

## CHAPTER [1]: ONBOARDING, COMPLIANCE REQUIREMENTS AND CERTIFICATION REQUIREMENTS

### PURPOSE OF THIS CHAPTER

The objective of this chapter is to lay out the eligibility criteria and process for an entity to join the ONDC Network as a Network Participant. The provisions of this chapter apply in addition to the obligations/ requirements under the Applicable Laws. This chapter is to be read in conjunction with any notifications and technical specifications issued by ONDC from time to time.

#### 1.1. Eligibility Criteria

Entities interested in being onboarded on the ONDC Network as a Network Participant (**Applicant**) must meet the following criteria, as amended from time to time, for being eligible to access the ONDC Network:

- (i) **NP-ISN (Inventory-based Seller Side App)**: To be an NP-ISN, the Applicant shall be a business registered and/or incorporated as per the applicable laws of India. The Applicant must hold an active TAN and PAN issued by the Income Tax Department.
- (ii) **NP – MSN (Marketplace-based Seller Side App) and NP-BN (Buyer Side App)**: To be an NP-MSN or NP-BN, the Applicant shall be a company incorporated and/or registered under the applicable laws of India. The NP-MSN and NP-BN must hold an active TAN and PAN issued by the Income Tax Department.
- (iii) **Gateway**: To be a Gateway, the Applicant shall be a company incorporated and/or registered under the applicable laws of India. An entity operating as NP-MSN, NP-BN, or NP-ISN shall not have the ability to exercise material influence over the management, affairs, or strategic commercial decisions of Applicant.

For the purpose of this clause, material influence means the presence of factors that give an entity the ability to influence the affairs and management of the other entity, including factors such as shareholding, special rights, status and expertise of an enterprise or person, board representation, structural/financial arrangements, etc. Some parameters that may be used to determine the presence of material influence could include: (a) shareholding conferring more than 50 percent of the voting rights; (b) ability to veto strategic decisions, (c) operational control by virtue of commercial cooperation agreements with or without involving equity, and (d) ability to control majority of the Board composition. It is clarified that providing business grants, loans, and other financial solutions by banks and other financial institutions in the normal course of business and any rights granted to banks and other financial institutions in this regard will not be construed as material influence.

- (iv) **Other Network Participants not mentioned in 1.1 (i), (ii) (iii) above**: As published by ONDC on its official website: [www.ondc.org](http://www.ondc.org) from time to time and such publication shall be read as part of this Network Policy.

#### 1.2. Onboarding conditions of Applicants

- 1.2.1. The Applicant must demonstrate compliance with the Technological Requirements as provided in Schedule 1C.
- 1.2.2. Network Participants shall ensure that settlements with each other are in accordance with the Reconciliation and Settlement Framework (RSF), as amended from time to time.
- 1.2.3. ONDC reserves the right to grant exemptions to Network Participants from the obligation provided under 1.2.2 under this clause, as detailed in Schedule 1D.

**1.2.4.** ONDC may from time to time notify additional onboarding conditions for distinct categories of products or services.

### **1.3. Onboarding Process**

**1.3.1.** The Applicant meeting the requirements as set out in Clauses 1.1. and 1.2 above, can apply to be onboarded with the ONDC Network.

**1.3.2.** The Applicant can initiate the onboarding process by accessing the ONDC onboarding portal or by such other modes as notified by ONDC from time to time.

**1.3.3.** The Applicant hereby agrees to provide accurate, current, and complete information specified during the onboarding process, *including the process provided in Schedule 1A and 1B hereto*. If such Applicant is onboarded as a Network Participant, it shall update such information to keep it accurate, current, and complete at all times.

