

2016

Request For Proposal

FOR SELECTION OF PENSION FUNDS (PFs) FOR NPS PRIVATE SECTOR SCHEMES (EXCLUDING CG, SG AND APY) OR ANY OTHER SCHEME REGULATED /ADMINISTERED BY THE AUTHORITY

PENSION FUND REGULATORY AND
DEVELOPMENT AUTHORITY

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GLOSSARY

ASP	Annuity Service Provider
BSE	Bombay Stock Exchange
CRA	Central Recordkeeping Agency
DB	Defined Benefit
DC	Defined Contribution
EOI	Expression of Interest
GOI	Government of India
IMA	Investment Management Agreement
IRDA	Insurance Regulatory and Development Authority
MOF	Ministry of Finance
NAV	Net Asset Value
NPS	National Pension System
NSE	National Stock Exchange
PF/PFs	Pension Funds
PFRDA/Authority	Pension Fund Regulatory and Development Authority
PoP	Point of Presence
PoP-SP	Point of Presence – Service Provider (Authorised branches of POP for NPS)
PRA	Permanent Retirement Account
PRAN	Permanent Retirement Account Number
PF Regulations 2015	Pension Fund Regulatory and Development Authority (Pension Fund) Regulations 2015.
RBI	Reserve Bank of India
RFP	Request for Proposal
SEBI	Securities and Exchange Board of India
SLA	Service Level Agreement
Scheme CG	Scheme for Central Government
Scheme SG	Scheme for State Government
TB	Trustee Bank

REQUEST FOR PROPOSAL FOR SELECTION OF PENSION FUNDS (PFs)**DISCLAIMER**

- A. This document is being published in order to enable the applicants to make an offer for being selected as a sponsor towards forming and being registered as Pension Fund (PF) by the Pension Fund Regulatory and Development Authority (PFRDA) . The role, functions, responsibility and all activities pertaining to PFs 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 (Pension Fund) Regulations 2015, PFRDA (NPS Trust) Regulations 2015 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 PFRDA shall be final and binding on the applicants.
- B. This document does not constitute nor should it be interpreted as an offer or invitation for the appointment of the Pension Fund herein. The applicant is advised to go through the PFRDA (Pension Fund) Regulations, 2015 (which are available at www.pfrda.org.in) and the terms of this RFP carefully.
- C. This document is meant to provide information only and upon the express understanding that recipients will use it only for the purposes set out above. It does not purport to be all inclusive or contain all the information about the Pension Fund or be the sole basis of any registration of Pension Fund. No representation or warranty, expressed or implied, is or will be made as to the reliability, accuracy or the completeness of any of the information contained herein. It shall not be assumed that there shall be no deviation or change in any of the herein mentioned information on the Pension Funds. While this document has been prepared in good faith, neither PFRDA, nor any of their officers or subscribers make any representation or warranty or shall have any responsibility or liability whatsoever in respect of any statements or omissions here from. Any liability is accordingly and expressly disclaimed by PFRDA and any of their officers or subscribers even if any loss or damage is caused by any act or omission on the part of PFRDA or any of their officers or subscribers, whether negligent or otherwise.
- D. By acceptance of this document, the recipient agrees that any information herewith will be superseded by any subsequent written information on the same subject made available by or on behalf of PFRDA. PFRDA and any of their respective officers or subscribers undertake no obligation, among others, to provide the recipient with access to any additional information or to update this document or to correct any inaccuracies therein which may become apparent, and they reserve the right, at any time and without advance notice, to change the procedure for the selection of or any part of the interest or terminate negotiations or the due diligence process prior to the signing of any binding agreement.

- E. Accordingly, interested recipients should carry out an independent assessment and analysis of the requirements and of the information, facts and observations contained herein.
- F. This document has not been filed, registered or approved in any jurisdiction. Recipients of this document should inform themselves of and observe any applicable legal requirements.
- G. This document constitutes no form of commitment on the part of the PFRDA. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed Pension Fund registration process.
- H. When any proposal is submitted pursuant to this RFP, it shall be presumed by PFRDA that the applicant has fully ascertained and ensured about its eligibility to be a sponsor and form a Pension Fund and render service required to be performed by a Pension Fund, in the event of the same being selected ultimately to act as such, under the respective governing laws and regulatory regimen and that there is no statutory or regulatory prohibition or impediment to such sponsor to form and register as a Pension Fund and it has the necessary approvals and permissions and further suffers no disability in law or otherwise to act as such.

1. INTRODUCTION

- A. 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 25 of 2013) has since been passed on 18 September 2013 and notified on 1st February 2014.
- B. The Central Government has introduced the National Pension System (NPS) with effect from 01 January 2004. Initially the National Pension System covered new entrants to Central Government services (excluding Armed Forces) and some State Government services. From 1st April 2009, Authority has extended NPS to all citizens of India.
- C. 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.
- D. PFRDA has already put in place the institutional framework and infrastructure required for administering the 'National Pension System' (NPS). Various institutional entities such as Central Record Keeping Agency (CRA), Custodian, Point of Presence (POP), Pension Funds (PFs), Trustee Bank (TB), Aggregator, Annuity Service Provider and NPS Trust have been appointed and are now functional.
- E. The recordkeeping and administration functions for all subscribers of the National Pension System are centralized and performed by a Central Recordkeeping Agency (CRA). The CRA issues the unique PRAN to each subscriber, maintains a master database of all pension accounts and records the transactions related to each subscriber's PRAN.
- F. This pension system is envisaged to be based on two types of sub-accounts

created for individual subscribers:

- (i). Tier-I non-withdrawable pension account, and
- (ii). Tier-II withdrawable savings account.

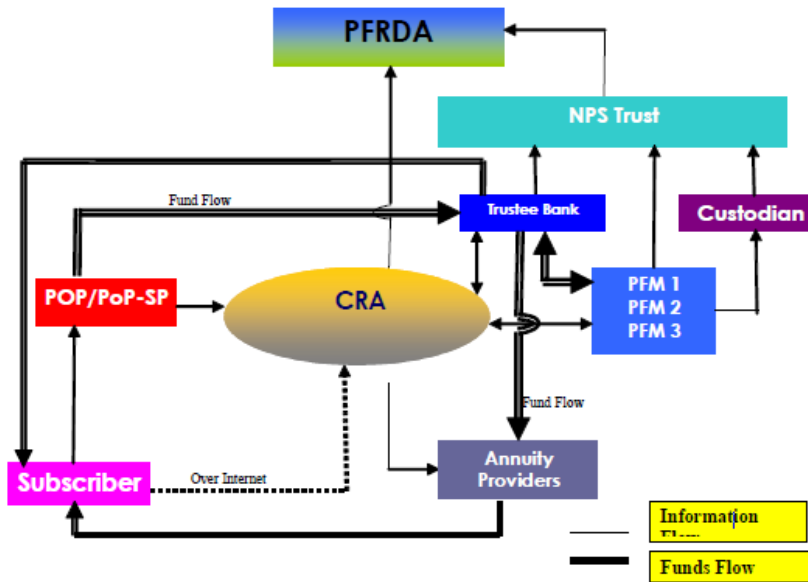
- G. This RFP is being floated with an objective to presently appoint a maximum of 10 **(Ten)** professional Pension Funds to manage the pension corpus of National Pension System (NPS) excluding schemes under the NPS for Central Government & State Government and other Pension Scheme namely Atal Pension Yojana (APY). The PFs may also be required to handle any other pension schemes that may be assigned by the Authority in future. PFRDA may in future embark on a selection process separately for management of schemes specifically excluded under this selection process or any other new or existing scheme regulated or administered by PFRDA under the provisions of the PFRDA Act, 2013.
- H. Proposals received in response to this RFP will be evaluated in terms of the conditions laid out herein and the entities which are thus selected as sponsors of Pension Funds by Authority will be required to incorporate Pension Funds (existing pension funds incorporated by the respective Sponsor(s) are not required to incorporate PF again) . Pension Funds of the selected Sponsors will be registered in accordance with the provisions of the PFRDA Act 2013 and PFRDA (PF) Regulations 2015 . The Pension Fund shall also be required to perform its operations in compliance with any regulations/ guidelines/notifications/ directions/circulars issued by PFRDA and the Investment agreement / Tripartite Agreement to be executed with the NPS Trust and Custodian of securities or such other agreement to be executed with other intermediaries, if and when so directed by the Authority.
- I. All the existing Pension Funds initially appointed by interim Authority / Authority are continuing as per regulations 3 (5) of PFRDA (Pension Fund) Regulations 2015. During the transition period without being evaluated specifically under the PFRDA (Pension Fund) Regulations 2015. The sponsor(s) of those existing Pension Funds now desirous of continuing the operations under NPS will also be required to submit their proposal in response to this RFP document and such Sponsors, will be evaluated as per the laid down criteria under the PF Regulations 2015 and this RFP . It is made clear that there shall be no special dispensation in favour of any pension funds or their sponsors, subject however that atleast one of the pension funds selected under this process shall be a government company.
- J. The proposed selection of the sponsor(s) and consequent registration of Pension Funds , under the current RFP process and under the PFRDA (PF) Regulations 2015, shall be **valid for a period of five (5) years from date of Registration** , or such further period as may be extended by the Authority unless such registration

is terminated earlier. The Registered Pension Fund and their sponsors shall continue to satisfy the eligibility conditions as proposed under this process and as prescribed under the PFRDA Act 2013 and PF regulations, for continuance of its registration as a Pension Fund , during the validity period/ extended period , failing which, the registration to the pension fund is liable to be withdrawn/cancelled.

