

SAHAMATI MEMBERSHIP SUSPENSION, EXPULSION AND RE-ADMISSION RULES

Version History

Version	Date	Description
1.0	April 02, 2025	Published on roll out of Sahamati membership

1. Definitions

- (1) **'AA Master Directions'** means the Master Direction - Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016 issued by RBI, as amended from time to time.
- (2) **'Adjudicatory Panel'** shall mean and refer to the panel constituted by the Membership Committee as per Clause 2 of these Rules.
- (3) **'Appellate Panel'** shall mean and refer to the panel constituted by the Membership Committee as per Clause 3 of these Rules.
- (4) **'Applicable Law'** shall mean, in relation to the obligations of the Members under the Sahamati Membership Terms, any statute, law, regulation, circular, notification, ordinance, rule, judgement, order, decree, approval, directive, guideline, code, standard, manual, or other government restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any competent court, tribunal or government authority, whether in effect as on date of notification of these Rules or thereafter. Applicable Laws shall include all data protection laws, Information Technology Act, 2000 and rules framed thereunder, Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011, Digital Personal Data Protection Act, 2023 and rules thereunder (as and when notified), Consumer Protection Act, 2019, rules, regulations, guidelines, directions, circulars and notifications of the RBI including AA Master Directions and RBI's Master Direction on Outsourcing of Information Technology Services dated April 10, 2023.
- (5) **'Business Day'** shall mean any day of the week (excluding Saturdays and Sundays) and any other day, which is not a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 in Mumbai.
- (6) **'Inter-Member Dispute Resolution Rules'** shall mean and refer to the Sahamati Inter-Member Dispute Resolution Rules.
- (7) **'Member(s)'** with its grammatical variations and cognate expressions shall mean an active member of Sahamati that has accepted the Sahamati Membership Terms and duly paid the Membership Fees to Sahamati as per the Sahamati Member Fee Policy and includes AAs, FIPs, and FIUs.
- (8) **'Membership Committee'** shall mean the committee constituted by the Governing Council to exercise oversight and enforce strict adherence to regulatory norms prescribed by the RBI, and other regulatory authorities, as well as Sahamati Membership Bye-Laws.
- (9) **'RBI'** shall mean the Reserve Bank of India.

- (10) **'Rules'** shall refer to these rules on suspension and expulsion of membership of Sahamati.
- (11) **'Sahamati Central Registry'** shall have the same meaning as that in the Sahamati Membership Terms.
- (12) **'Sahamati Membership Core Documents'** shall have the same meaning as that in the Sahamati Membership Terms.
- (13) **'Sahamati Membership Bye-Laws'** shall have the same meaning as that in the Sahamati Membership Terms.
- (14) **'Token Service API'** shall have the same meaning as that in the Sahamati Membership Terms.

2. Adjudicatory Panel

- (1) The Membership Committee shall constitute one or more panels of its members (**'Adjudicatory Panel'**) to hear and decide matters relating to suspension, expulsion or re-admission of Membership from time to time.
- (2) The Adjudicatory Panel shall consist of at least three members of the Membership Committee.
- (3) An endeavour shall be made to include at least one member having a legal background on every Adjudicatory Panel.
- (4) The members of the Adjudicatory Panel shall mutually nominate a member of the Adjudicatory Panel as its chairperson.
- (5) Any person having any conflict of interest with the Member against which the proceedings are being conducted or the Applicant whose application for re-admission as a Member is being considered by the Adjudicatory Panel shall not be appointed as a member of the Adjudicatory Panel.
- (6) In case a re-admission application is made by the Member, the Adjudicatory Panel shall, to the extent feasible, comprise of all members who were part of the Adjudicatory Panel which ordered the suspension or expulsion of the Member that has applied for re-admission.
- (7) The member secretary of the Membership Committee shall act as the secretary of the Adjudicatory Panel. The secretary shall facilitate the proceedings of the Adjudicatory Panel and do such acts related to the proceeding as the members of the Adjudicatory Panel may deem fit. The secretary shall not have any voting rights.

- (8) The decisions of the Adjudicatory Panel shall be recorded in writing with reasons and approved by a simple majority of the members of the Adjudicatory Panel present in the meeting with each member having an equal voting right. The chairperson of the Adjudicatory Panel shall have a casting vote in case of a tie between the votes of the members of the Adjudicatory Panel.