**1.3.4.** As part of the onboarding process, all Network Participants should complete each of the following processes:

- (i) **Expression of Interest (EOI):** The Applicant must submit its EOI in the format prescribed in **Schedule 1A**.
- (ii) **Role Selection:** Upon ONDC's acceptance of the EOI, Applicant will be required to select its intended Network Participant role(s) in the ONDC network. The mere acceptance of an EOI or the successful validation or verification of the information in the EOI does not guarantee the Applicant's admission to the ONDC Network.
- (iii) **Applicant Information:** The Applicant will be required to provide information as listed in **Schedule 1B** for each of the roles selected by the Applicant.
- (iv) **Verification of details:** All information shared by the Applicant will be verified and/or validated by ONDC or a certification agency empanelled by ONDC ("**Certification Agency**"). If any information shared by the Applicant fails verification or validation, the Applicant's onboarding will be put on hold until the defects are cured.
- (v) **Network Integration and Technical Certification:**
  - (a) Upon verification, Applicant will be required to submit all technical details of its application for integration with the ONDC Network in compliance with the ONDC Specification as provided in **Schedule 1C (ONDC Technical Specification and Certification Process)**. If an Applicant uses an application provided by a TSP certified by ONDC, ONDC may exempt such Applicant from having to submit the information specified in this Clause 1.3.4(v)(a).
  - (b) Upon submission of the technical details, ONDC or a Certification Agency will examine the application and whether such application conforms to the ONDC Specifications. Subsequently, ONDC will issue a response and integrate the Application with the ONDC Network through the certification endpoint.
  - (c) After all requisite assessments are completed, ONDC or the Certification Agency, as the case may be, will inform the Applicant whether the certification was successful or not..
  - (d) If the certification is unsuccessful, an Applicant may reinitiate the certification process afresh.
- (vi) **Policy and operational compliance certification:**

- (a) The Applicant will be required to produce evidence of successful certification of compliance with ONDC Network Policies and operational parameters, either from ONDC itself or from a Certification Agency.
    - (b) The operational parameters for being successfully certified under Clause 1.3.4(vi)(a) will be published by ONDC and amended from time to time.
  - (vii) **Payment of ONDC Registration Fees:** Applicant will complete the final step of paying the applicable fee (if any), as notified by ONDC from time to time.
  - (viii) **Acceptance of the ONDC Network Participant Agreement:** After the successful technical certification and integration of the Applicant's application, and successful certification of the Applicant being compliant with ONDC Network Policies and operational parameters referred to in Clause 1.3.4(vi), the Applicant will be required to confirm their acceptance of the Network Participant Agreement. The Applicant will be required to electronically sign the Network Participant Agreement using an electronic signature service approved by a certifying authority.
- 1.3.5. By applying to be onboarded with the ONDC Network, the Applicant provides consent to the collection, processing, dealing, handling, transfer, use, storage, disclosure and sharing of any information in accordance with this Network Policy. Please note that ONDC will never ask the Network Participants to share personal data.
- 1.3.6. The Participant acknowledges and agrees that ONDC may not have independently verified the information provided by the Participant and shall in no way be responsible or liable for the accuracy or completeness of any information. If the Participant provides any information that is untrue, inaccurate, not current, or incomplete, or ONDC has reasonable grounds to suspect that such information is untrue, inaccurate, not current, or incomplete ONDC reserves the right to suspend or terminate the Participant's membership. The integrity and accuracy of the information transmitted on the ONDC Network by the Participant is the sole responsibility of the Participant.
- 1.3.7. ONDC reserves the right to request the Network Participant to update the Applicant Information as and when required.
- 1.3.8. ONDC reserves the right to request for any additional information from the Network Participant/Applicants to ensure that all services of ONDC are in accordance with laws, regulations, circulars, notifications, instructions etc. including but not limited to Know Your Customer ("KYC") Norms /Anti-Money Laundering ("AML") Standards/ Combating of Financing of Terrorism ("CFT")/ Obligations under Prevention of Money Laundering Act ("PMLA"), 2002.

## **Schedule 1A**

### **Details for EOI**

Applicant will be required to provide following information/ documents at the stage of the EOI:

- A. Legal Entity Name/ Business Name\* (As per GSTN) -
- B. Email Id\*
- C. Mobile No.\*
- D. Business Address\* (Primary Place of Business)
- E. PAN No.\*
- F. TAN No. (Not applicable for Gateways)
- G. GST No.\* (Primary Place of Business)

## **Schedule 1B**

### **Applicant Information**

After completion of Role Selection process, the Applicant will be required to provide the following additional information:

- A. Domain (as per codification defined by ONDC);
- B. Type (as per codification defined by ONDC, multiple types supported for selection simultaneously);
- C. Subscriber Id and URL;
- D. Key pairs for signing and encryption;
- E. Digital signature certificate; and