- K. All the applications which would be received in response to this RFP document will be evaluated on the prescribed minimum eligibility criteria, technical and commercial parameters.
- L. The Pension Fund shall at all times abide by the provisions of the Pension Fund Regulatory and Development Authority (PF) Regulations 2015 and directions , guidelines, notifications and circulars etc. issued by PFRDA from time to time and provide Investment Management Services in accordance with the said regulations.
- M. Unless re-selected under this process, the existing sponsor(s) and Pension Fund(s) shall cease to function as sponsor(s) and Pension Fund(s) respectively for schemes regulated / administered by PFRDA on a date decided for this purpose by the Authority. Consequent to the proposed appointment of sponsor(s) and registration of Pension Funds under the current process, the transfer of assets under management from the exiting Pension Fund(s) to the newly registered Pension Fund(s) / Default Pension Fund(s) will be undertaken as per the instructions issued by PFRDA on a date specified by the Authority for such transfer.
- N. The PFRDA reserves the right to appoint one or more default Pension Fund for different categories of subscribers as per guidelines laid down from time to time.
- O. This RFP does not bestow any right on the Pension Funds to get allocation of subscribers/ section of subscribers or any business / section of business.
- P. The sponsors(s) and PF(s) shall abide at all times with the provisions of the PFRDA Act, 2013 and the rules and regulations made thereunder and particularly the PF Regulations 2015, the NPS Trust Regulations 2015 and any general or special directions, notifications, guidelines or clarifications issued by the Authority from time to time. If the sponsors(s) and/or the PF fails to comply with the above at any point of time, the registration of PF is liable to be cancelled/suspended by the Authority in the manner specified under PF Regulations, 2015.

2. PENSION FUNDS MANAGEMENT ARCHITECTURE

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



ii. 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. PFRDA is responsible for appointment/registration of various intermediaries in the system such as National Pension System Trust, Central Record Keeping Agency (CRA), Pension Funds, Custodians, NPS Trustee Bank, point of presence, government nodal offices and also the empanelment of Annuity service providers etc. PFRDA shall also continuously monitor the performance of the various intermediaries on various aspects.

iii. Central Recordkeeping Agency (CRA)

The recordkeeping, administration and customer service functions for all subscribers of the National Pension System are centralized and performed by National Securities Depository Limited e-Governance Ltd(NSDL) which is the CRA currently designated by Authority. PFRDA has registered one more CRA and selected PFs shall take steps to coordinate its activities with such CRA's register. The CRA is responsible for receiving funds and instructions from subscribers through the NPSCAN, transmitting such instructions and funds to the appointed Pension Funds, effecting switching instructions received from subscribers. The CRA monitors subscriber contributions and instructions and transmit the information to the Pension Funds and schemes on a

daily basis. The CRA also provides periodic, consolidated PRAN statements to each subscriber. The Authority may appoint more than one CRA and PFs are expected to coordinate with such CRAs.

CRA SERVICES TO PENSION FUND(S)

The services to be provided by CRA to Pension Fund (s) are as under:-

1 Preparation and sending of consolidated Investment Preference Scheme information:

CRA will consolidate (on the basis of scheme and preferred PF) investment preferences of subscribers and send this information to PFs .

2 Provision for sending net pay-out report: The CRA will create a facility to receive netpay-out report of daily Market sell/buyout sent by PFs to CRA.

3 Discrepancy/confirmation report on net pay-out: The CRA will receive discrepancy report of PFs net pay-out status. Any discrepancy/errors/mismatch would be reported to Authority immediately.

4 Funds Transfer Report: The CRA will send a net fund transfer report to PF, on the basis of confirmation of fund transfer report received from Trustee bank.

5 Scheme performance reports: The CRA will receive the daily performance reports of the schemes measured using NAVs sent by PFs to CRA. The interface provided to PF should be able to capture this information in the required format.

The indicative key activities associated with interfacing between CRA and Pension Fund(s) will be as under:-

- (i). Compilation and consolidation of investment instruction by CRA
- (ii). Confirmation Report by PF to CRA.
- (iii). Daily investment report by PF
- (iv). Report of scheme wise payout position of PF to CRA
- (v). Report by PFs on NAVs of Schemes.
- (vi). Net fund receipt from Trustee Account report by PFs on different investment schemes.

iv. Pension Funds (PFs)

Appointed and registered PFs shall manage pension corpus through various schemes under NPS. PFs will 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 and the Custodian on a regular basis.

v. Annuity Service Provider (ASP)

ASPs are responsible for delivering a regular monthly pension 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 would use its access codes to confirm receipt. ASP would then begin payments of annuities to the subscriber.

vi. National Pension System (NPS Trust)

"National Pension System 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 (National Pension System Trust) Regulations 2015 and PFRDA (Pension Fund) Regulations 2015. 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, PF Regulations 2015, NPS Trust Regulations 2015, various Guidelines and Circular 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 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 PFRDA (PF) Regulations 2015 and PFRDA (NPST) Regulations 2015.

vii. 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, subscriber, etc.

viii. Custodian

The custodian is responsible for custody, settlement, record, receipt and reporting of rights or entitlements of National Pension System Trust (NPST) securities, assets or documents, of NPST securities, assets or documents. The custodian is accountable for the movement of securities in and out of custody account, deposit, and withdrawal of cash and all other assets from the Pension Fund's account and must provide a complete audit trail, whenever called for by NPST. Currently Stock Holding Corporation of India (SHCIL) is the Custodian under NPS. The custodian will provide custodial services to the Pension Fund; ensure that benefits due on the holdings are received; provide detailed information and other reports as required by the PF(s); maintain confidentiality of the transactions; and be responsible for any loss or damage to the assets belonging to the Pension Funds due to negligence on its part or on the part of its approved agents. The Custodian shall not assign, transfer, hypothecate, pledge, lend, use or otherwise dispose of any assets or property of the Fund, except pursuant to instruction from the Trustee / PF(s) or under the express provisions of the Custody Agreement. The custodian in its dealings with PF shall ensure that its activities are in accordance with the PFRDA (Custodian) Regulations 2015

3. PENSION FUND - FUNCTIONS AND SERVICE OBLIGATIONS

A. Introduction:-

1. The aim of this RFP is to select the sponsor(s) of Pension Funds and through such sponsor(s) to register the Pension Funds for the specified schemes regulated/administered by PFRDA.
2. All the eligible bidders are requested to note that the current selection process of the sponsor(s) of Pension Funds and the Pension Funds is restricted to the schemes regulated/administered by PFRDA as mentioned in the current RFP. This RFP does not give a right to the Pension Funds eventually selected and registered through this process to claim for management of assets other than the existing schemes regulated/administered by PFRDA as mentioned in this RFP. However, PFRDA at its sole discretion, may also allow the new schemes to be also managed by the registered Pension Funds.
3. The registration of Pension Funds 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 thereunder and operational agreement(s) executed with other intermediaries.

B. PENSION FUND FUNCTIONS AND SERVICE OBLIGATIONS

The sponsor(s) of Pension Funds shall *inter-alia* note the various functions and obligations to be undertaken and complied by the Pension Funds to be formed by them and registered by PFRDA, if selected under this process:-

1. "Pension fund" means an intermediary which has been granted a Certificate of Registration under sub-section (3) of section 27 by the Authority as a pension fund for receiving contributions, accumulating them and making payments to the subscriber in the manner as may be specified by regulations
2. As a part of general obligations and responsibilities/Terms and conditions of registrations, Pension Fund (s) shall be required *inter-alia* to adhere to the PFRDA Act 2013, PFRDA (PF) Regulations and PFRDA(NPST) Regulations 2015.

