



REQUEST FOR PROPOSAL

Selection of Custodian of Securities

For NPS and other Pension Schemes
Regulated/Administered by

Pension Fund Regulatory and Development Authority

2021

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GLOSSARY

APY	Atal Pension Yojana
ASP	Annuity Service Provider
CRA	Central Recordkeeping Agency
GOI	Government of India
IMA	Investment Management Agreement
IRDAI	Insurance Regulatory and Development Authority of India
NAV	Net Asset Value
NPS	National Pension System
PF	Pension Fund
PFRDA	Pension Fund Regulatory and Development Authority
PoP	Point of Presence
PRA	Permanent Retirement Account
PRAN	Permanent Retirement Account Number
RBI	Reserve Bank of India
RFP	Request for Proposal
SEBI	Securities and Exchange Board of India
TB	Trustee Bank

Request for Proposal for Appointment of Custodian of Securities for NPS and other Pension Schemes regulated/administered by PFRDA

Disclaimer

1. This document (RFP) is being published in accordance with Regulation 4 of the PFRDA (Custodian of Securities) Regulations, 2015 in order to enable the applicants to participate in the process of selection of Custodian of Securities held under NPS and other Pension Schemes regulated/administered by the Authority to provide custodial services to subscribers. The role, functions, responsibility and all activities pertaining to Custodian of Securities shall be as per the provisions of the Pension Fund Regulatory and Development Authority Act, 2013, the Rules and Regulations framed thereunder including the PFRDA (Custodian of Securities) Regulations, 2015 and any subsequent amendments thereto, hereinafter called as PFRDA (Custodian of Securities) Regulations, and this RFP. If there is any ambiguity between the terms of this RFP and the Regulations mentioned above, the Regulations shall prevail. The interpretation of the Authority shall be final and binding on the applicants.
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signing of any binding agreement, at its sole discretion.

5. Accordingly, interested recipients should carry out an independent assessment and analysis of the requirements of the information, facts and observations contained herein.
6. This document has not been filed, registered or approved in any jurisdiction. Recipients of this document should inform themselves or/ and observe any applicable legal requirement.
7. This document constitutes no form of commitment on the part of the Authority. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed process of selection of Custodian of Securities. It is made clear that there shall be no special dispensation to the existing Custodian of Securities other than as specifically mentioned under point no.11 of Clause 1 of this RFP.
8. When any proposal is submitted pursuant to this RFP, it shall be presumed by the Authority that the bidder has fully ascertained and ensured about its eligibility to act as Custodian of Securities, in the event of the same being selected ultimately to act as Custodian of Securities, under the respective governing laws and regulatory regime, and that there is no statutory or regulatory prohibition or impediment to acting as Custodian of Securities and it has the necessary approvals and permission to act as Custodian of Securities and further suffers no disability in law or otherwise to act as such.

1 INTRODUCTION

1. Pension Fund Regulatory and Development Authority (PFRDA) was initially established by the Government of India on 10th October, 2003 and by subsequent resolution dated 14th November, 2008 to promote old age income security by establishing, developing and regulating Pension Funds, to protect the interests of subscribers to schemes of Pension Funds and for matters connected therewith or incidental thereto. The Pension Fund Regulatory and Development Authority Act, 2013 (Act 23 of 2013) has been passed on 18th September, 2013 and notified on 1st February, 2014.
2. The Central Government has introduced the National Pension System (NPS) with effect from 1st January, 2004. Initially, the National Pension System covered new entrants to Central Government services (excluding Armed Forces) and some State Government services, however, from 1st April, 2009, the Authority has extended NPS to all citizens of India.
3. The NPS is based on a unique individual Permanent Retirement Account Number (PRAN) created for individual subscribers. In this system, a subscriber shall periodically contribute savings into his/her Permanent Retirement Account (PRA) while he/she is working and shall use the accumulations at retirement to procure a pension for the rest of his/her life. Subscribers in this system shall enjoy a variety of important facilities and rights including portability across jobs and locations, rights and choices regarding selection of Pension Fund(s) and schemes, freedom to switch between Pension Funds and service providers and nationwide access over a period of time.
4. The Authority has already put in place the institutional framework and infrastructure required for regulating the National Pension System (NPS) and other schemes regulated/administered by the Authority. Various institutional entities such as Central Record Keeping Agency (CRA), Custodian of Securities, Point of Presence (POP), Pension Funds (PFs), Trustee Bank (TB), Aggregator, Annuity Service Provider (ASP) and NPS Trust have been appointed and are functional.
5. The record keeping and administration functions for all subscribers of the National Pension System are centralized and performed by the Central Record keeping Agencies (CRAs). The CRAs issue the unique PRAN to each subscriber, maintain a master database of all pension accounts and record the transactions related to each subscriber's PRAN.
6. This pension system is envisaged to be based on following types of sub-accounts created for individual subscribers:
 - a. Tier-I non-withdrawable pension account
 - b. Tier-II withdrawable account, and

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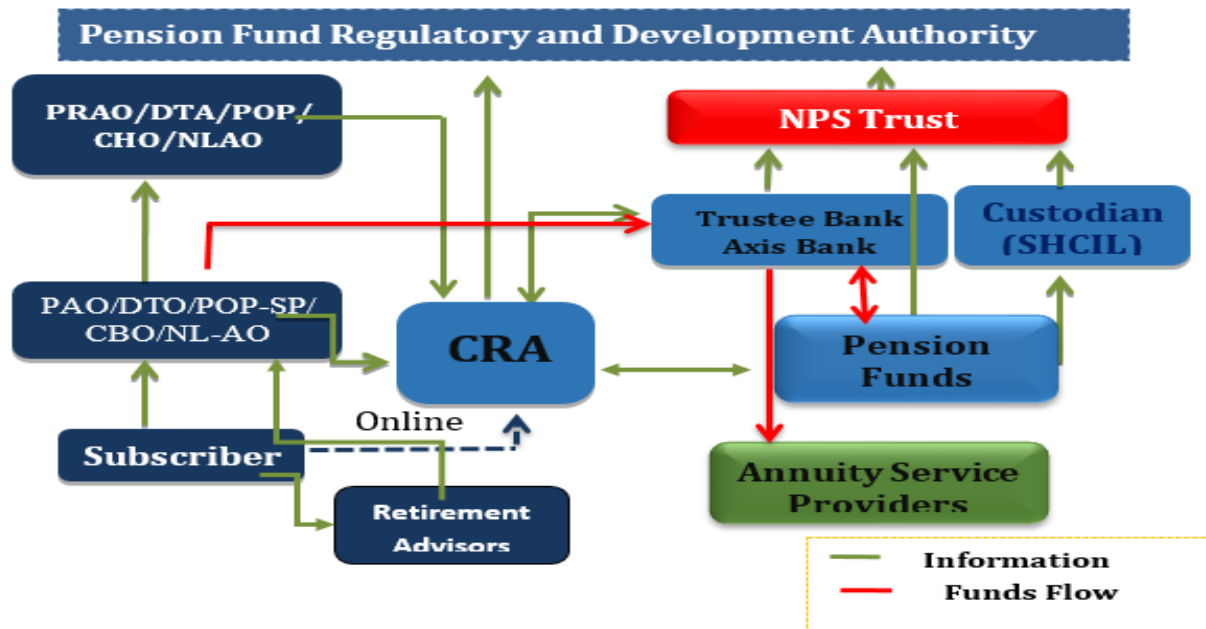
- c. Tier-II (Tax Saver) – optional account with benefit under Section 80C of the Income Tax Act, 1961, currently applicable to Central Government subscribers only.
7. At present there is one Custodian of securities appointed by the Authority. However, under the PFRDA (Custodian of Securities) Regulations, the Authority may appoint one or more Custodian of Securities.
8. Proposals received in response to this RFP will be evaluated in terms of the conditions laid out herein and the entity which is thus selected as Custodian of Securities by the Authority will be required to be registered in accordance with the provisions of the PFRDA (Custodian of Securities) Regulations and shall perform functions as provided under the provisions of the said Regulations, besides discharging obligations under other relevant Regulations, as may be applicable. The Custodian shall also be required to perform its operations in compliance with any guidelines/notifications/ directions/circulars issued by the Authority and the Tripartite Agreement to be executed with the NPS Trust and Pension Funds on operational aspects and processes or such other agreement to be executed with other intermediaries, when so directed by the Authority.
9. The proposed selection of the Custodian of Securities, under the current RFP process and its registration under the PFRDA (Custodian of Securities) Regulations shall be **valid for a period of five (5) years**, or such further period as may be extended by the Authority and the entity so registered shall have to satisfy the eligibility conditions as proposed under this process and the conditions so prescribed under the said Regulations, as also the requirements specified under the PFRDA Act, 2013, for continuance of its registration as a Custodian, during the validity period, failing which, it will cease to act as Custodian of Securities and the registration will be liable to be withdrawn/cancelled.
10. The existing Custodian of Securities appointed by the Authority shall not be entitled to claim any priority or privilege for grant of Certificate of Registration under the selection process except under point 11 of the Clause 1 of this RFP. The existing Custodian of Securities will also be required to apply afresh and qualify all the three stages under this RFP to be considered for selection.
11. The applications which would be received in response to this RFP document will be evaluated on laid down criteria under the minimum eligibility criteria, technical and commercial parameters. However, in case of a tie in score in commercial evaluation, the existing Custodian of Securities will be accorded preference for final selection.
12. The Custodian of Securities shall at all times abide by the provisions of the PFRDA (Custodian of Securities) Regulations and directions, guidelines, notifications and circulars etc. issued by the Authority from time to time and provide custodial services as defined under the said Regulations. More than one Custodian may be appointed by the Authority at any time, as it

may deem fit.

