriber's details with the concerned ASP, in order to enable the ASP to process the annuity contract with the subscriber. Daily downloads will be provided for the same. The documents to be shared would be give details of:

- Sector
- Exit Reason
- Claim ID
- ASP Scheme Name & ID
- Frequency
- Relation to NPS Subscriber
- PRAN
- Date of Retirement

- Name of the Subscriber
- Gender
- Subscriber's Date of Birth
- Subscriber's Marital Status
- Subscriber's CKYC Number
- Subscriber's PAN
- Communication address
- Permanent address
- Contact Details
- Annuity Corpus (Rs)
- Annuitant Name
- Annuitant Date of Birth
- Relation with Subscriber
- Fathers Name

User will select an option User Type as ASP and Login by entering the User ID, Password and Captcha Code as shown below:



The screenshot shows a login form titled "Are you an existing user? Sign In Below". The form contains the following fields and elements:

- User Type\***: A dropdown menu with "ASP" selected.
- User ID\***: A text input field containing "ASP100101".
- Password\***: A text input field with masked characters "\*\*\*\*\*".
- Captcha Code\***: A text input field containing "4Aq4Q" and a refresh button.
- Login**: A purple button with a key icon.
- [CHECK REQUEST STATUS](#)
- [ONLINE CORPORATE REGISTRATION](#)

At the bottom of the form, there is a footer: "© 2017, National Pension System. All Rights Reserved. Privacy Policy".

Figure 1

User will click on menu 'ASP'.

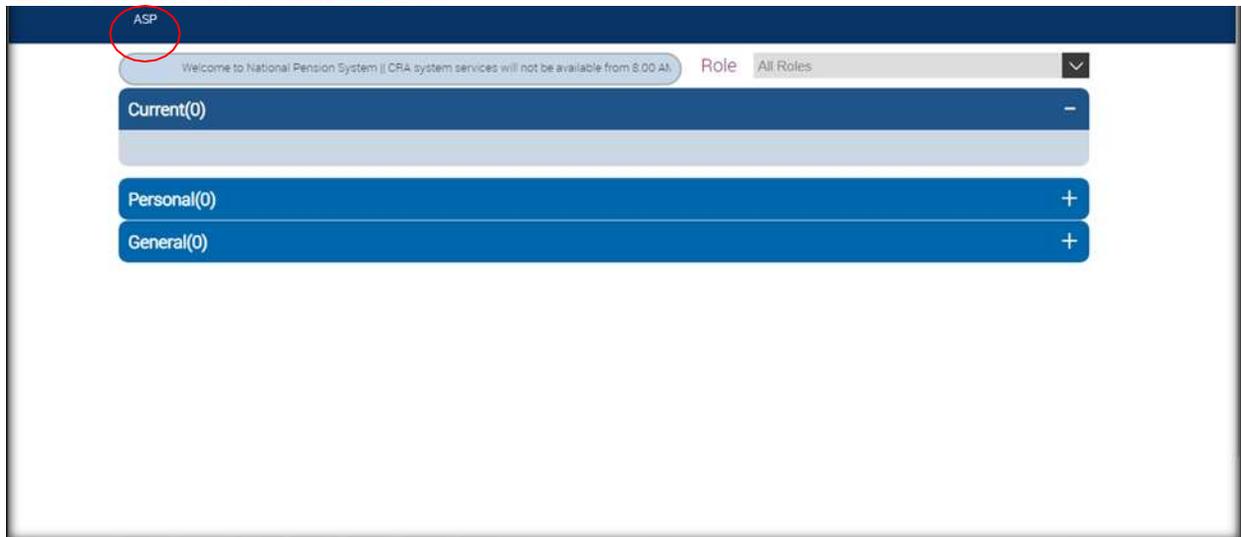


Figure 2

User will click the sub-menu 'ASP Request'.