3. A Pension Fund shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of PFRDA Act 2013, the rules, Regulations and guidelines/directions or any law in force.
4. Pension Funds will carry out its operations as directed by the PFRDA/NPS Trust and having regard to obligations enunciated in PFRDA (Pension Fund) Regulations, 2015 and particularly Chapter III thereof.
5. A Pension Fund shall take all reasonable steps and exercise due diligence to ensure that the Management of assets pertaining to any scheme is not contrary to the provisions of PFRDA regulations , guidelines/directions or any law in force.
6. 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 subscribers under NPS shall remain beneficial owners of these assets and funds.
7. Pension Fund shall exercise all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the subscribers.
8. The Pension Funds shall manage schemes as notified by the Authority on such terms and conditions and in accordance with such norms of management of corpus of pension fund, including investment guidelines as approved by the Authority from time to time.
9. No pension fund shall, directly or indirectly invest outside India, the funds of subscribers.
10. The foreign holding in a pension fund shall be to the extent and as permitted in accordance with Section 24 of the PFRDA Act, 2013 read with the relevant Regulations/Guidelines/ clarifications/ directions/notifications issued from time to time.
11. Pension fund shall provide electronic interconnectivity to the PFRDA, NPS Trust, CRA other intermediaries (like PoP, trustee bank, custodian, annuity service provider, etc.) as directed by PFRDA.
12. Pension Fund shall furnish periodic reports specified by the PFRDA as well as such information and documents as may be required by the PFRDA, NPS Trust from time to time.

13. Pension Fund shall be expected to comply with the disclosure requirements from time to time and the code of conduct specified under the PFRDA (Pension Fund) Regulations, 2015
14. Pension Fund will not, without the prior permission of PFRDA, 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 Pension Fund to maintain absolute confidentiality of such records/data/information including subscriber's data/information and to produce these as and when called for by the PFRDA.
15. The Pension Fund would need to 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 PFRDA or as may be required by NPS Trust on operational aspects.
16. The management of pensions schemes shall be carried in accordance with the objects of the schemes, provisions of the Act, Trust Deed, rules, regulations, guidelines and circulars issued by the Authority from time to time and within the time lines as specified by the Authority or the National Pension System Trust .
17. The day-to-day management of the pension funds shall be done by the pension fund on behalf of the National Pension System Trust.
18. The pension fund shall, at all times render high standards of service, exercise reasonable care, prudence, professional skill, promptness, diligence and vigilance while discharging its duties in the best interests of the subscribers. The pension funds shall avoid speculative investments or transactions.
19. The pension fund shall employ well qualified professionals or staff with high integrity. The pension fund shall be responsible for the acts of commissions or omissions by its employees or authorised persons whose services have been procured and its liability for such acts of commissions or omissions. This liability shall survive despite the cancellation or suspension or withdrawal of certificate of registration or supersession of management by the Authority.
20. The pension fund shall facilitate and co-ordinate with other intermediaries and

other entities *inter alia* through agreements, technological platforms for undertaking its functional obligations;

21. The pension fund shall maintain books of accounts, records, registers and documents relating to the operations of the pension schemes to ensure compliance with the regulations, guidelines, circulars issued by the Authority from time to time, and facilitate audit trail of transactions and business continuity at all times.
22. The pension fund shall submit periodical and compliance reports as required under these regulations, guidelines or circulars, or as may be called for by the Authority, or as required by the National Pension System Trust from time to time.
23. The pension fund shall undertake public disclosure of information for the benefit of subscribers in the mode and manner as may be specified by the Authority in Schedule V of the PFRDA (PF) Regulations, 2015.
24. The pension fund shall adopt best governance practices for investments and risk management viz. constitution of Investment Committee and Risk Committee, its composition, functions, policy contents and other like matters as specified in Schedule X of the PF Regulations.
25. The pension fund shall prevent conflict of interests that may arise while discharging the obligations as a pension fund and reporting of such instances to the National Pension System Trust.
26. The pension fund shall ensure exclusivity and segregation of pension fund business activities from its sponsors.
27. The pension fund shall ensure confidentiality with respect to subscribers information and activities relating to the pension fund and protection of all information within its control except as required by the Authority or the National Pension System Trust or provisions of any law.
28. The pension fund shall provide such representations and warranties as may be necessary for the protection of subscribers' interest on behalf of the National Pension System Trust.
29. The pension fund shall pay fees, charges, levies and security deposit as may be required by the Authority.

30. The pension fund shall be subject to review of its operations and performance by the National Pension System Trust.
31. The pension fund shall be subject to audit of pension schemes by the National Pension System Trust in accordance with the provisions of the PFRDA (NPS Trust) Regulations, 2015, PFRDA (Pension Fund) Regulations 2015 and provisions of Investment Management Agreement etc.
32. The pension fund shall be subject to other audit and inspection by the Authority.

(The above are only illustrative in nature.)

4. RFP PROCESS

4.1 Steps in RFP process

The selection process is outlined below –

Only such bidders who satisfy the eligibility criteria mentioned under this RFP process and the PFRDA(Pension Fund) Regulations, 2015, as on the date of submission of their respective bids, to act as sponsor(s) of Pension Funds and who are capable of forming a Pension Fund, compliant with the aforesaid regulations, shall only be considered under this selection process. Further such applicant should not incur any disqualification criteria as mentioned in this selection process at any stage.

If at any stage, based on a summary scrutiny of the bid documents received and/or any additional documents called for from the bidders, or any evaluation undertaken pursuant thereto, it is found or in the opinion of PFRDA, the bidder does not satisfy the eligibility criteria for sponsor as mentioned, or is not capable of forming a pension fund, in accordance with the regulations, the bid of such bidder shall not be considered for selection under this process and is liable to be rejected at any stage.

STEP 1: PRE-BID CLARIFICATIONS

Sponsors, if they so desire, will seek clarification, in writing, on the RFP.

A prospective applicant requiring any clarification on the RFP documents may submit his query to PFRDA in writing in the format prescribed in Annexure III of this RFP at the address indicated in clause 4.5 of this RFP. All queries and clarifications should reach PFRDA as per schedule in clause 4.3 of this RFP

PFRDA would give clarifications to the applicants in the pre – bid meeting only. The clarifications/responses will be addressed to all bidders. PFRDA would not prepare and send responses to the queries and clarifications by the applicants individually and has the right not to respond to some or any of the queries at its sole discretion. PFRDA will not normally entertain or respond to applicants' queries and clarifications after pre–bid meeting as per schedule in clause 4.5.

STEP 2: SUBMISSION OF PROPOAL AS SPECIFIED

The sponsors in response to the RFP document will submit the required proposals as specified in bid submission formats of proposal instructions in three separate envelopes clearly marked **i.e. Envelop 1, 2 & 3 along with the application fee put in one common outer envelope** at the address indicated in clause 4.8 of this RFP.

STEP 3: PFRDA TO ASCERTAIN COMPLETENESS OF BID DOCUMENTS

PFRDA will open and evaluate contents of the documents received to ascertain that all the documents/information requirements are met and provided in the format and manner specified. In PFRDA's opinion, if any document is not in the specified format, PFRDA, at its option, may seek a fresh submission of the document. The Bidder will have to make this submission within the stipulated time frame. This is without prejudice to PFRDA's right to reject the bid of non-confirming parties without seeking any further documents.

STEP 4: SHORT-LISTING OF SPONSORS OF PF(s)/BIDDERS BASED ON MINIMUM ELIGIBILITY CRITERIA

The prospective sponsors shall be first short listed on the basis of their Minimum eligibility criteria as specified in the clause 5 of this RFP. Any proposal not qualifying the eligibility criteria will not be scrutinized further and will be summarily rejected.

STEP 5: PFRDA TO EVALUATE TECHNICAL BID ON PREDEFINED EVALUATION CRITERIA

PFRDA will evaluate the Technical bids submitted by eligible bidders. While the evaluation will be done based on the information provided by the bidders, PFRDA may seek additional information/clarifications from the bidders. Bidders will be expected to respond/provide the information/clarifications within the stipulated time, PFRDA will provide reasonable time to the bidders for providing additional information/clarifications. The failure to provide the information may lead to disqualification of the bidder.