13. Unless re-selected under this process, the existing Custodian of Securities shall cease to be Custodian of Securities for schemes regulated/administered by PFRDA, on appointment of the newly selected Custodian and on a date decided for this purpose by the Authority. Consequent to the proposed appointment and registration of Custodian of Securities under the current process, and in the event of a Custodian having been selected, which is different from the existing custodian, then the transfer of assets under custody from the existing Custodian of Securities to the newly registered Custodian shall be undertaken as per the instructions issued by the Authority.

2 ARCHITECTURE OF NPS

The architecture of the NPS is as given in the following diagram



2.1 Pension Fund Regulatory and Development Authority (PFRDA)

PFRDA is the regulator for the NPS and any other pension schemes not regulated under any other enactment. The Authority is responsible for appointment/registration of various intermediaries in the system such as NPS Trust, Central Record Keeping Agency (CRA), Pension Fund, Custodian, NPS Trustee Bank, Point of Presence, Government Nodal Offices and also the empanelment of Annuity Service Providers etc. The Authority shall also continuously monitor the performance of the various intermediaries on various aspects.

2.2 Central Recordkeeping Agency (CRA)

The recordkeeping, administration and customer service functions for all subscribers of the National Pension System have been centralized and are performed by the CRA. The CRA shall, on the basis of instructions received from subscribers, transmit such instructions to the appointed Pension Funds on a regular basis. The CRA also provides periodic, consolidated PRAN statements to each subscriber. The roles and responsibility of CRA toward functioning of Pension Funds is mentioned under PFRDA (Central Recordkeeping Agency) Regulations, 2015 and any subsequent amendments thereto hereinafter called as PFRDA (Central Recordkeeping Agency) Regulations.

2.3 Pension Funds (PFs)

Appointed and registered PFs manage pension corpus through various schemes under NPS. PFs use their secure access codes to confirm receipt of netted assets and instructions regarding fund allocation, confirm allocation of funds and communicate the NAV of each scheme to CRA on a regular basis. The PFs will be required to invest strictly in accordance with guidelines issued by the Authority. The detailed functions and responsibilities of PFs are as outlined in the PFRDA (Pension Fund) Regulations, 2015 and any subsequent amendments thereto hereinafter called as PFRDA (Pension Fund) Regulations.

2.4 Annuity Service Provider (ASP)

ASPs are responsible for delivering a regular monthly annuity to the subscriber for the rest of his/her life. On receipt of personal and banking information details of subscriber from CRA and of specified sum from the trustee bank, the ASP issues the annuity contract to subscriber and begins payments of annuities.

2.5 National Pension System (NPS Trust)

"NPS Trust" means the Board of Trustees who hold the assets of subscribers for their benefit. The NPS Trust shall monitor the activities of the Pension Fund in accordance with the PFRDA (NPS Trust) Regulations, 2015 and any subsequent amendments thereto hereinafter called as PFRDA (NPS Trust) Regulations and PFRDA (Pension Fund) Regulations. The PF(s) shall submit to the NPS Trust periodic information/report of its activities and the compliance with the guidelines.

The PF(s) shall provide all such information as is considered necessary by the NPS Trust, outlined in Investment Management Agreement (IMA), PFRDA Act, 2013, Pension Fund Regulations, NPS Trust Regulations, various Guidelines and Circulars etc.

The NPS Trust shall obtain audit reports at regular intervals from independent auditors appointed by the Trust; obtain compliance certificates at regular intervals from the PF(s); hold meeting of the Board

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of Trustees and; consider the reports of the independent auditor and compliance reports of PF(s) at the meetings of Trustee for appropriate action; maintain records of decisions of the Trustee at their meetings and of the minutes of the meetings; monitor the working of the Pension Funds in accordance with the Pension Fund Regulations and NPS Trust Regulations.

2.6 Trustee Bank (TB)

Presently, Axis Bank has been registered as Trustee Bank under NPS. The Trustee Bank facilitates fund transfers across various entities of NPS system viz. PF, Annuity Service Providers, subscribers, etc. The Trustee Bank in its dealings with PF shall ensure that its activities are in accordance with the PFRDA (Trustee Bank) Regulations, 2015 and any subsequent amendments thereto hereinafter called as PFRDA (Trustee Bank) Regulations.

2.7 Custodian

Currently, Stock Holding Corporation of India Limited (SHCIL) is appointed as the Custodian responsible for custody, settlement, record, receipt and reporting of rights or entitlements of securities or assets held under National Pension System or any other Pension Scheme regulated or administered by PFRDA. The Custodian in its dealings with PF shall ensure that its activities are in accordance with the PFRDA (Custodian of Securities) Regulations.

The custodian is expected to be abreast of the provisions of the PFRDA Act, 2013, the PFRDA (Custodian of Securities) Regulations, the PFRDA (National Pension System Trust) Regulations, the PFRDA (Pension Fund) Regulations, provisions of other Regulations and all relevant guidelines/Circulars and instructions issued by the Authority from time to time and functions performed by each intermediary under the NPS architecture. However, the Custodian shall have a close association with Pension Funds and National Pension System Trust and shall discharge its obligations in coordination with the said intermediaries for the overall benefit of the subscribers under schemes regulated and administered by PFRDA.

3 CUSTODIAN FUNCTIONS AND SERVICE OBLIGATIONS

3.1 Introduction:-

1. The aim of this RFP is to select and register the Custodian of Securities for the schemes regulated/administered by PFRDA. More than one custodian may be appointed by the Authority at any time, as it may deem fit.
2. All the eligible bidders are requested to note that the current selection process of Custodian of Securities is restricted to the schemes regulated/administered by PFRDA. This RFP does not give a right to the Custodian of Securities selected and registered through this process to claim for

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assets under custody (excluding the Government securities/SDLs) of any schemes other than the existing schemes regulated/administered by PFRDA. However, the Authority at its sole discretion may also allow new schemes to be also allocated to the registered Custodian of securities.

3. The registration of Custodian of Securities shall be valid for a period of five (5) years from the date of grant of Certificate of Registration, or any extended period, subject to periodic review of its performance and compliance of the stipulated conditions in the PFRDA Act, 2013, rules and Regulations made there under and operational agreement(s) executed with other intermediaries.

3.2 Custodian roles and responsibilities:-

1. Custodian will carry out its operations as directed by the PFRDA/NPS Trust and having regard to the obligations enunciated in PFRDA (Custodian of Securities) Regulations and particularly Chapter III thereof.
2. A Custodian shall take all reasonable steps and exercise due diligence to ensure that the custody of securities pertaining to any scheme is not contrary to the provisions of PFRDA Regulations, guidelines/directions or any law in force.
3. Securities shall be held on behalf of, and in the name of the NPS Trust. The Trust shall be the registered owner of these securities and funds. However, individual NPS subscribers shall remain beneficial owners of these assets and funds.
4. Custodian shall exercise all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the subscribers.
5. Custodian shall be responsible for providing custodial and depository services, transaction processing for all types of securities under NPS and APY on a daily basis which *inter alia* includes:
 - Clearing and Settlement of Trades
 - Settlement Processing
 - Funds and Securities Settlement
 - Asset Servicing for electronic and physical holdings in Equity/ Debt
 - Corporate Action tracking, Collections and reporting
 - Databank Services
 - Customised Reporting
 - And any other service specified by the Authority or NPS Trust as and when required.The scope of work is illustratively outlined (not exhaustive) in the Annexure VIII

However, it may be noted that the Authority is in process of allowing Pension Funds to open SGL accounts. In case the Authority opts for SGL accounts in place of CSGL accounts in future, the selected custodian shall provide custodial services for the securities under NPS and APY except

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Government Securities/SDLs and the services of the Custodian shall be restricted to Corporate Bonds and Equities instruments.