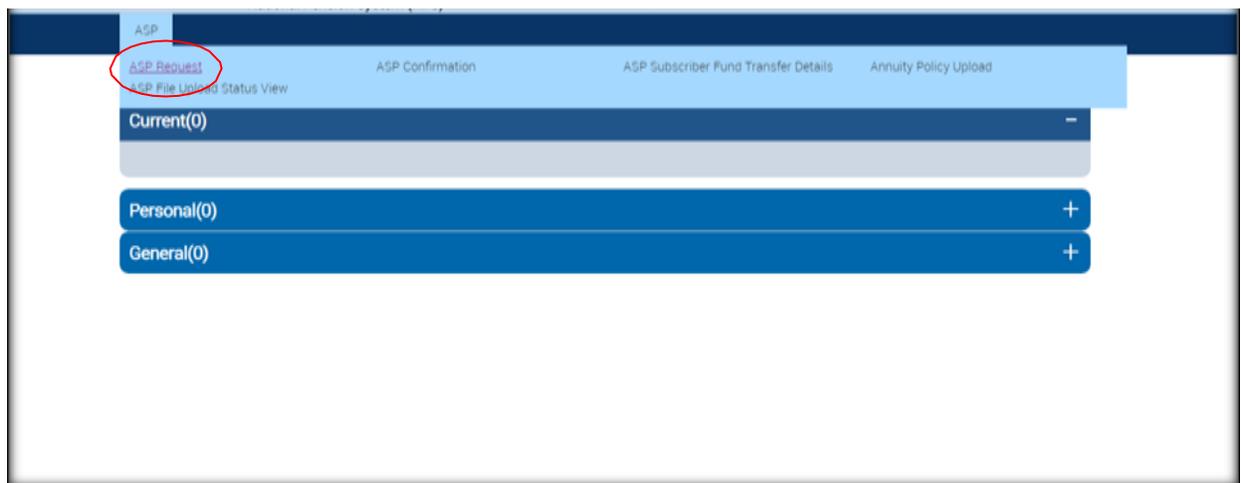


Figure 3

Under ASP Subscriber Request the Annuity request files which are yet to be downloaded will be shown in the pending files as shown below:

User has to click the link to download the file which is in excel format.

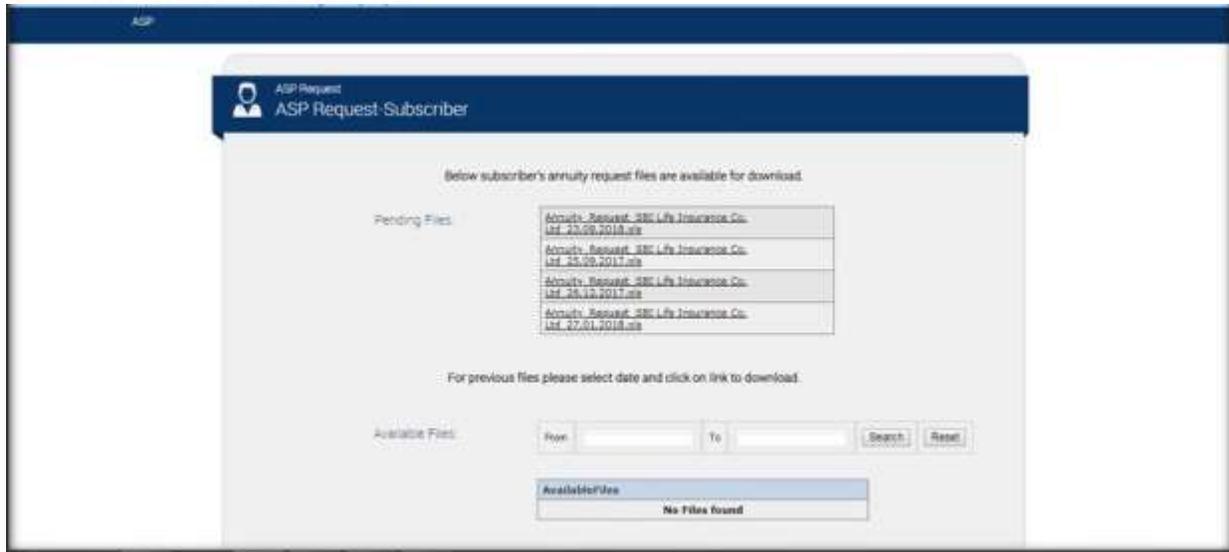


Figure 4

User can also download the previous files by providing the Date as shown below in date range option and click search.

As per the selected Date range the Annuity Request Files are shown to User as a link. User has to click the link to download the file which is in excel format.