STEP 6: PFRDA TO SHORTLIST BIDDERS FOR COMMERCIAL BID EVALUATION

Bidders securing **minimum technical cut-off score of 70%** on the Technical proposal will only be considered for opening and the evaluation of Commercial bids. The authorized representatives of the bidders qualifying in the technical bid may attend Commercial bid opening as per the schedule specified in clause 4.3 of this RFP.

STEP 7: DETERMINATION OF SUCCESSFUL BIDDERS SELECTION OF PENSION FUNDS

It is proposed to select a maximum of 10 (ten) pension funds for the private sector based on three stage bidding process. The Commercial bids shall be opened only for those sponsors of pension funds that have cleared the Minimum Eligibility Criteria and scored 70% marks in technical score. The commercial bids of the qualifying bidders shall be ranked and those bidders who have been ranked from L1 to L10 shall be considered for further selection, provided however that regard shall be had that at least one of the pension fund shall be a government company as mandated under the provisions of the PFRDA Act, 2013 and the PF Regulations..

These selected pension funds shall be allowed to operate at the bid price subject to the ceiling fixed by PFRDA..

All the eligible bids whose commercial bids have been opened will be ranked from L1 to L10, based on the price quoted in commercial proposal, which will be less than or equal to 10 bps (ie. 0.10% p.a.). Commercial bids received above the said ceiling shall not be entertained and is liable to be rejected, save as may be determined by the Authority in exceptional circumstances to fulfil the mandate of the PFRDA Act and the regulations . In case, the commercial bids of two or more bidders at L10, are same, then preference would be given in ranking to the bidder whose scoring is more in technical proposal.

However, in case, if no Sponsor(s)/prospective sponsor of a Pension Fund being a government company or to be established as such is selected under this process, then bidders ranked L1-L9 will be considered for further selection under the process and 10th spot/position would be awarded to Sponsor (s)/prospective sponsor(s) of Pension Fund

established as a government Company as defined under Section 23(2) of PFRDA Act 2013. Lowest bidder amongst all Sponsor(s)/prospective sponsor(s) of pension funds established or to be established as government company will be selected, provided it has bid upto 10 bps. In case, the commercial bids of two or more (bidders) sponsor(s)/prospective sponsor(s) of pension funds established or to be established as government company, are same, then preference would be given in ranking to the bidder whose scoring is more in technical proposal.

In case more than one sponsors of pension funds established as government company(s) are ranked within L1 to L 10, offer shall be made to all such sponsor(s). It is made explicit that more than one pension fund being a government company is eligible to be selected.

In case not even one sponsor of a pension fund established as a government company is able to be selected under this process, for any reason, then one slot for such pension fund being a government company, shall remain reserved for selection under such further process as the Authority may determine and only 9 other pension funds (being not government companies) who are placed in the ranking as aforesaid, would be considered for selection, subject, if any, to further decisions of the Authority on the matters regarding operationalising of activities.

In case, the commercial bids of two or more bidders at L9, are same, then preference would be given in ranking to the bidder whose scoring is more in technical proposal.

In case, any of the bidders, whose commercial bids are judged as L10, L9, L8, L7, L6, L5, L4, L3, L2 and L1 are unable or unwilling to obtain the Certificate of Registration for their sponsored Pension Funds, then offer shall be made to the next higher bidder(s) (L11, L12 and so on).

STEP 8: FINALISATION OF SPONSORS OF PENSION FUNDS

PFRDA will finalize the Sponsors of Pension Funds for setting up PF(s) under the NPS and will inform the sponsors based on Step 7.

4.2 Content of RFP documents

The applicant has to submit an application in the prescribed format and a non-refundable application fee, of rupees Ten lakh (Rs. 10,00,000/-) shall be paid by the applicant along with its application to the Authority payable at New Delhi. The RFP documents are those stated in the RFP and should be read in conjunction with PFRDA (Pension Fund) Regulations, 2015 and any addenda issued in accordance with clause 10.1 (Amendment

of RFP Documents) of this RFP and proceedings of pre-bid meeting issued in accordance with clause 4.5 (Pre-Bid Meeting)

The applicant is expected to examine all instructions, requirements, forms, terms, PFRDA (Pension Fund) Regulations, 2015, and other information in the RFP documents. Failure to furnish all information required by the RFP documents or submission of a proposal not substantially responsive to the RFP documents in every aspect would be at the applicant's risk and may result in rejection of its proposal.

4.3 Key activities and dates

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

S.No	Key Activities	Date*
1.	Issuance of Request For Proposal (RFP)	17-09-2016
2.	Last date of receiving queries from Applicants.	25-09-2016 18.00 hrs
3.	Pre-bid Meeting	01-10-2016 14.00 hrs
4.	Last date and time for submission of Proposals	17-10-2016 16.00 hrs
5.	Opening of the Min Eligibility Criteria envelope and Technical proposal	17-10-2016 16.30 hrs
6.	Completion of Evaluation Technical Proposal opening	06-11-2016
7.	Commercial Proposal opening	07-11-2016 16.00 hrs
8.	Issuance of Letter of appointment to sponsor	After approval of the competent authority

* PFRDA reserves the right to change any date/time mentioned in the schedule above under intimation to all concerned.

4.4 Clarification of RFP Documents

A prospective applicant requiring any clarification on the RFP documents may submit his query to PFRDA in writing in the format prescribed in Annexure III of this RFP at the address indicated in clause 4.8 of this RFP. All queries and clarifications should reach PFRDA as per schedule in clause 4.3.

PFRDA would give clarifications to the applicants in the pre – bid meeting only. The clarifications/responses will be addressed to all bidders. PFRDA would not prepare and send responses to the queries and clarifications by the applicants individually and has the right not to respond to some or any of the queries at its sole discretion. PFRDA will not normally entertain or respond to applicants' queries and clarifications after pre–bid meeting as per schedule in clause 4.5.

4.5 Pre-Bid Meeting

- a) The prospective applicant's 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,

New Delhi - 110016

The purpose of the meeting would be to clarify queries on any matter related to the RFP and the project.

- b) The applicants are requested to submit their queries in writing to PFRDA on or before the date indicated in clause 4.3 of this RFP. Any queries received after the indicated date and time will not be entertained.

4.6 Proposal Preparation Cost

The applicant is responsible for all costs incurred in connection with participation in this process, including but not limited to, costs incurred in conduct of informative and other diligence activities, participation in meetings, presentation, preparation of proposal and in providing additional information required by PFRDA. This RFP does not commit the PFRDA to issue a letter of appointment or to engage in negotiations.

4.7 PFRDA's Right to Terminate

- a) PFRDA may terminate the RFP process at any time and without assigning any reason prior to grant of registration to a pension fund under this selection process. The PFRDA makes no commitment, express or implied, that this process will result in selection of sponsor or grant of registration to any pension fund.
- b) This RFP does not constitute an offer by the PFRDA. The applicant's participation in this process may result in PFRDA selecting the applicant to engage in further discussions and negotiations. The commencement of such negotiations does not, however, signify a commitment by PFRDA in selecting a sponsor or registration of a pension fund or to continue negotiations. The PFRDA may terminate negotiations at any time without assigning any reason.

4.8 Venue and Deadline for Submission of Proposal

Proposals should reach PFRDA at the following address.

General Manager (PF-Department)
Pension Fund Regulatory and Development Authority (PFRDA),
1st Floor, Chhatrapati Shivaji Bhawan,
B-14/A, Qutab Institutional Area,
New Delhi - 110016

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

Last date & time of submission of proposal is as mentioned in clause 4.3 of this RFP.

4.9 Application Fee and other information

- a) The bid must be accompanied with non – refundable application fee of Rs.10,00,000.00 (Rupees Ten Lakhs only) by the way of a Demand Draft drawn in favour of Pension Fund Regulatory and Development Authority payable at New Delhi, at the time of submission of application for acting as sponsor of pension fund.
- b) PFRDA has the right to instruct to furnish any further information that it deems fit and may require the applicant to appear in person for representation in the process of evaluation of the RFPs.

4.10 Late Bids

Any proposal received by the PFRDA after the deadline for submission of proposal prescribed in Clause 4.3 of this RFP shall be summarily rejected and returned unopened to the applicant.

5. PRE-QUALIFICATION CRITERIA (MINIMUM ELIGIBILITY CRITERIA)

The applicant shall fully satisfy the eligibility conditions, as also the criteria for fit and proper, prescribed under the PF Regulations 2015 and any other additional terms and conditions that may be specified by the Authority under this selection process and does not incur any disqualification criteria mentioned in the RFP at any stage.. It is made clear that all the eligibility conditions stipulated for the applicants/ bidders shall be fulfilled by the Applicant as on the date of submission of its bid and not at a later date.