6. Custodian shall provide electronic interconnectivity to the PFRDA, NPS Trust, CRA, other intermediaries (like PoP, trustee bank, annuity service provider, etc.) as directed by the Authority. The Custodian shall need to be able to adapt to future changes including changes on account of technology advancements, changes in system specifications including number of subscribers, number of schemes, and services and functional obligations prescribed by the Authority.
7. Custodian shall furnish periodic reports specified by the Authority as well as such information and documents as may be required by the PFRDA, NPS Trust and the PFs from time to time. Custodian shall submit to the NPS Trust and to the Authority, periodic reports of each year or for such duration or time that the Authority may specify from time to time, on its activities and compliance with PFRDA Act, Regulations, guidelines/directions etc.
8. Custodian shall be expected to comply with the disclosure requirements from time to time and the code of conduct specified under the PFRDA (Custodian of Securities) Regulations.
9. The ownership rights including intellectual property rights and all other rights relating to ownership of all the record/records, data, statistical returns and information whether in electronic form, or physical form or in any other form obtained, collected and/or required to be maintained by the Custodian shall vest with the Authority. No person, other than the Authority, shall have any ownership rights or any other rights over any data or information in the possession of the Custodian. Custodian or any other appointed agency or person shall neither have any right over such records/data/information nor use it at any stage for commercial purpose(s).
10. Custodian shall not, without the prior permission of the Authority, produce/share such data or information as evidence or for any other purpose except as required by the due process of law. It shall be the responsibility and duty of the Custodian to maintain absolute confidentiality of such records/data/information including subscribers' data/information and to produce these as and when called for by the Authority.
11. The Custodian shall maintain books of accounts and records of the operation of various Schemes of the NPS and APY to ensure compliance with the guidelines, and submit regular reports on the functioning of the various schemes of the PF(s) at such intervals and in such manner as may be required or called for by the Authority or as may be required by NPS Trust on operational aspects.

3.3 Obligations of Custodian to various Stakeholders

Besides performing the functions outlined above, the Custodian shall also have the following obligations to:-

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PFRDA

1. The Custodian shall file with the PFRDA all such information as is considered necessary by the Authority, outlined in the Investment Management Agreement (IMA) executed between NPS Trust and Pension Fund, PFRDA (Custodian of Securities) Regulations, the PFRDA (Pension Fund) Regulations, PFRDA (NPS Trust) Regulations and guidelines issued by the Authority from time to time.
2. Custodian shall provide access to its books of accounts related to schemes regulated/administered by PFRDA, either directly or through anyone authorized by the Authority.
3. Custodian shall at all times fulfill the eligibility criteria as laid down under the PFRDA Act, 2013 and the Rules and Regulations framed there under and any other laws/rules/Regulations in force.

NPS TRUST

1. The Custodian shall be required to submit to the NPS Trust a periodic report of its activities and compliance reporting of the applicable Regulations and guidelines.
2. The Custodian shall provide all such information as is considered necessary by the NPS Trust, outlined in the Tripartite Agreement and PFRDA Guidelines.
3. Custodian shall provide access to its books of accounts related to schemes regulated/administered by PFRDA either directly or through anyone authorized by NPS Trust.
4. Other applicable obligations listed out in the PFRDA (NPS Trust) Regulations.

PENSION FUNDS

1. The Custodian shall carry out all the Securities and fund settlement for the respective Pension Funds and informing the status of the same to them.
2. The Custodian shall keep track of Corporate Actions and share the information regarding the same with all the PFs. Custodian shall also need to ensure timely credit of the divided, bonus share etc. in account of respective PFs on account of corporate action in consultation with PFs.

3. Other applicable obligations listed out in the PFRDA (Pension Fund) Regulations.

4 RFP PROCESS

4.1 Steps in RFP Process

The Authority's decision in selecting the Custodian of Securities shall be final and binding on all applicants and no applicant shall be conferred with any right to claim otherwise. The selection process is briefly outlined below -

STEP 1: PRE-BID CLARIFICATIONS

The bidders, if they so desire, can seek clarification, in writing, on the RFP as per the format prescribed in Annexure I. The Authority will respond to the queries raised by the bidders in a pre-bid meeting through online/offline mode as may be communicated to the bidders. The clarifications/responses will be addressed to all bidders.

STEP 2: SUBMISSION OF STATEMENT OF MINIMUM ELGIBILITY CRITERIA, TECHNICAL AND COMMERCIAL BIDS

The bidders in response to this RFP document shall submit the required Statement of Minimum eligibility, Technical and Commercial bids in the specified formats along with a non-refundable application fee of Rupees Five lakhs only (Rs.5,00,000/-) to the Authority payable at New Delhi. The authorized representatives of the bidders may be present at the time of opening of Technical bids.

STEP 3: PFRDA TO ASCERTAIN COMPLETENESS OF BID DOCUMENTS

PFRDA will open and evaluate contents of the documents received to ascertain that all the document/information requirements are met and provided in the format and in the manner specified. In the Authority's opinion, if any document is not in the specified format, though not obliged, the Authority, at its option, may seek a fresh submission of the document from such bidder. The bidder will have to make this submission within the stipulated time frame. This is without prejudice to the Authority's right- to reject summarily, non-conforming bids at any stage.

STEP 4: SHORT-LISTING OF BIDDERS BASED ON MINIMUM ELGIBILITY CRITERIA ISSUED BY PFRDA

The prospective bidder shall firstly be shortlisted on the basis of their qualifying the minimum eligibility criteria specified in clause 5.3 of this RFP. Any proposal not qualifying the minimum eligibility criteria will not be scrutinized further and will be summarily rejected.

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STEP 5: PFRDA TO EVALUATE TECHNICAL BID ON PRE-DEFINED EVALUATION CRITERIA

PFRDA will evaluate the Technical bids submitted by eligible bidders. The Authority may seek clarifications from bidders where so deemed necessary by it. Bidders will be expected to respond/provide the information/clarifications within the stipulated time.

While the evaluation will be done based on the information provided by the bidders, the Authority may seek additional information/clarifications from the bidders. The Authority will provide reasonable time to the bidders for providing additional information/clarifications or additional documents. The failure on the part of the bidder to provide the sought information or documents may lead to disqualification of the bidder under Regulation 5(1)(b) of the PFRDA (Custodian of Securities) Regulations.

The Authority may verify all or any the information in accordance with the PFRDA (Custodian of Securities) Regulations.

STEP 6: PFRDA TO SHORTLIST BIDDERS FOR COMMERCIAL BIDS

Only those bidders securing a **minimum technical cut-off score of 70%** on the Technical bid will be considered for the evaluation of Commercial bids. The bidders who fail to secure the cut-off score as specified above shall not be eligible for evaluation of their commercial bid.

STEP 7: OPENING OF COMMERCIAL BIDS

The Commercial bids of the bidders who secure the minimum cut-off Technical score on the Technical bid, will be opened and considered. The authorized representatives of the bidders qualifying in the technical bid will be invited to be present at the time of the Commercial bid opening.

STEP 8: DETERMINATION OF SUCCESSFUL BIDDERS

The lowest commercial bids (L1) will be offered appointment as Custodian of Securities. The Authority reserves the right to negotiate terms with the L1 bidder before finalization of terms to ensure that operational and intermediation costs are kept to the minimum in the interest of the subscribers and/or orderly growth of NPS.

STEP 9: GRANT OF REGISTRATION BY PFRDA

Upon the successful bidder having reached and completed the processes specified in Stage 8, such bidder shall be awarded a certificate of registration in accordance with Regulation 10 of the PFRDA (Custodian of Securities) Regulations in such format and subject to such terms and conditions as specified under Regulation 11, thereof.

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4.2 Content of RFP Documents

The RFP document should be read in conjunction with any Addenda/corrigendum issued and proceedings of Pre-Bid Meeting.

Bidders are expected to examine all instructions, forms, terms, PFRDA requirements and other information in the RFP documents, PFRDA (Custodian of Securities) Regulations. Failure to furnish all information required under the RFP or submission of a proposal not substantially responsive to the RFP documents in every aspect would be at the bidders' risk and may result in rejection of their proposal. Bidders are also expected to go through PFRDA (Custodian of Securities) Regulations thoroughly before applying. In case of any conflict between RFP and Regulations, Regulations shall prevail.

Exemption in certain cases from minimum eligibility criteria

As per Regulation 9 of the PFRDA (Custodian of Securities) Regulations, the Authority shall have the power to exempt an applicant from satisfying the minimum eligibility criteria as mentioned under Regulation 8 (2) of the PFRDA (Custodian of Securities) Regulations. However, no applicant shall have any vested right to seek such exemption nor shall the Authority be obliged to grant such exemption to any applicant. The decision of the Authority in this regard shall be final and binding on the Applicants.

4.3 Key activities and dates

The schedule of key activities for the purpose of this RFP is outlined below:

Sr. No.	Key Activities	Timelines*	Time
1.	Issuance of Request for Proposal (RFP)	25 th September, 2021	
2.	Last date of receiving queries from bidders	1 st October, 2021	14.00 hrs
3.	Pre-Bid Meeting	8 th October, 2021	16.00 hrs
4.	Last date and time for submission of proposals	18 th October, 2021	16.00 hrs
5.	Opening of Minimum Eligibility Criteria envelope and Technical proposal	18 th October, 2021	16.30 hrs
5.	Completion of Evaluation of Technical Proposal	29 th October, 2021	
6.	Commercial Proposal opening	29 th October, 2021	16.00 hrs

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8.	Issuance of Certificate of Registration	After the approval of competent authority	
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*PFRDA reserves the right to change any date/time mentioned in the schedule above under intimation to all concerned.