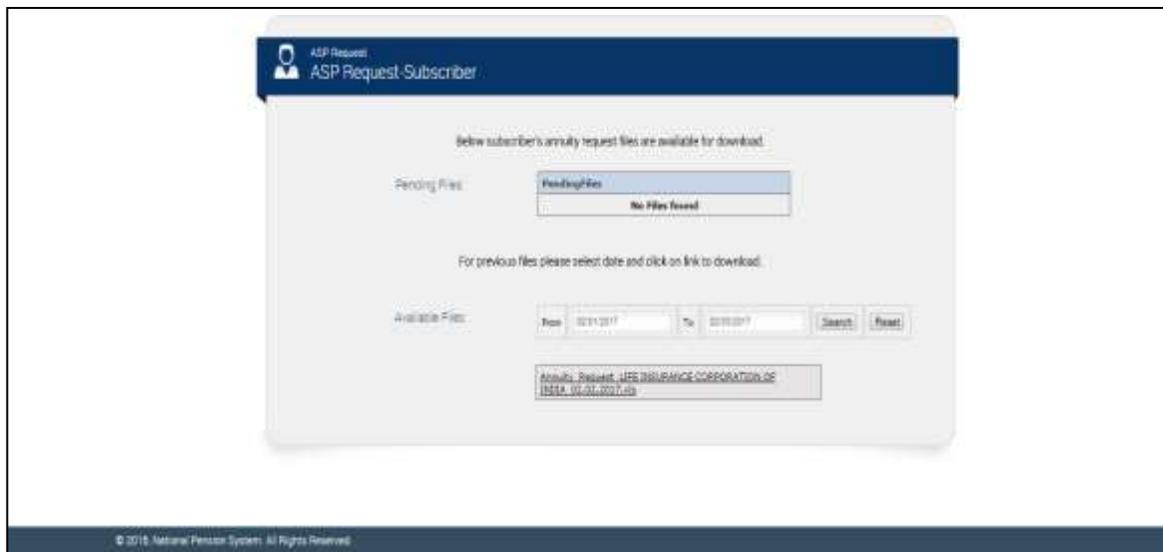


Figure 5

## 2.3 Confirmation for receipt of documents

User will click on the menu option and sub-menu 'ASP Confirmation'.



Figure 6

User will be required to upload the file for providing the confirmation of the receipt of the required documents from the subscriber/claimant. If User wants to download the template file, he/she can do so by clicking 'Download Template' option as shown below:

ASP will upload the below details of the subscriber:

- PRAN
- Exit Reason
- ASP Scheme Name
- ASP Scheme ID
- Frequency
- Subscriber name
- Subscriber Date of Birth
- Primary Annuitant Marital Status

User will browse the file and will upload in the CRA system.

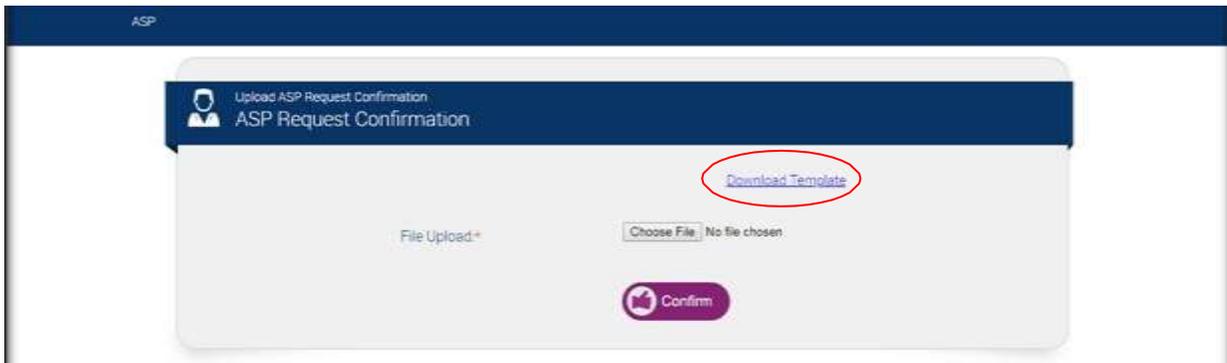


Figure 7

On successful upload, message will be shown to the User 'Uploaded successful with Batch ID xxxxx'.