The supporting documents to be submitted in support of the pre-qualification criteria are prescribed in Annexure IV: Format for minimum eligibility (Prequalification) Criteria details)

Criteria
1. The sponsor of a pension fund shall have at least five years' experience of fund management (equity as well as debt market)
2. The sponsor of a pension fund shall be an entity engaged in financial business activity, and regulated by any of the financial sector regulators in the country including the Reserve Bank of India, the Securities and Exchange Board of India, Insurance Regulatory and Development Authority or PFRDA
3. The sponsor, individually or jointly, shall have a positive tangible net worth of at least Twenty Five Crore rupees on the last day of each of the preceding five financial years i.e. from FY 2011-12 to FY 2015-16
4. The sponsor shall have profits after tax in at least three of the preceding five financial years FY 2011-12 to FY 2015-16 and further that there shall be no cash loss in the last preceding five years;
5. The sponsor shall be required to incorporate the pension fund as a separate limited company under the Companies Act, 1956/2013. The sponsor shall have the capacity to induct capital so that that the pension fund shall have a minimum positive tangible net worth of Fifty crore rupees
6. The aggregate holding of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees or by an individual or by an association of persons whether registered or not under any law of a country outside India taken in aggregate in the pension fund shall not exceed forty nine per cent. of the paid-up capital of such fund or such other limit prescribed under the Insurance Act, 1938..
7. The sponsor shall ensure that the pension fund shall have the ability to provide minimum assured return scheme through market based mechanism which may include guarantee to be purchased by the subscriber
8. The sponsor has contributed or contributes at least twenty per cent. to the tangible net worth of the pension fund. An entity, which contributes twenty per cent. or more of the paid up capital of the pension fund, shall be required to fulfil eligibility criteria for a sponsor specified in these regulations
9. The sponsor of a pension fund or the pension fund itself shall not hold any equity stake in any other pension fund regulated by the Authority
10. The sponsor of a pension fund or the pension fund shall at no time either directly or indirectly hold more than twenty-six per cent. of the equity stake in central recordkeeping agency or custodian or the Trustee Bank

Criteria
<p>11. Sponsor(s) of a Pension Fund must meet the following additional criteria with respect to fund management both in equity and debt securities cumulatively.</p> <p>11.1 Monthly Average Assets under Management (AAUM) of Sponsor(s) must not be less than Rs. 10,000.00 crores for the last 12 months ending the preceding month of application. However the quantum of monthly AAUM for the last 12 months ending the preceding month of application shall not be less than Rs. 2000.00 crores in case of Sponsor(s) who are already engaged in the business of management of pension fund and /or superannuation fund.</p> <p>11.2 The amount of monthly AAUM specified in clause (i) above for the last 12 months ending the preceding month of application should have Rs 2500.00 crores of equity funds in all cases other than Sponsor(s) in the business of management of pension fund and / or superannuation Fund, where the amount of monthly AAUM specified in clause (i) above for the last 12 months ending the preceding month of application should have Rs 750.00 crores of equity funds.</p> <p>11.3 In the case of a JV, any one of the Sponsor(s) must meet this criterion specified in clause 11.1 and clause 11.2.</p> <p>11.4 Assets under management shall not include investment of its own assets, investment advisory services rendered or any other similar activities undertaken by the Sponsor(s).</p> <p>11.5 In case a Sponsor does not meet the criteria, as specified in clause 11 and clauses 11.1 to 11.3, and there is a Mutual Fund or a Life Insurance Company within the Sponsor Group, then for the purposes of meeting the criterion, as specified in clause 11 and clauses 11.1 to 11.3, the required track record / data in respect of the Mutual Fund or Life Insurance Company may be considered, provided that the Sponsor and / or its promoter company holds majority shareholding in the concerned Mutual Fund or Life Insurance company. In all such cases, the applications on the prescribed forms should give the required details / data in respect of the concerned Mutual Fund or the Life Insurance company, in addition to that of the Sponsor.</p> <p>11.6 The minimum tangible net worth of each of the Sponsor at the time of submitting its bid under the RFP shall be Rs. 50 Cores (Rupees Fifty Corers)</p>

6. DISQUALIFICATION CRITERIA

PFRDA may at its sole discretion, disqualify any applicant, if -

- (a) if the application is not complete in all respects and does not conform to the requirements specified in the regulations or any selection criteria determined by the Authority on the date of inviting applications for registration;

- (b) if the application is not accompanied with fee or relevant documents in support or the applicant fails to furnish such additional information as required by the Authority;
- (c) if the application contains incorrect, false or misleading information.
- (d) any other ground specified in PFRDA (Pension Fund) Regulations, 2015 for rejection of an application.
- (e) Any Sponsor (s)/ bidder bidding above 10 bps (0.10% p.a.) as Investment Management Fee (IMF) shall be disqualified subject to as mentioned in Step 8 of Para 4 of this RFP.

7. BID OPENING

Total transparency will be observed while opening of proposals. Sealed envelopes of the bids of all qualified applicants will be opened as per the time and date mentioned in clause 4.3 of this RFP in the presence of authorized representatives of the applicants who wish to attend the event. PFRDA reserves the right at all times to postpone or cancel a scheduled bid opening. The venue for the opening of proposals is as mentioned in the clause 4.8 of this RFP.

8. PROPOSAL INSTRUCTIONS AND CONDITIONS

8.1 Bid Submission Format

- a) The applicant shall submit a sealed cover consisting of two (2) copies of all the bid documents and 1 soft copy on CD ROM/any other portable medium. The name of the project, the applicant's name and address, and the name of the primary and secondary contact person should be provided on the right hand side of main sealed proposal and must be received at the address mentioned in clause 4.8 by 18:00 Hrs on the date mentioned in clause 4.3 of this RFP.
- b) Copies of the bids (both in original and duplicate) must consist of the following:
 - i. Envelope 1: Minimum Eligibility (Prequalification criteria) - Application Fee and supporting documents as mentioned in annexure IV in sealed cover super scribing on the right hand side top of the cover as "Envelope 1: Prequalification criteria
 - ii. Envelope 2: Technical Proposal including all the technical information required in clause 9 this RFP document, dully filled in along with all

attachments/schedules duly completed and signed by the applicant in a sealed cover super scribing on the right hand side top of the cover as mentioned in clause9 “Envelope 2: Technical Proposal”

- iii. Envelope 3: The applicant’s Commercial Proposal as per the details provided in clause10 of this RFP in a sealed cover super scribing on the right hand side top of the cover as mentioned in clause10“Envelope 3: Commercial Proposal”
 - iv. All the above three envelopes must be enclosed in one main envelope and the details should be mentioned on it as written in clause 8.1 (a).
- c) The pages of the proposal should be properly numbered and an index of the same should be provided at the beginning. The bid/proposal should be submitted duly spiral bound. For ease of reference each clause/ annexure of the bid/ proposal should be separated by separators.
 - d) It shall be the duty of the bidder to ensure that there is no discrepancy in the information provided in the hard copy and the soft copy. Wherever specified information is to be provided in MS word. Excel/ PDF format. In case of discrepancy between the hard and the soft version, hard copy version shall be considered final.
 - e) PFRDA will not accept delivery of proposal by fax or e-mail or any other mode other than that prescribed under this RFP. Proposals received in such manner shall be treated as defective, invalid and rejected.

8.2 Documents Comprising the Proposal

The proposal submitted by the applicant shall comprise the following documents:

- a) The Application Fee
- b) Confirmation of qualifying the minimum eligibility criteria as detailed in Annexure IV: Format for minimum eligibility (Prequalification) Criteria details, along with Supporting documents submitted in favour of the pre-qualification criteria
- c) Technical Proposal including all the technical information asked for in clause 9 of this RFP document, dully filled in along with all attachments/schedules duly completed and signed by the applicant.
- d) The applicant’s Commercial Proposal as per the details provided in clause10 of this RFP.
- e) Any other information that is to be submitted during the course of the evaluation of the proposal process.
- f) Any deviation from the requirement of the RFP will be included as a separate statement

9. TECHNICAL PROPOSAL FORMAT

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

All pages and paragraphs of the proposal should be numbered and all the papers should be properly bound together. A proper index should be prepared giving the details of page numbers etc. in respect of the different sections/clauses of the proposal.