4.4 Procedure for Seeking Clarifications

Eligible bidders requiring any clarification on the RFP documents may notify the Authority in writing as per Annexure I. All queries and clarifications should reach PFRDA by **14.00 hours on 1st October, 2021** in softcopy formats (MS Word only). The soft copy of queries may be addressed to the email address: rajesh.mohan@pfrda.org.in. The Authority may prepare and issue responses to the queries and clarifications to the bidders in a consolidated manner during the pre-bid conference. The Authority has the right not to respond to some or any of the queries at its sole discretion. The Authority shall not entertain or respond to bidders' queries and clarifications received after the specified deadline.

4.5 Pre Bid Meeting

- a) The bidders' authorised representatives are invited to attend the Pre-bid meeting at their own cost, which would take place at the venue mentioned below and time as stipulated in the Clause 4.3 of this RFP.

Venue:

Conference Room

Pension Fund Regulatory and Development Authority (PFRDA)

4th Floor, Chhatrapati Shivaji Bhawan

B-14/ A, Qutab Institutional Area, Katwaria Sarai

New Delhi -110016.

- b) The purpose of the meeting shall only be to clarify queries on any matter related to this RFP.
- c) The bidders are requested to submit their queries in writing to the Authority on or before the date **14.00 hours on 1st October, 2021. Any queries received after the indicated date and time will not be entertained.**

4.6 Closing Date and Address for Submission of Proposal

- Proposals should reach PFRDA at the following address

General Manager (Department of Regulations – Custodian)

Pension Fund Regulatory and Development Authority (PFRDA)

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1st Floor, Chhatrapati Shivaji Bhawan
B-14/ A, Qutab Institutional Area, Katwaria Sarai
New Delhi -110016.

In case the proposal is submitted by hand, bidder's representative(s) shall sign a register evidencing their attendance.

- **Last Date & Time of Submission of Proposal**

The Proposal should reach the address mentioned above latest by **16:00 hrs, on 18th October 2021**. Any proposal received after the appointed time and date shall not be entertained.

4.7 Proposal Preparation Cost

The bidder is responsible for all costs incurred in connection with their participation in this process, including but not limited to, costs incurred in conduct of informative and other diligence activities, participation in meetings, presentation(s), preparation of proposal and in providing additional information required by the Authority.

4.8 Bids Received After Closing Date and Time

Any proposal received by the Authority after the closing date and time mentioned in clause 4.6 shall be summarily rejected and returned unopened to the bidder.

4.9 Bid Opening

Total transparency will be observed while opening of proposals. Sealed envelopes of the bids will be opened at **16.30 hrs on 18th October, 2021** (Statement of Minimum Eligibility Criteria and Technical Bid) and **16.00 hrs on 29th October, 2021** (Commercial proposal) in the presence of authorized representatives of the bidders who may wish to attend the event. PFRDA reserves the right at all times to postpone or cancel the scheduled opening of proposals. The venue for the opening of proposals is as mentioned in the clause 4.5 of this RFP. The commercial bids of only the technically qualified bidders will be opened as indicated in clause 4.1 (step 7) of this document.

4.10 Disqualification and Rejection Criteria

PFRDA may at its sole discretion, disqualify any bidder or reject its application, if in the opinion of the Authority, the bidder has:

- Made misleading or false representation(s) in the form of statements and attachments submitted in proof of the minimum eligibility requirements;
- Submitted a proposal that is not accompanied by required documents;

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- Failed to provide clarifications as needed by the Authority;
- Been declared ineligible by Government of India or any other regulator in India for corrupt and fraudulent practices or blacklisted;
- Submitted more than one proposal or submitted a proposal with price adjustments/ variations;
- Does not satisfy the eligibility conditions *inter alia* stipulated under the RFP and Regulation 8 of the PFRDA (Custodian of Securities) Regulations.
- For any other reason, as the Authority may deem fit.

4.11 PFRDA's Right to Terminate

- a) PFRDA may terminate the RFP process at any time prior to grant of registration certificate and without assigning any reason therefore. The Authority makes no commitment, express or implied, that this process will result in grant of registration to a custodian to anyone. This RFP does not commit the Authority to grant registration or to engage in negotiations.
- b) This RFP does not constitute an offer by the Authority. The bidder's participation in this process may result in the Authority selecting the bidder to engage in further discussions and negotiations toward grant of registration. The commencement of such negotiations does not, however, signify a commitment by the Authority to grant registration as a custodian or to continue negotiations. The Authority may terminate negotiations at any time without assigning any reason.

5. PROPOSAL INSTRUCTIONS AND CONDITIONS

This Clause of the RFP describes the specific formalities of the submission of the documents and related requirements.

5.1 Bid Submission Format

- a) The bidder shall submit a sealed cover consisting of two (2) copies of all the bid documents and one soft copy on USB storage device, separately each for Statement of Minimum eligibility criteria and Technical Proposal. The name of the proposal, the bidder's name and address, and the name of the primary and secondary contact person should be provided on the right hand side of sealed proposal and must be received by the Authority by closing date as mentioned in Clause 4.6 by **16.00 hrs on 18th October, 2021**. No Commercial Proposal to be submitted in soft copy on USB storage device.
- b) Copies of the bids (both in Original and Duplicate) must consist of the following:
 - i. Envelope 1: Statement of satisfying the minimum eligibility criteria along with the requisite documents in a sealed cover super-scribing on Right hand side top cover as "Envelope 1:

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Statement of Minimum eligibility Criteria” including a soft copy on the USB storage device.

- ii. Envelope 2: Technical Proposal, including a softcopy on USB storage device, in a sealed cover super-scribing on the right-hand side top of the cover as “Envelope 2: Technical Proposal” (Where specified, information is to be provided in MS Word/Excel format and in PDF format). It shall be the duty of the bidder to ensure that there is no discrepancy in the information provided in hardcopy and softcopy.
 - iii. Envelope 3: Commercial Proposal: In a sealed cover super-scribing on the right hand side top of the cover as “Envelope 3: Commercial Proposal”.
 - iv. All the above three envelopes must be kept in one main envelope along with the application fee and the details should be mentioned on it as mentioned in Clause 5.1(a).
- c) PFRDA shall not accept delivery of proposal by fax or e-mail. Proposals received in such manner shall be treated as invalid and rejected.
 - d) It shall be the duty of the bidder to ensure that the contents of the hard copy and soft copy match. In case of discrepancy between the hard and the soft version, the hard copy version shall be considered as final.

5.2 Documents comprising the Proposal

The proposal submitted by the bidder shall comprise of the following documents:

- a) Statement of Minimum eligibility Criteria as detailed in Clause 5.3 along with the requisite documents.
- b) Technical Proposal including all the technical information sought for in Clause 5.4 of this RFP document, dully filled in along with all attachments/schedules duly completed and signed by the bidder.
- c) The bidder’s Commercial Proposal as per the details provided in Clause 5.5 of this RFP.
- d) Any other information that is to be submitted during the course of the proposal process.
- d) Demand Draft for Rs.5,00,000/- (Rupees Five Lakh only) favoring “Pension Fund Regulatory and Development Authority”, payable at New Delhi as non-refundable application processing fee.

5.3 Statement of Minimum eligibility Criteria

1) For the purpose of grant of a certificate of registration, an applicant satisfying the following minimum eligibility criteria may submit its application for grant of certificate of registration:-

(a) The applicant must be registered with the Securities and Exchange Board of India as a Custodian of Securities for the past five years on the date of application;

(b) direct or indirect cross holding by any pension fund or its sponsor, Trustee Bank or central recordkeeping agency in the custodian of securities should be less than fifty per cent.;

However, in the same group where the sponsor of a Pension Fund, Trustee Bank or central record keeping agency or their associates, are holding 50 percent or more of the voting rights of the share capital of a custodian, it can apply to become Custodian with the Authority under following conditions:

- (i) the sponsor, associates or the holding company, as the case may be, should have net worth of at least Rs. 50,000 crore at all points of time;
- (ii) 50 per cent or more of the directors of the custodian shall be those who do not represent the interests of the sponsor or its associates;
- (iii) neither the custodian nor the pension fund company shall be a subsidiary of each other;
- (iv) no person shall be a director of both the custodian and the pension fund company; and
- (v) the custodian and the pension fund company shall sign an undertaking that they will act independently of each other in their dealings with the schemes.

Explanation - For the purpose of this proviso the expression "holding company" shall have the meaning as provided in Section 2(46) of the Companies Act, 2013 [Act No. 18 of 2013]

(c) The applicant's holding of Assets Under Custody (AUC) on the date of application must be at least Rs.1,00,000 Crore (Rupees One Lakh Crore).

(d) The applicant should be a body corporate.

(e) The net worth of the applicant company must be at least Rs.50 Crore as on 31st March, 2021.

5.2 The applicant is 'Fit and proper'. For determining the whether the applicant is fit and proper, the Authority shall consider the information as per Annexure VI of the RFP.

The Authority has the right to verify any or all of the information/documents provided by the applicant as per Regulation 7 of the PFRDA (Custodian of Securities) Regulations.