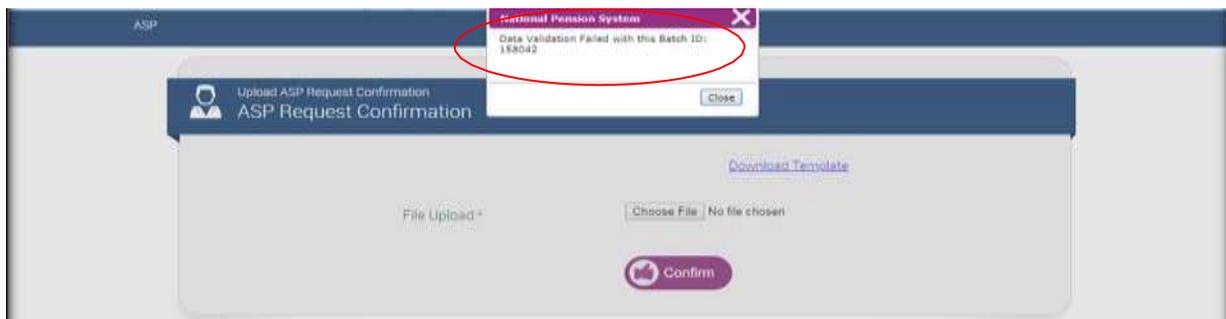


Figure 8

## 2.4 Subscriber fund transfer details

On receipt of document confirmation from the ASP, the withdrawal request will be processed in the CRA system. Details will be provided to the concerned ASP for the redemption of the corpus, which will be transferred to the concerned ASP on T+3 days' basis. The details provided to the ASP are provided below:

- Pay-in ID
- Pay-in Date
- PRAN
- Subscriber Name

- Fathers name
- Subscriber DOB
- Sector
- Withdrawal Type
- ASP scheme name
- Annuity frequency
- Transferred Amount

User will click sub-menu 'ASP Fund Transfer Details'.



Figure 9

Under Subscriber Fund Transfer Details the Fund transfer details accepted and processed will be shown in the files as shown below:

User has to click the link to download the file which is in excel format.

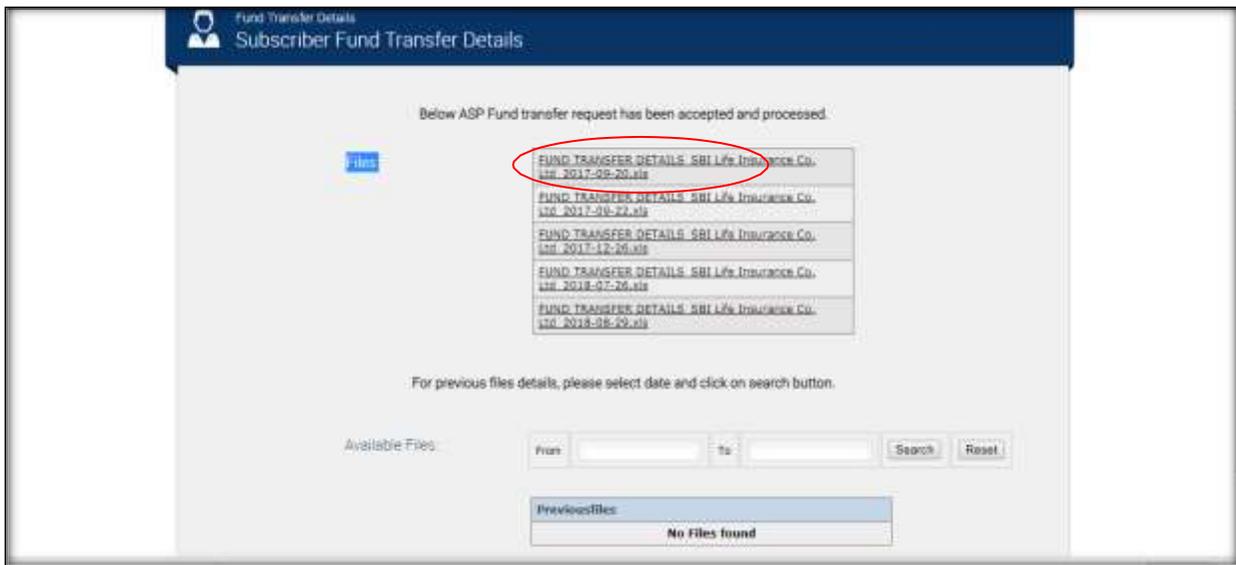


Figure 10

## 2.5 Annuity policy detail upload

After ASP receives the funds, it will issue the Annuity policy to the NPS subscriber. ASP User will also be required to upload the ASP details in KFintech CRA system for record purpose. User will click on menu option and sub-menu 'Annuity Policy Upload'.