(A) Business management

1. Management Quality

- (i). Profile of the Sponsor(s) including an outline of ownership, history, and overview of services. Please include organizational structure of the Sponsor(s) and group (maximum 5 pages).
- (ii). Please provide the firm's corporate governance policy (not for investment portfolio), including the process and reporting lines for internal audit committee, selection of external auditors and fixation of their remuneration etc. (maximum 5 pages).
- (iii). Please complete the following for senior management team of the sponsor firm

Name	Title/Role	Qualification	Yrs with firm	Previous employment (yrs and companies)
	CEO			
	Financial			
	Operations			
	Etc			
	Etc			

2. Experience in equities and debt as per asset under management

- (i). Experience in Equity (Number of years of experience)
- (ii). Experience in Debt (Number of years of experience)
- (iii). Assets under management as per the following table. Please indicate if there is any double-counting. **Please** provide definitions used to classify asset classes.

Asset class	Institutional (US\$bn and INR crores)	Retail (US\$bn and INR crores)
Equities <ul style="list-style-type: none"> • Indian listed equities (portfolios with more than 60% equities) 		

• Global listed equities		
Fixed Income (portfolio with more than 60% in fixed income instruments including government and non-government)		
Cash (less than 12 months maturity)		

3. Financial strength (profit , net worth and cash loss)

- (i). Profit and net worth for sponsors (or parties of a JV) for the last 5 financial years as per the following table.

	2011-12	2012-13	2013-14	2014-15	2015-16**
Net (loss) profit after tax					
Net worth*					
Cash (loss)/Profit***					

* Aggregate of value of paid up equity capital plus free reserves (excluding reserves created out of revaluation) reduced by aggregate value of accumulated losses and deferred expenditure not written off (including miscellaneous expenses not written off) as per the audited balance sheet. Information for any part of the year shall not be taken into account and information after 31.03.16 shall not be considered.

*** Net profit /(loss) + depreciation

4. Corporate Governance policy (Brief)
5. Support to PF from Sponsor/group
6. Compliance with the regulation 8(3) of PFRDA (PF) Regulations as detailed below:

8.3.(a)/ the sponsor shall be required to provide the pension fund with adequate and necessary infrastructure, dedicated manpower, systems and procedures, information technology and information	<input type="checkbox"/> YES <input type="checkbox"/> No	Undertaking from Sponsor and Pension Fund plus a brief write up on each of the items.
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security systems with capabilities to adapt to future changes or any other requirement as may be specified by the Authority		
8.3.(b)/ at least fifty per cent. of the directors of the pension fund shall have adequate professional experience in finance and financial services related field	<input type="checkbox"/> YES <input type="checkbox"/> No	Brief resume of directors describing educational qualification and experience of directors.
8.3(c)/ the pension fund shall ensure that the key personnel viz. the Chief Executive Officer, Chief Investment Officer, Fund Manager, Operations Manager, Compliance Officer and or other positions, as may be notified by the Authority, from time to time have the adequate professional experience in the requisite field	<input type="checkbox"/> YES <input type="checkbox"/> No	Brief resume of (proposed) Key personnel describing educational qualification and experience.
8.3.(d)/ the board of directors of such pension fund has at least fifty per cent. independent directors;	<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> Name of all (proposed) directors and name of independent directors.
8.3.(e)/ the sponsor and pension fund is a 'fit and proper person' as specified in Schedule II of PFRDA (PF)Regulations;	<input type="checkbox"/> YES <input type="checkbox"/> No	Affidavit for fit and proper person from applicant
8.3.(f)/ the principal officer of the pension fund or sponsors have not been found guilty of moral turpitude or convicted of economic offence or violation of securities laws or any adverse order has been passed by any of the other financial sector regulators or court of law or tribunal	<input type="checkbox"/> YES <input type="checkbox"/> No	If yes, undertaking to be provided and if no, details to be provided

<p>8.3.(g)/ whether the sponsor or any of its associates have in the past been refused certificate of registration by any of the financial sector regulators in India including, the Reserve Bank of India, the Securities and Exchange Board of India, the Insurance Regulatory and Development Authority and the Pension Fund Regulatory and Development Authority and if so, the ground for such refusal</p>	<p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> No</p>	<p>If No, undertaking to be provided and if yes then details to be provided</p>
<p>8.3.(h)/whether the sponsor or any of its principal officers have in the past five years been convicted or imposed with penalties by any of the financial regulators [referred to in clause (g)] or by a court of law or tribunal, on the matters concerning violation of regulations, directions, guidelines and circulars of the regulator;</p>	<p><input type="checkbox"/> YES</p> <p><input type="checkbox"/> No</p>	<p>If No, undertaking to be provided and if yes then details to be provided</p>

(B). Investment capabilities

1. Please provide the investment policy document, investment decision-making process flow and portfolio guidelines. **(separately for the management of equities and fixed income.)**
2. Please provide a list of all sources of information and research used in the management of this asset class and a rationale for their selection. **(Separately for the management of equities and fixed income)**
3. Please provide an explanation of the portfolio implementation process including trading systems, procedures and controls.

4. Quality of investment team:

- (i). Please provide a list of all investment and trading professionals as per the following table. For fund/portfolio managers, please indicate the name of the funds/portfolios managed. For analysts, please indicate which sector they cover. Please indicate where the person is considered a key decision maker in the firm's investment process and the policies in place to ensure retention of this professional. Please indicate the fund manager who is expected to be appointed to manage the pension fund assets.

Name	Title/Role including sectors/portfolios	Qualification	Yrs with firm	Previous employment (yrs and companies)

- (ii). Please provide a chart showing reporting lines for the investment team of Sponsor(s)
- (iii). Please provide a list of all key investment staff who have departed or joined the sponsor/pension fund in the last 3 years.

Name	Role	Date joined	New role/Replacement

Name	Role	Date departed	Reason for departure

(C). Investment track record

1. Track record in managing equities asset classes
2. Track record in managing fixed interest asset class

Please provide month-wise performance track record (for above point 1 & 2) for all vehicles/institutional mandates managed by the firm in the equities and fixed income

asset classes (please use same definitions for equities and fixed income schemes as in Q5). Please provide the benchmark and any mandate restrictions for each vehicle/mandate. **This data is to be provided in MS Excel format.**

Date	Fund1	Fund2	Fund3	Fund4
31 Jan 2011				
28 Feb 2011				
31 March 2011				
- to				
31 March 2016				

3. Please provide details of process and track record for any funds managed on a passive basis i.e tracking a specified index. Give details of the range within which the tracking error was maintained.

4. Details of Non-performing Assets (NPA)

Year	NPA (in crores) across all schemes	Total AUM	%age of NPA over AUM across all schemes
2011-12			
2012-13			
2013-14			
2014-15			
2015-16			

(D) Operations due diligence

1. Risk management (Credit risk, market risk, operational risk)

Please provide an outline of the firm's risk management policy and reporting lines. List dedicated people for risk management. Please provide a list of instances where any guidelines, internal or external, were breached and how this was rectified.

2. Middle and back-office processes.

Please provide an outline for the following areas -

- operating structure (lines of reporting)
- information technology platforms, MIS system, processes, disaster recovery mechanisms etc.
- third party relationships and outsourced services
- compliance & legal risk, team, policies and procedures
- human resource policy

(E) BUSINESS PLAN AND FEE PROJECTION

Please provide a business plan for the pension business for next five years along with assumptions, justification of the projected fee. (maximum 10 pages).

10. COMMERCIAL PROPOSAL FORMAT

- (i). The commercial proposal shall be submitted in the format given in the Annexure V of this RFP
- (ii). The Commercial proposal shall quote Investment management fee expressed as percentage of the assets (to be calculated on daily accrual basis) managed by the pension fund. Investment management fee is to be calculated on the assets under management on a daily accrual basis and paid to the pension fund at the end of every quarter of a year. The investment management fee is inclusive of brokerage but exclusive of custodian fee and applicable taxes. All other costs shall be borne by the pension fund and shall not be reimbursed or charged to the scheme by the pension fund. The pension fund shall load their charges (investment management fees) onto the net asset value on daily basis and the accrued charges (income) will be collected by it at the end of each quarter, from the scheme bank accounts maintained with Trustee Bank after due approval of the National Pension System Trust.
- (iii). Any Sponsor (s)/ bidder bidding above 10 bps (0.10% p.a.) as Investment Management Fee (IMF) shall be disqualified subject to Step 8 of Para 4 of this RFP.