2) The technical proposal shall be evaluated further, only if the applicant satisfies all the minimum eligibility criteria. The documents to be submitted along with statement of minimum

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eligibility are specified in Annexure VII.

The statement of minimum eligibility criteria is given below:-

Sr. No.	Criteria	Criteria Satisfied
1	The Custodian must be registered with the Securities and Exchange Board of India as a Custodian of Securities for the past five years on the date of application.	Yes/ No Registration Certificate no. _____ Number of years completed as registered custodian _____ (Please attach a copy of Registration Certificate)
2.	The direct or indirect cross holding by any pension fund or its sponsor, Trustee Bank or central recordkeeping agency in the custodian of securities should be less than fifty per cent.	Yes/ No (Please attach a copy of shareholding pattern of the custodian company)
<u>If the answer of point no.2 is 'No', then provide the following additional information:</u>		
2.1	The sponsor, associates or the holding company, as the case may be, has the net worth of at least Rs.50,000 crore at all points of time.	Yes/ No (Please attach a Certificate signed by a Chartered Accountant)
2.2	50 per cent or more of the directors of the custodian are those who do not represent the interests of the sponsor or its associates.	Yes/ No (Please attach a declaration along with list of directors)
2.3	The custodian and the pension fund company are not subsidiary of each other.	Yes/ No (Please attach a declaration and shareholding pattern of the pension fund and custodian company)
2.4	No person is holding directorship in both the companies i.e. custodian and the pension fund.	Yes/ No (Please attach a declaration along with list of directors)

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	2.5 The custodian and the pension fund company shall sign an undertaking that they will act independently of each other in their dealings with the schemes.	Yes/ No (Please provide a declaration)
3.	The Custodian’s holding of assets under custody (AUCs) on the date of application must be at least Rs.1,00,000 Crore (Rupees One Lakh Crore).	Yes/ No (Please attach a Certificate signed by a Chartered Accountant)
4.	The net worth of the applicant company must be at least Rs.50 Crore as on 31st March, 2021.	Yes/ No (Please attach a copy of Audited Balance Sheet and a Certificate signed by a Chartered Accountant)
5.	The applicant is “fit and proper” as detailed in the Annexure VI of the RFP	Yes/No
<p>Note: The decision of the Authority regarding the fulfillment or non-fulfillment of the minimum eligibility criteria shall be final and binding on all applicants.</p>		

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5.4 Technical Proposal Format

The Technical proposal while addressing the following aspects shall be submitted as per the format below and strictly in order given below:

Sl. No.	Criteria	Details/ Remarks	Supporting documents to be submitted	Maximum marks
1.	Total Assets under Custody (AUC) as on date of application (Minimum Rs.1,00,000 Cr.) Total Assets under Custody for last five years i.e. as on 31.03.2017 to as on 31.03.2021 and as on date of application to be mentioned.	_____ _____	Certificate by a Chartered Accountant to be enclosed	60
2.	Experience in providing custodial services (Minimum 5 years) Number of years of experience in providing custody services in Indian markets as on date of application.	_____ _____	Copy of Registration and renewal certificates with SEBI to be enclosed.	10
3.	Net worth as on 31 st March, 2021 (Minimum Rs.50 Cr.) Net worth for last five years i.e. as on 31.03.2017 to as on 31.03.2021 to be mentioned.	_____ _____	Certificate by a Chartered Accountant to be enclosed	10
4.	Details of BCP Site/s in different seismic zone Periodicity of DRP drills carried out once in a year Certification from ISO 9000:2000 etc.	_____ _____	Complete BCP Plan and details of BC/Disaster Recovery Sites to be enclosed duly certified by Systems Auditor	05
5.	Number of Institutional Clients The total number of Institutional Clients/ Customers.	_____ _____	The list of major institutional clients (Name, Number of years & AUC as on date of application to be enclosed).	05
6.	Number of officials working under custodial services The total staff strength in custodian services	_____ _____	Duly signed certificate by Authorized signatory to be enclosed.	10

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Rating Matrix for Technical Bid Evaluation:

Sl. No.	Criteria	Score parameters	Marks	Maximum Marks
1.	Total Assets under Custody – Rs. Crores	>= 1,00,000 to <1,50,000	40	60
		>= 1,50,000 to <3,00,000	45	
		>= 3,00,000 to <6,00,000	50	
		>= 6,00,000 to <10,00,000	55	
		> 10,00,000	60	
2.	Experience in providing custodial services – number of years	>= 5 and <=7	6	10
		>7 and <=10	7	
		>10 and <=15	8	
		>15 and <=20	9	
		>20	10	
3.	Net worth as on 31 st March, 2021 - Rs. Crores	>= 50 and <=100	6	10
		>100 and <=250	7	
		>250 and <=500	8	
		>500 and <=1000	9	
		>2000	10	
4.	Details of BCP/DRP site(s)	BCP site/s in same seismic zone	1	5
		BCP site/s also in different seismic zone	Additional 1	
		DRP drills carried out half yearly	Additional 1	
		DRP drills carried out quarterly	Additional 1	
		Process is certified as per ISO 9000:2000, etc.	Additional 1	
5.	Number of Institutional Clients	>= 5 and <=7	1	5
		>7 and <=10	2	
		>10 and <=15	3	
		>15 and <=20	4	
		>20	5	
6.	Number of officials working under custodial services	>= 15 and <=20	6	10
		>20 and <=25	7	
		>25 and <=30	8	
		>30 and <=35	9	
		>35	10	
	Total			100

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Technical Bid (Additional data)

Sl. No.	Particulars
1.	Income from custodial services for last five years starting from 2016-17 to 2020-21 duly certified by a Chartered Accountant
2.	Please provide details of the following:
a)	Details on office space and other related Infrastructure for carrying out custodial services
b)	Custodial services- Settlement and Reconciliation Process, Safe keeping of assets, Corporate action- Process for capturing various corporate actions, Client servicing & reporting
c)	Technology deployed and IT security measures
d)	Risk Management Policy
e)	Business Continuity Plan
f)	Details of Data Center locations proposed to NPS and other schemes regulated/administered by PFRDA
g)	Data migration process from existing service provider for custody

All paragraphs of the proposal should be numbered properly. Further, all pages should be numbered, stamped and signed and should be properly bound together. A proper index should be prepared giving the details of page numbers etc. in respect of the different Clauses of the proposal.

5.5 Commercial Proposal Requirements

The commercial proposal shall be submitted in the format given in **Annexure V** of this RFP. The commercial proposal shall quote '**custodian charges**' i.e. **Asset servicing charges** expressed as percentage of the assets (to be calculated on daily accrual basis) under custody for various schemes regulated/administered by PFRDA.

Commercial quotes are required to be submitted by all bidders including the existing Custodian of Securities.

5.6 Amendment of Request for Proposal

At any time, prior to the deadline for submission of proposals, the Authority may modify, for any reason deemed necessary, the RFP by issuing an addendum/corrigendum in writing or by email to all the bidders who have received this RFP and such addendum/corrigendum shall be binding on them.

5.7 Modification, Substitution and Withdrawal of Proposal

The bidder is allowed to withdraw the bid documents till closing date for submission of proposals and will not be eligible for resubmission once it is withdrawn. Once the bid documents are submitted, modifications and substitutions in the bid documents shall not be allowed.

5.8 Language of Proposal and Ownership of RFP Document submitted

The proposal and all correspondence and documents shall be written in English. All proposals and accompanying documents received within the stipulated time will become the property of the Authority and will not be returned. The hardcopy version will be considered as the official proposal.

5.9 Currency of Proposal and Payment

The currency of the proposal offer shall be in **Indian Rupees** only.

5.10 Period of Validity of Proposals

- a) The proposals shall be valid for a period of **Six (6) months** from the date of opening of the proposals. A proposal valid for a shorter period may be rejected as non-responsive.
- b) In exceptional circumstances, at its discretion, the Authority may solicit the bidders' consent for an extension of the validity period. The request and responses shall be made in writing.

6. EVALUATION OF THE PROPOSAL

Proposals shall be evaluated by a Committee constituted by the Authority or its designated representative(s). The Authority, or such other authority designated by the Authority, as the case may be, is also referred to herein as the Evaluation cum Selection Committee (or "Committee"). The Committee may be comprised of, or receive assistance from, several teams of the Authority conducting parallel evaluation.

6.1 Proposal Opening

The Authority would open the proposal, in the presence of authorized representative(s) of the bidder who choose to attend, at the time, date and location stipulated in Clause 4.5 of the RFP. The maximum number of authorized representatives allowed to each bidder will not be more than two. The bidder's representative shall sign a register evidencing their attendance.

6.2 Clarification on Proposals Submitted

In the process of examination, evaluation and comparison of proposal, the Authority may, at its discretion, ask bidder(s) for clarification of its proposal or seek such further documents as deemed necessary as specified in the Regulation 6 and 7 of the PFRDA (Custodian of Securities) Regulations for evaluation of proposal which the bidder will be obliged to furnish.