3. Appellate Panel

- (1) The Membership Committee shall constitute one or more panels of members (**'Appellate Panel'**) to hear and decide any appeals preferred by an aggrieved Member or Applicant (where applicable) against a decision of an Adjudicatory Panel.
- (2) The Appellate Panel shall consist of at least 3 (Three) members of the Membership Committee, including the chairperson of the Membership Committee.
- (3) At least one member of the Appellate Panel shall have a legal background.
- (4) The Appellate Panel shall not include any member from the Adjudicatory Panel, the decision whereof is being considered in appeal by such Appellate Panel.
- (5) The members of the Appellate Panel shall mutually nominate a member of the Appellate Panel as its chairperson.
- (6) Any person having any conflict of interest with the Member against which the proceedings are being conducted or the Applicant whose application for re-admission as a Member is being considered by the Appellate Panel shall not be appointed as a member of the Appellate Panel.
- (7) In case a re-admission application is made by the Member, the Appellate Panel shall, to the extent feasible, comprise of all members who were part of the Appellate Panel which ordered the suspension or expulsion of the Member that has applied for re-admission.
- (8) The member secretary of the Membership Committee shall act as the secretary of the Appellate Panel. The secretary shall facilitate the proceedings of the Appellate Panel and do such acts related to the proceeding as the members of the Appellate Panel may deem fit. The secretary shall not have any voting rights.
- (9) The decisions of the Appellate Panel shall be recorded in writing with reasons and approved by a simple majority of the members of the Appellate Panel present in the meeting with each member having an equal voting right. The chairperson of the Appellate Panel shall have a casting vote in case of a tie between the votes of the members of the Appellate Panel.

4. Grounds for Suspension or Expulsion of Members

A Member may be suspended or expelled if:

- (1) The Member fails to perform any material obligation (as defined by the Governing Council in accordance with the Terms of Reference) under the Sahamati Membership Core Documents or the Sahamati Membership Bye-Laws, provided that the Member has failed to cure such failure within a period of 15 (Fifteen) Business Days following written notice from Sahamati;
- (2) The Member is found guilty of any failure to comply with Applicable Laws relevant to its obligations/ operations in the AA ecosystem;
- (3) The Member's actions or inactions expose Sahamati to any liability, obligation, or violation of Applicable Law(s);
- (4) The Member undergoes an Insolvency Event as defined in the Sahamati Membership Terms;
- (5) The Member discontinues its services under the AA Master Directions; or
- (6) The Member's technical infrastructure fails to meet security requirements prescribed under Sahamati Certification Guidelines and threatens the safety of the Members.

5. Preliminary Inquiry

- (1) The Membership Committee may constitute an internal panel of 3 (Three) members ("**Preliminary Inquiry Panel**") to conduct a preliminary inquiry to gather and ascertain relevant facts and information in relation to any acts or omissions of a Member that may warrant suspension or expulsion, or upon being made aware by any third party of any such acts or omissions by a Member.
- (2) The Preliminary Inquiry Panel shall submit a report of such inquiry to the Membership Committee within 10 (Ten) Business Days from the date of initiation of the inquiry.
- (3) The Membership Committee shall, upon perusal of the report submitted under sub-clause (2) of this Clause 5, may, by simple majority:
 - (a) close the inquiry and order no further action; or
 - (b) issue a notice to such Member, in accordance with Clause 6 of these Rules.

6. Notice and Response

- (1) The notice shall contain the following particulars:

- (a) A clear and concise description of the alleged violation, deviation or deficiency in respect of Sahamati Membership Bye-Laws;
 - (b) The evidence and materials supporting the allegation(s) including the inquiry report referred to in Clause 5(2) of these Rules, along with relevant documents, or statements;
 - (c) The steps to be taken to remedy the violation within a specified timeframe, if practicable;
 - (d) The details for seeking an opportunity to be heard, the modalities for which shall be in such manner as the Adjudicatory Panel may deem fit; and
 - (e) Such other relevant information may be necessary at the sole discretion of the Membership Committee.
- (2) The notice shall be communicated to the Member through email within the timeline decided by the Membership Committee.
- (3) The Member shall submit a written response within 15 (Fifteen) Business Days from the date of receipt of the notice.
- (4) The Membership Committee may, in a matter of urgent nature, with an approval of at least 75% of the members of the Membership Committee, require the Member to reply within 2 (Two) Business Days.

7. Proceedings before the Adjudicatory Panel

- (1) Sahamati shall communicate the date and time of the hearing before the Adjudicatory Panel to the Member at least a week in advance.
- (2) The Member shall be represented through its authorised representative or attorney.
- (3) The Adjudicatory Panel shall consider the following indicative parameters while deciding on a matter:
- (a) Violation of Applicable Laws and/or Sahamati Membership Bye-Laws.
 - (b) Impact or damage due to the violation on the account aggregator ecosystem or the customers.
 - (c) Severity and repetition of the violation.
 - (d) Reply of the Member providing reasons for such violation.
 - (e) Past conduct of the Member.
 - (f) Any other parameter that the Adjudicatory Panel may deem fit.
- (4) All proceedings before the Adjudicatory Panel shall be virtual. The proceedings may be recorded/ transcribed, provided all parties to the proceedings consent to such recording/ transcription.