10.1 Amendment of Request for Proposal

At any time prior to the deadline for submission of proposals, PFRDA may modify, for any reason deemed necessary, the RFP by amendment and such amendment shall be binding. Such amendment shall be uploaded on the website of PFRDA.

10.2 Modification, Substitution and Withdrawal of Proposal

No proposal can be withdrawn in the interval between the deadline for submission of proposals and the expiration of the validity period as specified in clause 10.5 of this RFP. However, applicant is allowed to withdraw his bid documents till deadline for submission of proposals, as per the schedule in the clause 4.3 of this RFP. Once the bid documents are submitted, modifications and substitutions in the bid documents shall not be allowed.

10.3 Language of Proposal

- 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 PFRDA and will not be returned. The hardcopy version will be considered as the official proposal.

10.4 Currency of Proposal and Payment

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

10.5 Period of Validity of Proposals

- a) The proposals shall be valid for a period of Nine(9) 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, PFRDA may solicit the applicant's consent for an extension of the validity period. The request and responses shall be made in writing.

10.6 Proposal Evaluation

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

10.7 Proposal Opening

PFRDA would open the proposal, in the presence of authorized representative(s) of the applicant who choose to attend, at the time, date and location stipulated in the RFP. The maximum number of authorized representatives allowed to each applicant will not be more than two. The applicant's representative(s) shall sign a register evidencing their attendance. After the opening of the technical proposals, PFRDA may direct the Applicants to place their proposal or such information as may be deemed expedient in subscriber's interest upon their website in accordance with Regulation 6(3) of the PFRDA (Pension Fund) Regulations 2015.

10.8 Clarification of Proposals

In the process of examination, evaluation of proposal, the PFRDA may, at its discretion, ask applicant(s) for clarification of its proposal which the applicant will be obliged to furnish.

10.9 Initial Determination of Compliance with RFP Requirements

The Committee will perform an initial review of all proposals that are submitted on time. After initial review, the Committee may recommend discontinuing the evaluation of any proposal, which it considers unacceptable prima facie for any reason such as:

- a) The proposal is not a reasonable effort to respond to the requirements of the RFP.
- b) The proposal contains technical deficiencies, such as not all the requirements of the solution are addressed and proposed solution is not in accordance with the requirements of the PFRDA.

10.10 Correction of Errors

- a) Applicants are advised to exercise adequate care in quoting the prices. No modification/ correction in quotations will be entertained once the commercial bids are submitted. Even before submission of the proposal, care should be taken to ensure that any corrections/overwriting in the proposal are initialled by the person signing the proposal form.
- b) Arithmetic errors in proposals will be corrected as follows:

In case of discrepancy between the amounts mentioned in figures and in words, the amount in words shall govern.

10.11 Evaluation Procedure and Criteria

Evaluation of the bids shall be conducted in accordance with Regulation 9 of the PFRDA (Pension Fund) Regulations 2015 and which shall comprise the stages below. The following is the procedure for evaluation.

10.12 Evaluation of Bids – in three stages

- (a) The evaluation of the minimum eligibility Criteria will be carried out for those applicants only who submit the bid document in time as mentioned in clause 4.3 of this RFP. The bidders who do not satisfy these qualification criteria or fall within the disqualification criteria, shall not be considered for technical evaluation and their bids shall be rejected.

- (b) The technical bids of all the bidder's who have qualified the Minimum Eligibility Criteria and suffers from no disqualification will be evaluated as per the criteria specified in para9 of the RFP read with Annexure VI: Technical Evaluation Parameters). The bidder is required to provide all details as specified in this RFP.
- (c) 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.
- (d) Each Technical bid will be assigned a technical score out of a maximum of 100 marks.
- (e) The applicants who score a Technical score of 70% or more will qualify for the evaluation of the commercial bid.

10.13 PFRDA may it so desires conduct a verification of the information in accordance with Regulation 7 of the PFRDA (Pension Fund) Regulations 2015.

11. OPENING OF COMMERCIAL BIDS

The commercial bids will be opened only for bidders whose bids have not been rejected in any manner and who secure the minimum cut-off score on the technical bid. The authorized representatives of the bidders qualifying in the technical bid may be present at the time of the Commercial bid opening.

12. EVALUATION OF COMMERCIAL BIDS

It is proposed to select a maximum of 10 (ten) pension funds for the private sector based on three stage bidding process. The Commercial bids shall be opened only for those sponsors of pension funds that have cleared the Minimum Eligibility Criteria and scored 70% marks in technical score. The commercial bids of the qualifying bidders shall be ranked and those bidders who have been ranked from L1 to L10 shall be considered for further selection, provided however that regard shall be had that atleast one of the pension fund shall be a government company as mandated under the provisions of the PFRDA Act, 2013 and the PF Regulations..

These selected pension funds shall be allowed to operate at the bid price subject to the ceiling fixed by PFRDA..

All the eligible bids whose commercial bids have been opened will be ranked from L1 to L10, based on the price quoted in commercial proposal, which will be less than or equals to 10 bps (ie. 0.10% p.a.). Commercial bids received above the said ceiling shall not be entertained and is liable to be rejected, save as may be determined by the

Authority in exceptional circumstances to fulfil the mandate of the PFRDA Act and the regulations . In case, the commercial bids of two or more bidders at L10, are same, then preference would be given in ranking to the bidder whose scoring is more in technical proposal.

However, in case, if no Sponsor(s)/prospective sponsor of a Pension Fund being a government company or to be established as such is selected by under this process, then bidders ranked L1-L9 will be considered for further selection under the process and 10th spot/position would be awarded to Sponsor (s)/prospective sponsor(s) of Pension Fund established as a government Company as defined under Section 23(2) of PFRDA Act 2013. Lowest bidder amongst all Sponsor(s)/prospective sponsor(s) of pension funds established or to be established as government company will be selected, provided it has bid upto 10 bps. In case, the commercial bids of two or more (bidders) sponsor(s)/ prospective sponsor(s) of pension funds established or to be established as government company , are same, then preference would be given in ranking to the bidder whose scoring is more in technical proposal.

In case more than one sponsors of pension funds established as government company(s) are ranked within L1 to L 10, offer shall be made to all such sponsor(s). It is made explicit that more than one pension fund being a government company is eligible to be selected.

In case not even one sponsor of a pension fund established as a government company is able to be selected under this process, for any reason, then one slot for such pension fund being a government company, shall remain reserved for selection under such further process as the Authority may determine and only 9 other pension funds (being not government companies) who are placed in the ranking as aforesaid, would be considered for selection, subject, if any, to further decisions of the Authority on the matters regarding operationalising of activities.

In case, the commercial bids of two or more bidders at L9, are same, then preference would be given in ranking to the bidder whose scoring is more in technical proposal.

In case, any of the bidders, whose commercial bids are judged as L10, L9, L8, L7, L6, L5, L4, L3, L2 and L1 are unable or unwilling to obtain the Certificate of Registration for their sponsored Pension Funds, then offer shall be made to the next higher bidder(s) (L11, L12 and so on).

PFRDA reserves the right to negotiate terms with the next eligible bidder before finalization of terms.

13. REGISTRATION OF PENSION FUNDS

13.1 PFRDA's Right to Accept or Reject any or all Proposals

The PFRDA 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 to a pension fund, without incurring any liability to the affected applicant or applicants or any obligation to inform the affected applicant or applicants of the grounds for PFRDA's action.

If considered necessary, a rebid of commercial quotes will be called for by PFRDA from technically qualified entities.

13.2 Notification of Award

1. Ten selected successful bidders will be considered for further selection and further notified to accept/quote as determined by the Authority.
2. After receiving the acceptance of offer as above, the Authority may, subject to such terms and conditions as it may specify, permit the Applicant to set up a pension fund and on receipt of the non-refundable registration fee of Rs 25.00 lakhs in the manner specified in Part B (explanations) thereof of the PFRDA (Pension Fund) Regulations 2015 , may grant a certificate of registration to the pension fund on Terms and conditions specified in the PFRDA (Pension Fund) Regulations 2015 and such terms and conditions it deems fit.

13.3 Documentation with intermediaries

- (i). Before commencement of operations, the pension fund shall *inter alia* execute the following agreements as provided under Regulation 10 of the PFRDA (PF) Regulations 2015:-
 - (a) Investment Management Agreement with the National Pension System Trust as specified in Schedule XI of PFRDA(PF) Regulations 2015;
 - (b) Non-disclosure agreement with the National Pension System Trust;
 - (c) Agreements with other intermediaries under the National Pension System as maybe specified by the Authority like the central record keeping agency, Trustee Bank (Schedule VIII of PFRDA (PF) Regulations 2015) and custodian (Schedule IX of PFRDA (PF) Regulations 2015) or any other intermediary as specified ;
 - (d) Any other agreement as may be specified by the Authority.