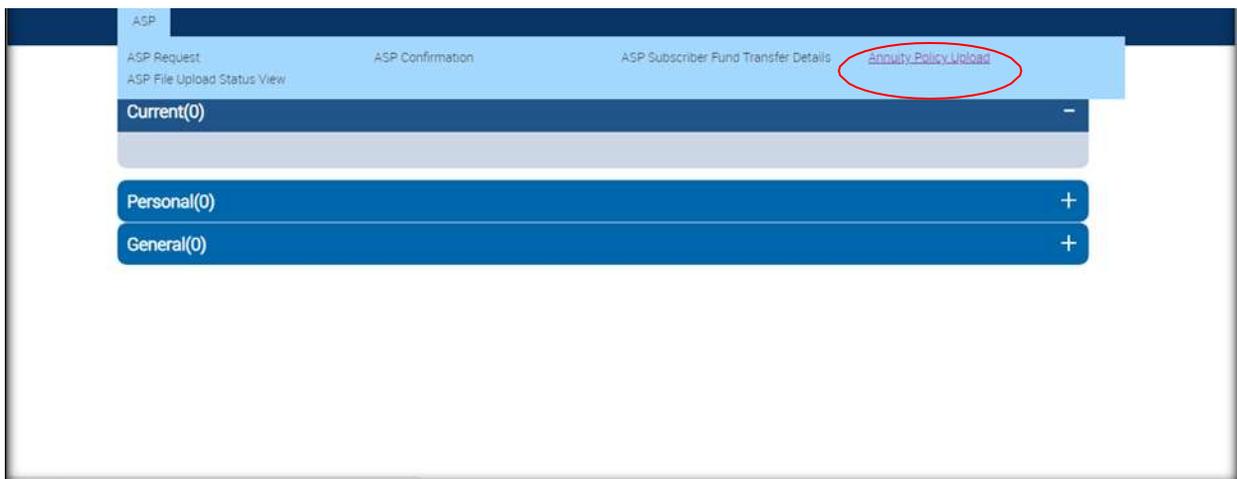


Figure 11

If User wants to download the template file, he/she can do so by clicking 'Download Template' option. It will upload the annuity policy details in the CRA system. The details to be uploaded will include:

- PRAN
- Subscriber Name
- Subscriber Date of Birth
- ASP Scheme ID
- Frequency
- Annuity policy number
- Date of Issuance of Annuity
- Annuity amount

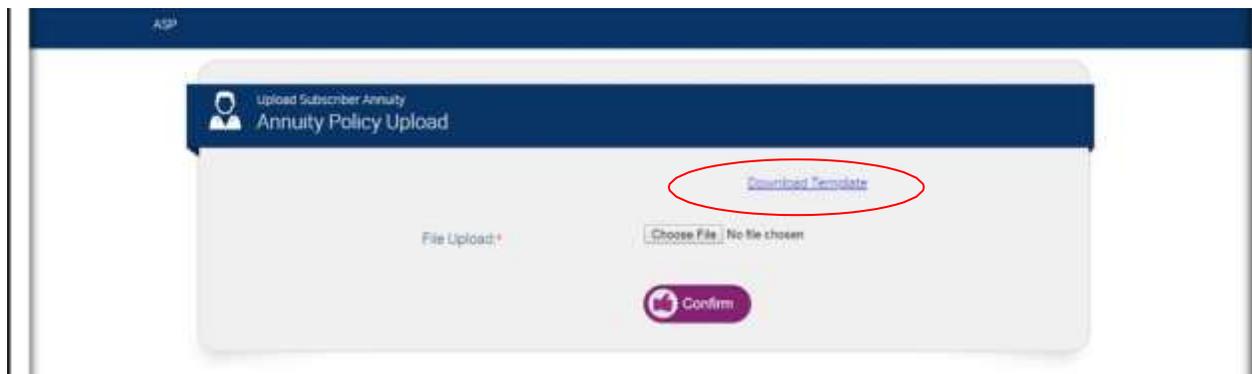


Figure 12

User will browse the file and will upload in the CRA system.



Figure 13

On successful upload, message will be shown to the User 'Uploaded successful with Batch ID xxxxx'.



Figure 14

.....X.....