6.3 Initial Determination of Compliance with RFP Requirements

The Authority will perform an initial review of all proposals that are submitted on time. After the initial review, the Authority may decide to discontinue the evaluation of any proposal, which it considers prima facie unacceptable for any reason but not limited to, the following:

- a) The proposal is not a reasonable effort to respond to the requirements of the RFP.
- b) The proposal contains technical deficiencies.
- c) The proposal is not in prescribed format.

6.4 Correction of Errors

Bidders are advised to exercise adequate care in quoting the prices. No modification/ correction in quotations will be entertained once the bids are submitted. Even before submission of the proposal, care should be taken to ensure that any corrections/overwriting in the proposal are initialed by the person signing the proposal form. In case of discrepancy between the amounts mentioned in figures and in words, the amount in words shall govern.

6.5 Evaluation Procedure and Criteria

Evaluation of the bid will be done only if the applicant satisfies the minimum eligibility criteria. The following is the procedure for evaluation.

Evaluation of Technical Bids

The evaluation of the Technical bids will be carried out in the following manner:

- a) The technical proposal of the bidders who have satisfied all the minimum eligibility criteria will be evaluated as per the criteria specified in the Annexure III.
- b) PFRDA may undertake oral or written clarifications from the bidders. The primary function of clarification in the evaluation process is to clarify ambiguities and uncertainties, if any, arising out of the evaluation of the bid documents.
- c) Based on the evaluation criteria, each Technical bid will be assigned a technical score out of a maximum of 100 marks.
- d) The bidders who score a Technical score of **70 marks** or more will qualify for the consideration of the commercial bid and appointment thereafter.

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Evaluation of commercial bids

- a) The commercial proposal of only those bidders which qualifies the Technical evaluation will be evaluated.
- b) The commercial bid is to be submitted as per the **Annexure V**. Please refer Clause 5.5 of this RFP for submission of commercial bid.

7. APPOINTMENT OF CUSTODIAN OF SECURITIES

7.1 Selection Criteria

The commercial bids of bidders who score a minimum of 70 marks for the technical proposal will be considered for the commercial evaluation. The existing Custodian also requires to qualify the technical evaluation. The bidder whose bid would be lowest (L1) will be selected as Custodian of Securities subject to final approval of the Authority.

7.2 PFRDA'S Right to Accept or Reject any or all proposals

The Authority reserves the right to accept or reject any proposal, and to annul the RFP process and reject all proposals at any time prior to grant of registration, without incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders of the grounds for the Authority's action.

If considered necessary, a re-bid of commercial quotes will be called for by the Authority from the technically qualified entities.

7.3 Issuance of Certificate of Registration

Once the Authority selects the successful bidder and informs it that their proposal has been accepted, the Authority shall issue a certificate of registration under Regulation 10 of the PFRDA (Custodian of Securities) Regulations specifying terms and conditions of such appointment under Regulation 11 thereof. The Custodian of Securities will also be required to enter into a formal agreement with NPS Trust and other intermediaries as specified under Regulation 12 and seek a certificate of commencement of business under Regulation 13, before commencement of operations as such custodian.

7.4 Terms and conditions of registration

In accordance with Regulation 11 of PFRDA (Custodian of Securities) Regulations, the Certificate of

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Registration granted to the applicant or the custodian of securities shall be *inter alia* subject to the following conditions, namely:-

(a) it shall pay the registration fees and annual fee as specified in Part A of the Second Schedule of the PFRDA (Custodian of Securities) Regulations, which shall be paid in the manner specified in part B thereof;

(b) it shall provide all custodial and depository services related to all securities, permitted to be held under pension schemes regulated by the Authority;

(c) it fulfills and complies with the minimum eligibility conditions as specified by the Authority at all times;

(d) all representations, warranties, information, disclosures, reports, documents and statements relating to or after registration as custodian are true, complete, accurate and correct in all respects and do not contain any untrue statement of any material fact or omit to state any material fact and shall inform the Authority of any material change in the information or particulars previously furnished, which have a bearing on its registration;

(e) it has taken all necessary actions and steps to accept the registration as custodian of the assets regulated by the Authority and binds itself for the due performance of its obligations and shall discharge its obligations under them;

(f) it executes such agreements with the parties as directed by the Authority or as specified under these Regulations and shall comply with the terms of the agreements executed;

(g) it shall maintain confidentiality with respect to all transaction records, data and information received while discharging its obligations and shall not, without the prior permission of the Authority, produce or share such data or information as an evidence or for any other purpose except as required under the process of law;

(h) it shall submit statements to the Authority or the National Pension System Trust or to such other intermediaries at such intervals as may be specified by the Authority or the National Pension System Trust from time to time or as specified in the agreements;

(i) it shall comply with the 'code of conduct' as specified in the Fourth Schedule of the PFRDA (Custodian of Securities) Regulations, and it shall not assign or delegate or outsource any part of its functions as a custodian of securities to any other entity without the prior permission of the Authority.

(j) it shall comply with all the provisions of the PFRDA Act 2013, Rules or the Regulations made or, clarifications or directions issued by the Authority

8. DOCUMENTATION, COMMENCEMENT OF BUSINESS AND VALIDITY OF APPOINTMENT

8.1 Documentation with intermediaries

(1) Before commencement of business as per Regulation 13 of PFRDA (Custodian of Securities) Regulations, the custodian shall execute the following agreements:- (a) tripartite agreement with the pension fund and the National Pension System Trust; (b) any other agreement which is required for the efficient and orderly conduct of activities as custodian of pension schemes regulated by the Authority, as may be specified by it from time to time.

(2) Besides the above mentioned agreements, the custodian of securities shall obtain necessary approvals from other sectoral regulators and other authorities and it shall comply with the requirements of the intermediaries, depositories, clearing houses, exchanges with regards to opening of accounts, authorizing signatories, obtaining digital signatures, providing connectivity and software installation.

8.2 Commencement of business

(1) Upon completion of documentation by the custodian of securities and other related formalities for undertaking its operations for which it has been granted registration, the custodian of securities shall seek issuance of “certificate for commencement of business” from the Authority.

(2) The Authority upon being satisfied that the custodian of securities is fully equipped to commence its operations may issue a “certificate for commencement of business for the National Pension System or other pension schemes” to the custodian of securities, in Form B set out in the First Schedule of PFRDA (Custodian of Securities) Regulations, after which the custodian of securities can undertake the operations and activities envisaged.

8.3 Period of validity

(1) Every certificate of registration granted under this selection process and Regulation 14 of PFRDA (Custodian of Securities) Regulations shall be valid for a period of five years from the date of grant of certificate of registration or such extended period as may be decided by the Authority.

(2) The Authority may, however extend the tenure of the Certificate of Registration, for such period as it may determine in the interest of the subscribers. Such extension shall be granted for reasons to be recorded in writing. Any extension granted to the Custodian of Securities upon expiry of tenure of registration shall be binding on the custodian of securities and the custodian of securities shall discharge its functions in accordance with the terms and conditions of the certificate of registration during the extension period as well.

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- (3) During the validity of certificate of registration under Regulation 14 (1) and (2), the certificate of registration granted to the custodian of securities shall be reviewed annually or at any other period or point of time as notified by the Authority and its continuity as such Custodian of Securities shall be decided thereupon by the Authority.
- (4) The custodian of securities shall be liable to pay Annual fee as specified in Part A and in the manner specified in Part B of the Second Schedule of PFRDA (Custodian of securities) Regulations, on pro rata basis for the extended period.

8.4 Inspection and Audit

The inspection and Audit of the Custodian shall be undertaken in the manner specified under Chapter-IV of the PFRDA (Custodian of Securities) Regulations.

8.5 Suspension or cancellation of certificate of registration

The cancellation or suspension of certificate of registration shall be in accordance with Chapter V of the PFRDA (Custodian of Securities) Regulations.

8.6 Process for transfer of Assets in case of end of Tenure

- (i) It shall be the duty of the Custodian of Securities to ensure that it transfers all the assets managed by it at its cost at the end of the completion of its tenure or upon termination, as the case may be to the newly appointed Custodian of Securities.
- (ii) The Custodian of securities shall provide all the necessary support in ensuring smooth transfer of all the assets under its custody. It shall also ensure the transfer of all the relevant documents/records/information in accordance with the directions issued by PFRDA/NPS Trust.
- (iii) Any form of non-support or non-cooperation or obstructions from the Custodian of Securities shall amount to non-performance by Custodian of Securities and liable to attract penal or legal actions.

8.7 Settlement of disputes arising out of selection process

Any matter or dispute relating to or arising out of the selection process for registration of Custodian under this RFP shall be settled in accordance with the provisions of the PFRDA Act, 2013 and applicable Indian law, subject to exclusive jurisdiction of competent Courts of law in New Delhi only.

8.8 Power to resolve difficulties

PFRDA reserves the right to resolve any difficulties that may arise on any account in the course of taking this exercise forward and finalizing it.