## Schedule 1C

### ONDC Technical Specification/Certification Process

#### At the time of onboarding

1. Implement ONDC's two-factor authentication (2FA) to verify the Applicant's contact details;
2. Share X.509 certificate for subscriber domain;
3. Generate separate cryptographic key pairs - private and public - in the name of the authorised signatory of the Applicant (Registered Key Pairs) using secure cryptographic libraries for digital signature and encryption;
4. if a Network Participant is desirous of being onboarded on the ONDC Network for multiple roles, such as a Seller Side App and Buyer Side App, or any other role notified by ONDC, it must generate separate Digital Key Pairs for each of the roles, respectively, provided that an entity selecting the role of a Gateway is not eligible to be onboarded as a NP-BN, NP-MSN or NP-ISN and vice versa on the ONDC Network; and
5. share a digital copy of the public key of the Digital Key Pair with ONDC for verification and registration.
6. Implement security measures:
  - a. the BLAKE2b hashing algorithm to generate a hash of specified parameters of the elements of an order, to enable detection of any alteration to any transaction or message on the ONDC Network; and
  - b. the Ed25519 signing algorithm - based on the Edwards-curve Digital Signature Algorithm (EdDSA) - to sign digital transactions.
7. The Applicant and the Network Participants will be required to use the Digital Key Pair for signing the Network Participant Agreement and for all transactions and messages on the ONDC Network, as specified in the Network Policy and must ensure the private key of the Digital Key Pair is stored in a secure cryptographic wallet.
8. All actions undertaken using a Digital Key Pair will be assumed to have been undertaken on behalf of the Applicant or Network Participant whose Digital Key Pair was used. If the private keys are leaked, the Applicant or the Network Participant (as applicable) will be responsible for all usage or actions undertaken with such private keys, until such keys are revoked by the Applicant or the Network Participant.

#### Registering the App

1. Applicant registers its API endpoints for call-backs with ONDC sandbox (using the subscriber URL to be used for registration to ONDC).
2. Applicant initiates automation test instance in ONDC sandbox and triggers request to the ONDC sandbox seller APIs in sequence.
3. ONDC sandbox seller app acknowledges each request by sending an acknowledgement to the corresponding Applicant's App API endpoint.

4. ONDC sandbox seller app verifies the request payload is in compliance with ONDC protocol specification.
5. ONDC sandbox seller app sends API response, for each request, by triggering corresponding call-back to the registered API endpoint of the Applicant's App.
6. Applicant's App sends acknowledgement to ONDC sandbox corresponding app on receiving the response.
7. If all registered APIs pass the compliance test, the automation test is successful.
8. Sufficient protection against unauthorised access to Network Participants as well as external actors using state-of-the-art information security framework and apparatus
9. Must maintain software source-code hygiene employing software development best practices under SDLC

## **Schedule 1D**

### **Exemption from the Reconciliation and Settlement Framework**

1. The following entities may be exempt on a case by case basis:
  - a. If the Applicant demonstrates that it maintains a system that has all the essential functionality as provided in the Reconciliation and Settlement Framework
  - b. If Applicant intends to operate in the following domains/ categories:
    - i. Credit/lending
    - ii. Insurance
    - iii. Mutual funds

To clarify, the automatic exemption under 3.b. only applies to the Applicant's operations in the domains/ categories listed therein. Any operations in any other domains/ categories will need to comply with the requirements of this Schedule.



## Version History

Version	Date	Description
0.3	12th May 2022	Released to NPs
0.31	10th June 2022	<ul style="list-style-type: none"> <li>- Added digital signing and non-repudiation</li> <li>- Specified timelines for approving applications</li> </ul>
1.0	15th September 2022	<ul style="list-style-type: none"> <li>- Changed chapter number from '4' to '1'. Changed numbering of clauses and sub-clauses accordingly</li> <li>- Added nodal/settlement account requirement for Buyer and Seller Nodes</li> <li>- Added clauses for deemed Technical Certification for Applicants onboarding through Technology Service Provider (TSP)</li> <li>- Added clauses for Operational and Policy Compliance Certification of Applicants</li> </ul>
2.0	15th February, 2024	Simplified and Rationalised Chapter released to NPs
2.1	05 <sup>th</sup> December, 2024	<ul style="list-style-type: none"> <li>- Added a clarification on the scope of material influence in clause 1.1 (iii)</li> <li>- Simplified Schedule 1B</li> </ul>