8. Powers of the Membership Committee

- (1) The Membership Committee, including any Adjudicatory Panel and Appellate Panel constituted by the Membership Committee may:
 - (a) Seek production of relevant information and document(s) from any Member, which are necessary to decide the issue(s) being considered by it;
 - (b) Seek information and/or documents from Sahamati as considered necessary;
 - (c) Obtain outside legal and professional advice as considered necessary and secure attendance of outsiders with relevant expertise; and
 - (d) Direct Sahamati to suspend, expel or take other action(s) against a Member before it, as per the terms of the decision of the Adjudicatory Panel or Appellate Panel.
 - (e) Direct Sahamati to re-admit a Member which has been suspended or expelled, as per the terms of the decision of the Adjudicatory Panel or Appellate Panel.
 - (f) Pass interim orders on any matters under sub-clause (a) to (e) above.

9. Order of the Adjudicatory Panel

- (1) The Adjudicatory Panel may:
 - (a) Dismiss the complaint;
 - (b) Counsel and/or issue caution to the Member in respect of their conduct;
 - (c) Issue reprimand, warning or directions to rectify or remedy any violation(s);
 - (d) Direct Sahamati to suspend the Member for such period considering the nature and gravity of the violations;
 - (e) Direct Sahamati to expel the Member; or
 - (f) Direct Sahamati to re-admit a Member.
- (2) The Adjudicatory Panel shall endeavour to dispose of the matter as early as practicable and in no event later than 45 (Forty Five) Business Days from the date of issuance of the notice under Clause 6 of these Rules.
- (3) All orders and decisions issued or communicated by the Adjudicatory Panel shall be signed by all members of the Adjudicatory Panel and authenticated by its chairperson.
- (4) All decisions of the Adjudicatory Panel shall be shared with all existing Members of Sahamati within 3 (Three) Business Days of the date of the decision of Adjudicatory Panel and notified to the relevant Member(s) or Applicant via e-mail.
- (5) All decisions of the Adjudicatory Panel shall be binding on all parties unless the Member files an appeal before the Appellate Panel in accordance with Clause 11 of these Rules which is admitted by the Appellate Panel.

10. Consequences of Suspension and Expulsion:

- (1) For the duration of the suspension, Sahamati may:

- (a) deny such Member access to Sahamati's Token Service API;
 - (b) restrict such Member from raising tickets on the Sahamati support application;
 - (c) restrict such Member from raising disputes with other Members through the Inter-Member Dispute Resolution Rules; and
 - (d) restrict such Member from accessing the Sahamati Technical Services.
- (2) Upon expulsion of a Member, in addition to prohibitions specified in sub-clause (1), Sahamati may disable the Member's access to the Sahamati Central Registry and further, suitably update the Member's entry and corresponding details in the Sahamati Central Registry to render them non-discoverable.
 - (3) The Member shall not be entitled to a refund of any part of Sahamati's Membership Fee already paid.

11. Appeals

- (1) A Member aggrieved by a decision of the Adjudicatory Panel may file an appeal before the Appellate Panel within 30 (Thirty) Business Days from the date of the decision of the Adjudicatory Panel.
 - (2) If sought, the Appellate Panel shall provide an opportunity for hearing to the Member. The consequences prescribed under Clause 10 of these Rules above shall continue to apply to the Member during the pendency of the proceeding before the Appellate Panel unless a stay is granted by the Appellate Panel in its sole discretion.
 - (3) The Appellate Panel shall decide the appeal as soon as practicable and in no event later than 30 (Thirty) Business Days from the date of admission of the appeal.
 - (4) The decision of the Appellate Panel shall be final and binding on all parties.
 - (5) All decisions of the Appellate Panel shall be shared with all existing Members of Sahamati within 3 (Three) Business Days of the date of the decision of Appellate Panel and notified to the relevant Member(s) or Applicant via e-mail.
 - (6) The powers of the Appellate Panel shall include all powers of the Adjudicatory Panel as specified under Clause 9(1) above.
 - (7) All proceedings before the Appellate Panel shall be virtual. The proceedings may be recorded/ transcribed, provided all parties to the proceedings consent to such recording/ transcription.
12. Notwithstanding any decision taken by the Adjudicatory Panel or the Appellate Panel, the concerned Member(s) shall remain subject to the jurisdiction of the relevant regulator and competent court(s) and tribunal(s) in respect of any statutory or other violation(s) alleged against such Member(s).