ANNEXURE I: FORMAT OF REQUEST FOR CLARIFICATION

Pension Fund Regulatory and Development Authority			
Bidder's Request for Clarification			
Name of Organization submitting request		Name & position of person submitting Request	Address of organization including phone, fax, email points of contact
			Tel: Fax: E-mail:
S.No.	Bidding Document Reference (Number/page)	Content of RFP requiring clarification	Points of Clarification required
1			
2			
3			

ANNEXURE II: FORMAT OF COVERING FOR TECHNICAL PROPOSAL

[Date]

The General Manager,
Department of Regulations for Custodian
Pension Fund Regulatory and Development Authority
New Delhi.

Dear Sir,

Ref: Request for Proposal (RFP): Appointment of Custodian of Securities for NPS and other pension schemes regulated/administered by PFRDA.

Having examined the RFP documents, the receipt of which is hereby duly acknowledged and provisions of PFRDA (Custodian of Securities) Regulations, 2015 and subsequent amendment thereto we, the undersigned, offer to provide the services as required and outlined in the RFP for registration of Custodian of services under the NPS and APY and any other pension schemes regulated by PFRDA. We agree to meet such requirements and provide such services as set out in the RFP documents and the PFRDA (Custodian of Securities) Regulations at all times.

We attach hereto our response to the RFP document, which constitutes our proposal for being considered for appointment of Custodian of Securities.

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the RFP or such adjusted plan as may subsequently be mutually agreed between us and the Authority or its appointed representatives.

We agree to unconditional acceptance of all the terms and conditions set out in the RFP documents and the conditions *inter alia* mentioned under PFRDA (Custodian of Securities) Regulations. We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the Authority is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the Authority as to any material fact.

It is hereby confirmed that I/We are entitled to act on behalf of our corporation/company/firm/organization and empowered to sign this document as well as such other documents, which may be required in this connection.

**ANNEXURE III: DOCUMENTS BACKING TECHNICAL PROPOSAL AND
ITS EVALUATION**

Sl. No.	Criteria	Details/ Remarks	Supporting documents submitted	Annexure No.
1.	Total Assets under Custody (AUC) as on date of application (Minimum Rs.1,00,000 Cr.) Total Assets under Custody for last five years i.e. as on 31.03.2017 to as on 31.03.2021 and as on date of application to be mentioned.	_____ _____		
2.	Experience in providing custodial services (Minimum 5 years) Number of years of experience in providing custody services in Indian markets as on date of application.	_____ _____		
3.	Net worth as on 31 st March, 2021 (Minimum Rs.50 Cr.) Net worth for last five years i.e. as on 31.03.2017 to as on 31.03.2021 to be mentioned.	_____ _____		
4.	Details of BCP Site/s in different seismic zone Periodicity of DRP drills carried out once in a year Certification from ISO 9000:2000 etc.	_____ _____		
5.	Number of Institutional Clients The total number of Institutional Clients/ Customers.	_____ _____		
6.	Number of officials working under custodial services The total staff strength in custodian services	_____ _____		

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Additional information to Technical Bid

Sl. No.	Particulars	Details/Remarks	Supporting document submitted / Annexure No.
1.	Income from custodial services for last five years starting from 2016-17 to 2020-21 duly certified by a Chartered Accountant		
2.	Shareholding pattern and details of top 5 shareholders as on 31.03.2021		
3.	Please provide details of the following:		
	a) Details on Office space and other related Infrastructure for carrying out custodial services		
	b) Custodial services- Settlement and Reconciliation Process, Safe keeping of assets, Corporate action- Process for capturing various corporate actions, Client servicing & reporting		
	c) Technology deployed and IT security measures		
	d) Risk Management Policy		
	e) Business Continuity Plan		
	f) Details of Data Center locations proposed to NPS and other schemes regulated/administered by PFRDA		
	g) Data migration process from existing service provider for custody		

ANNEXURE IV: FORMAT OF COVERING FOR COMMERCIAL PROPOSAL

[Date]

The General Manager,
Department of Regulations for Custodian
Pension Fund Regulatory and Development Authority
New Delhi

Dear Sir,

Ref: Request For Proposal (RFP): Appointment of Custodian of Securities for the schemes regulated/administered by PFRDA

Having examined the RFP documents, the receipt of which is hereby duly acknowledged and provisions of PFRDA (Custodian of Securities) Regulations, 2015 and subsequent amendments thereto, we, the undersigned, offer to provide the services as required and outlined in the RFP for appointment of Custodian of Securities. We agree to meet such requirements and provide such services as set out in the RFP documents and the PFRDA (Custodian of Securities) Regulations and as amended thereafter, at all times.

We attach hereto our response to the RFP document, which constitutes our proposal for being considered for appointment of Custodian of securities.

We undertake, if our proposal is accepted, to adhere to the stipulations put forward in the RFP or such adjusted plan as may subsequently be mutually agreed between us and the Authority or its appointed representatives.

We agree to unconditional acceptance of all the terms and conditions set out in the RFP documents and PFRDA (Custodian of Securities) Regulations. We confirm that the information contained in this proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the Authority is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the Authority as to any material fact.

It is hereby confirmed that I/We are entitled to act on behalf of our corporation/company/firm/organization and empowered to sign this document as well as such other documents, which may be required in this connection.

ANNEXURE V: FORMAT FOR PROVIDING COMMERCIAL BIDS

Asset Servicing Charges

Charges	In figures	In Words
<p>A. Asset Servicing Charges* for the electronic segment expressed as % of the assets under custody (to be calculated on daily accrual basis)</p> <p><i>Weight of 95% in value of bid</i></p>		
<p>B. Asset Servicing Charges* for the physical segment expressed as % of the assets under custody (to be calculated on daily accrual basis)</p> <p><i>Weight of 5% in value of Bid</i></p>		

1) The value of Commercial bid will be determined as per the following formula:

Assets Servicing Charges= 0.95A+ 0.05 B
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- 2) The asset servicing charges shall be calculated on the basis of the daily closing balance of assets held by the Custodian of Securities under NPS/ APY or any other scheme regulated or administered by PFRDA on face value of debt instruments and purchase price of equity instruments.
- 3) The asset servicing charges levied by the Custodian shall be
- Exclusive of tax, cess or other levy imposed by the Govt.
 - Exclusive of SEBI annual Charges, payable in April every year to SEBI for assets under custody in respect of NPS / APY / any other scheme regulated or administered by PFRDA
 - Charges levied by NSDL / CDSL / Stock exchanges / other SEBI Charges/ other statutory entities.

Dated this Day of 2021

(Signature)

(In the capacity of)

Duly authorized to sign the RFP Response for and behalf of:

(Name and Address of Company)

(Seal/Stamp of bidder//Compliance Officer)

ANNEXURE VI: 'FIT AND PROPER'

(1) An applicant shall not be considered as a 'fit and proper person' for the purpose of grant of certificate of registration under these Regulations, if it or he incurs any of the following disqualifications:-

Sr. No.	Criteria For Fit and Proper	Yes/No. Please provide the details wherever required.
A	the applicant or custodian of securities or its whole time director or principal officer or managing partner has been convicted by a court for any offence involving moral turpitude, economic offence, violation of any securities law or fraud;	
B	an order for winding up has been passed against the applicant	
C	the applicant or its whole time director, or managing partner has been declared insolvent and has not been discharged	
D	An order, other than an order of suspension of appointment as an intermediary, restraining, prohibiting or debarring the applicant or its whole time director or principal officer or managing	

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	partner from dealing in securities in the capital market or from accessing the capital market has been passed by any regulatory authority or court. and a period of three years from the date of the expiry of the period specified in the order has not elapsed;	
E	An order cancelling the appointment of the applicant has been passed by the Authority or other concerned financial sector regulator on the ground of its indulging in insider trading, fraudulent and unfair trade practices or market manipulation and a period of three years from the date of the order has not elapsed;	
F	An order withdrawing or refusing to grant any license or approval to the applicant or its whole time director or managing partner which has a bearing on the capital market, has been passed by concerned financial sector regulator or any other regulatory authority and a period of three years from the date of the order has not elapsed	
G	The applicant is financially not sound <i>(the Authority may take into consideration the capital adequacy or net worth of the applicant, wherever it has been so specified in the relevant application for certificate of registration.)</i>	
H	There is a notice of any action or investigation or other proceedings of any nature whatsoever, against the applicant, or its chief executive officer, any of its directors or employees, or a related group concern, by any governmental or statutory authority which would restrain, prohibit or otherwise challenge or impede the performance of obligations as custodian of the assets regulated by the Authority, and that there is adverse proceedings against it from any financial sector regulator including the Reserve Bank of India,	

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	Insurance Regulatory and Development Authority or the Securities and Exchange Board of India, of a nature that could adversely affect the ability to provide the services as custodian for the assets regulated by the Authority;	
I	Any other reason, to be recorded in writing by the Authority, which in its opinion renders such applicant custodian of securities or its whole time director, principal officer or managing partner unfit to operate in the capital market.	

:-

CERTIFICATE AS FIT AND PROPER ENTITY

I, the Secretary/ duly authorized official of the....., certify that our organization is a 'Fit and Proper' entity as per the criterion specified above and the information provided above in is correct.