- (ii). In case of any divergence between the intermediaries on the interpretation of the agreements, the same shall be forwarded for such determination by the Authority, whose decision shall be final.
- (iii). The pension fund shall obtain necessary approvals from other sectoral regulators under applicable Acts or laws and shall comply with the documentation requirements of the other intermediaries with regard to opening of accounts, authorizing signatories, obtaining digital signatures, providing connectivity, software installation and other like matters so that it suffers no disability under law or otherwise to act as pension fund.

13.4 Commencement of business.-

- (i). Upon completion of documentation by the pension fund and other related formalities for undertaking its operations for which it has been granted certificate of registration, the pension fund shall seek issuance of “certificate for commencement of business” from the Authority.
- (ii). At the time of seeking the certificate of commencement of business, the sponsor or pension fund shall represent and warrant that it has the necessary approvals and permission to act as pension fund and suffers from no disability in law or otherwise to act as such.
- (iii). The Authority upon being satisfied that the pension fund is fully equipped to commence its operations for managing the scheme assets, may issue “certificate for commencement of business” to the pension fund in the format specified in Schedule IV pursuant to which the pension fund can operationalize the business.
- (iv). A pension fund granted a certificate of registration shall commence its operations within a period of six months from the date of registration. Any extension in the time limit for such operationalizing shall be permitted by the Authority for a maximum period of six months for reasons to be recorded in writing.
- (v). Every pension fund shall deposit with the Authority before the 15th of April each year or within 15 days of grant of Certificate of Registration an annual fee as specified in Schedule III of Regulations 2015.

13.5 Governing Laws/ Jurisdiction Arbitration

Any matter or dispute relating to or arising out of the selection process for registration of Pension Funds shall be settled in accordance with the provisions of the PFRDA Act, 2013 and as per the mechanism provided under the PF Regulations 2015.

13.6 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.



Annexures

Annexure I: Technical Proposal

[Date]

The General Manager,

Pension Fund Regulatory and Development Authority,

New Delhi,

Dear Sir/Madam,

Ref: Request For Proposal (RFP): for Selection of Pension Funds (PFs) for NPS Private Sector Schemes (excluding CG, SG and APY) or any other scheme regulated /administered by the Authority

Having examined the RFP documents, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to provide the services as required and outlined in the RFP for registration of PF under the NPS. We agree to meet such requirements and provide such services as set out in the RFP documents.

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

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 PFRDA or its appointed representatives.

We agree to unconditional acceptance of all the terms and conditions set out in the PF Regulations 2015 and RFP documents as applicable .

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 PFRDA 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 PFRDA 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,

Annexure II: Commercial Proposal

[Date]

The General Manager,

Pension Fund Regulatory and Development Authority,

New Delhi,

Dear Sir/Madam,

Ref: Request For Proposal (RFP): for Selection of Pension Funds (PFs) for NPS Private Sector Schemes (excluding CG, SG and APY) or any other scheme regulated /administered by the Authority

Having examined the RFP documents, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to provide the services as required and outlined in the RFP for appointment of under the NPS. We agree to meet such requirements and provide such services as set out in the RFP documents.

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

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 PFRDA or its appointed representatives.

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 PFRDA 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 PFRDA 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: 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)	Section/Content of RFP requiring clarification	Points of Clarification required
1			
2			
3			

Annexure IV: Format for minimum eligibility (Prequalification) Criteria details

Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
The sponsor of a pension fund shall have at least five years' experience of fund management (equity as well as debt market);	No. of years in fund management -Equity <input type="text"/> -Debt <input type="text"/>	<input type="checkbox"/> YES <input type="checkbox"/> No.	<ul style="list-style-type: none"> • Registration Certificate with SEBI/IRDA • Details of fund management in the past five years in following segment- <ol style="list-style-type: none"> 1. Debt 2. Equity
The sponsor of a pension fund shall be an entity engaged in financial business activity, and regulated by any of the financial sector regulators in the country including the Reserve Bank of India, the Securities and Exchange Board of India, Insurance Regulatory and Development Authority and the Authority;		<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> • Registration Certificate from SEBI/IRDA/RBI
The sponsors, individually or jointly, shall have a positive tangible net worth of at least Twenty Five crore rupees on the last day of each of the preceding five financial years;		<input type="checkbox"/> YES <input type="checkbox"/> No	Audited Balance Sheets of the Sponsors as on 31 st March of the last 5 financial years or ie. 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16.
The sponsor shall have profits after tax in at least three of the preceding five financial years and further that there shall be no cash loss in the last preceding five years;	Financial year in which profits during last five year _____	<input type="checkbox"/> YES <input type="checkbox"/> No	Certificate of Net worth from a Chartered accountant Audited Balance Sheets of the Sponsors as on 31 st March of the last 5 financial years or ie.

Extracts	Remarks	Meet Criteria (Yes/No)	Supporting Document
	Years in which cash loss _____		2012,2013,2014,2015 and 2016
The sponsor shall be required to incorporate the pension fund as a separate limited company under the Companies Act, 2013 and it shall have the capacity to induct capital so that that the pension fund shall have a minimum positive tangible net worth of fifty crore rupees or such other higher amount as stipulated by the Authority in the selection process.	Jointly capacity of Sponsor (s) to be exceeding or equal to 50 Crores.	<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> Documents evidencing capacity to induct Rs. 50 Crores
The sponsor shall ensure that the pension fund shall have the ability to provide minimum assured return scheme through market based mechanism which may include guarantee to be purchased by the subscriber;		<input type="checkbox"/> YES <input type="checkbox"/> No	Undertaking from Sponsors(s)
The sponsor has contributed or contributes at least twenty per cent. to the tangible net worth of the pension fund. An entity, which contributes twenty per cent. or more of the paid up capital of		<input type="checkbox"/> YES <input type="checkbox"/> No	<ul style="list-style-type: none"> (Proposed) share holding of the Pension Fund

Annexure V: Format for Providing Commercial Bids

Investment Management Fee with reference to REQUEST FOR PROPOSAL FOR SELECTION OF PENSION FUNDS (PFs) UNDER NATIONAL PENSION SYSTEM (NPS) and other schemes regulated/ administered by PFRDA.

Charges	In figures	In Words
'Investment Management Fee' expressed as percentage of the Assets (to be calculated on daily accrual basis) managed by the pension fund		

- The Investment Management Fee should be inclusive of all transaction related charges such as brokerage, transaction cost etc. except custodian charges, but exclusive of all applicable taxes. Taxes on brokerage and transaction cost will be borne by the PFs.
- The investment management fee is to be calculated on the assets under management on a daily accrual basis and-paid to the pension fund at the end of every quarter of a year.
- The investment management fee is inclusive of brokerage but exclusive of custodian fee and applicable taxes. All other costs shall be borne by the pension fund and shall not be reimbursed or charged to the scheme by the pension fund.
- The pension fund shall load their charges (investment management fees) onto the net asset value on daily basis and the accrued charges (income) will be collected by them at the end of each quarter, from the scheme bank accounts maintained with Trustee Bank after approval of the National Pension System Trust.

Annexure VI: Technical Evaluation Parameters

The following table outlines the parameters based on which evaluation of technical proposals of the bidders shall be carried out by the Authority

A: Business management	(25 Marks)
1. Management quality	
2. Experience in equities and debt as per assets under management	
3. Financial strength (profit and net worth)	
4. Corporate Governance	
5. Support to PF from sponsor/ group	
6. Compliance of Regulation 8(3) of PFRDA (PF) Regulations 2015.(Annexure VII)	
B Investment capabilities	(25 Marks)
1. investment policy document, investment decision-making process flow and portfolio guidelines	
2. Sources and quality of information and research	
3. Portfolio implementation process including trading systems, procedures and controls	
4. quality of investment team	
C. Investment track record	(25 Marks)
1. Track record in managing equities asset classes	
2. Track record in managing fixed interest asset classes	
3. Give details of the range within which tracking error was maintained for passively managed funds	
4. NPAs in the portfolio.	
D. Operational due diligence	(15 Marks)
1. Risk management – Credit risk, market risk, operational risk.	
2. Middle and back office processes	
E. Business Plan and Fee projections for five years	(10 marks)