(Secretary/Compliance Officer)

Date

(Seal here)

ANNEXURE VII: MINIMUM ELIGIBILITY CRITERIA

Sr. No.	Criteria	Criteria Satisfied
1	The Custodian must be registered with the Securities and Exchange Board of India as a Custodian of Securities for the past five years on the date of application.	Yes/ No Registration Certificate no____ Number of years completed as registered custodian _____ (Please attach a copy of Registration Certificate)
2.	The direct or indirect cross holding by any pension fund or its sponsor, Trustee Bank or central recordkeeping agency in the custodian of securities should be less than fifty per cent.	Yes/ No (Please attach a copy of shareholding pattern of the custodian company)
<u>If the answer of point no.2 is 'No', then provide the following additional information:</u>		
2.1	The sponsor, associates or holding company, as the case may be, has the net worth of at least Rs.50,000 crore at all points of time.	Yes/ No (Please attach a Certificate signed by a Chartered Accountant)
2.2	50 per cent or more of the directors of the custodian company are those who do not represent the interests of the sponsor or its associates.	Yes/ No (Please attach a declaration along with list of directors)
2.3	The custodian and the pension fund company are not subsidiary of each other.	Yes/ No (Please attach a declaration and shareholding pattern of the pension fund and custodian company)
2.4	No person is holding directorship in both the companies i.e. custodian and the pension fund.	Yes/ No (Please attach a declaration along with list of directors)

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2.5	The custodian and the pension fund company shall sign an undertaking that they will act independently of each other in their dealings with the schemes.	Yes/ No (Please provide a declaration)
3.	The Custodian’s holding of assets under custody (AUCs) on the date of application must be at least Rs.1,00,000 Crore (Rupees One Lakh Crore).	Yes/ No (Please attach a Certificate signed by a Chartered Accountant)
4.	The net worth of the applicant company must be at least Rs.50 Crore as on 31st March, 2021.	Yes/ No (Please attach a copy of Audited Balance Sheet and a Certificate signed by a Chartered Accountant)
5.	The applicant is “fit and proper” as detailed in the Annexure VI of the RFP	Yes/No

CERTIFICATE AS ELIGIBLE ENTITY

I, the Secretary/ duly authorized official of the....., certify that our organization is an eligible entity as per the criterion specified above and the information provided above in is correct.

(Secretary/Compliance Officer)

Date

(Seal here)

ANNEXURE VIII: OUTLINE OF SCOPE OF WORK – ILLUSTRATIVE NOT EXHAUSTIVE

During the continuance of registration the Custodian shall in respect of the Securities unless the Client* otherwise instructs in writing, do the following.-

- a. The scope of the work of custodian shall include providing Custodian and depository participant services
- b. The Custodian shall hold the properties as agent and discharge such custodial services as provided in the tripartite agreement / Regulations.
- c. The Custodian shall do all reasonable follow up with the issuers for the receipt of benefits due on the holdings and provide detailed information and other reports as required by PF / client.
- d. Custodian shall maintain confidentiality of transactions.
- e. The Custodian shall take all reasonable care and exercise skill and diligence in regard to the title, validity and genuineness of every security , property or evidence of title thereto received by it or delivered to it.
- f. The custodian shall be subject to applicable PFRDA Regulations, guidelines, circulars issued from time to time.
- g. The properties shall not be subject to any right , charge, security , interest, lien , assignment, right of set off, counter claim of any kind in favour of custodian or its creditors except as permitted by the client.
- h. The Custodian shall in any transaction involving the sale of securities of the Client, on receipt of instructions from the Client, specify wherever relevant the following terms
 - i. The name of the company and the description of the security
 - ii. The number of securities and accrued interest dividend, if any
 - iii. The date of sale
 - iv. The sale price and face value per unit of the security
 - v. The brokerage commissions, or other charges payable in connection with such sale, if separately payable
 - vi. The total amount payable upon such sale
 - vii. The name of the person(s) broker(s) through whom or the person (s) to whom the sale was made
 - viii. Stamp duty and other taxes, if any, payable in respect of such transactions
- i. Upon receipt of payment therefore from the contractual buyer, as the case may be, the Custodian shall remit forthwith such payment to the credit of the Designated Account as the case may be, barring unforeseen or unavoidable circumstances beyond the control of the Custodian.
- j. The Custodian shall in any transaction involving the purchase of Securities, endeavor to take such effective and reasonable steps in accordance with law and customary market practice, to provide for the registration of such securities in the name of the Client or in such other manner as may be mutually agreed between the parties herein which would provide for identification of the Securities so purchased except in cases of unforeseen and unavoidable circumstances beyond the control of the Custodian.

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- k. The Custodian shall receive and hold all securities delivered to it in Safe Custody and deal as may deem fit for the purposes of providing for the safekeeping thereof.
- l. The Custodian shall maintain records in such a manner so as to be able to identify the securities as being held in the name of Client. The Custodian shall, furnish particulars/ statements as and when demanded by the Client .
- m. The Custodian shall, release or deliver or cause to be released or delivered, Securities in the following manner.
 - i. The Custodian shall deal with or deliver such securities to the issues thereof or its agent in accordance with the instructions of the issuer, when Securities are called redeemed, cancelled, retired or otherwise mature or become payable.
 - ii. The custodian shall, in case of any other dealing in connection with the Securities, take such other actions as may be required in relation thereto, consistent with the rights of the Client in their best interests..
 - iii. the Custodian shall, deposit the Securities in the National Depository System/CDSL whenever necessary for the purpose of Demat of securities.
- n. Upon receipt of instructions and in so far as cash is available, the Custodian shall make, or cause to be made, payment out of the Properties of the Client, only in the following circumstances:-
 - a1. In connection with the purchase or acquisition of Securities upon receipt of the following information from the Client in respect of each purchase:-
 - i. The name of the issuers and the title of Securities
 - ii. The no. of securities purchased or acquired and the accrued dividend/ interest income, if any,
 - iii. The date of purchase and settlement
 - iv. The purchase price per unit of security
 - v. The brokerage commissions or other charges payable in connection

After receipt of instructions and information as increased, the Custodian shall receive and hold all securities purchased and delivered to the Custodian in accordance with the terms of this Agreement. The Custodian shall pay out the moneys held hereunder in accordance with established law and customary market practices in the local market or as may be separately advised by the Client.

a2. For payment of such permissible charges as may be approved by the Client from time to time.

a3. For such other payments as may be mutually agreed by the Client and the Custodian

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- i. Upon receipt of Instructions, the Custodian shall transfer, exchange or deliver Securities and other Properties of the Client or shall cause the transfer exchange or delivery of such Securities or other properties in the following circumstance
 - ii. In case of sale or transfer of such securities or properties. Only upon receipt of payment or other consideration by the Custodian,
 - iii. In case of conversion, exchange or surrender of any such securities or properties on exercising any such right whatsoever with respect to such Securities of Properties, or
 - iv. To a succeeding Custodian upon the Expiry/ termination/ suspension of Certificate of registration or on direction of the Client.
- i. The Custodian shall as per entitlements collect, receive and deposit in the Designated Account all income, interest rights and other benefits and distribution in respect of the Securities, which shall include any capital arising out of the Securities being redeemed or otherwise becoming payable, all securities arising as a result of sub-division or re-organization or securities in respect of the property relating to the Client and shall execute such registration and other confirmation as required. The Custodian shall be generally authorized to attend to all non-discretionary and procedural details for discharge of normal custodial functions, in connection with the sale, purchase transfer and other dealings with the securities held for the Account of the Client by the Custodian or an Agent, except as may otherwise be directed by the Client
- j. The Custodian shall advise the Client in writing, in accordance with such procedures as may be mutually agreed upon between the Client and the Custodian regarding the disbursement of all moneys, the receipt of all Securities, stock and cash dividends, interest and other income and shall, in general keep the Client fully informed as to all other material actions taken by the Custodian under this Agreement.
- k. The Custodian shall be responsible to promptly transmit and / or notify to the Client all material information including but not limited to notices, reports and other financial information relating to the properties received by the Custodian from issues of the Securities and shall seek instructions from the Client as to the action to be taken to this.

(2) Additional Duties and obligation of the Custodian

- A. The custodian shall establish and maintain adequate infrastructural capability to be able to discharge custodian services to the satisfaction of the client, and operating procedures and systems of the custodian of securities shall be well and backed by operations manuals
- B. Where custodian records are kept electrically, the custodian of securities shall make necessary arrangements to ensure that continuity in record keeping is not lost or destroyed and that sufficient back up of records is available
- C. The custodian of securities shall create and maintain the records, of securities held in custody in such manner that the tracing of securities is facilitated, in the event of loss of original records for any reason.

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- D. The custodian of securities shall extend to other custodial entities, depositories and clearing organizations, all such co-operation that is necessary for the conduct of business in the areas of settlements of securities and transfer of funds
- E. The properties held for the Client shall always be kept segregated from other assets of the custodian and from other assets of other clients of custodian and shall be held in the name of the Client or in such manner as may be mutually agreed between parties herein which would provide better identification. Further , properties shall also be held segregated and held scheme wise.

*Note: Client means the respective Pension Fund/NPS Trust as the case may be.
