



**Government of India**  
**Ministry of Finance**  
**Department of Investment and Public Asset Management (DIPAM)**

**REQUEST FOR PROPOSALS (“RFP”) TO ENGAGE AN ASSET MANAGEMENT COMPANY (“AMC”) FOR CREATION AND LAUNCH OF A DEBT EXCHANGE TRADED FUND (“DEBT ETF”) BASED ON THE CAPEX AND BUSINESS NEEDS OF CPSEs/PSBs/PSUs.**

**1. Introduction and Proposal**

- 1.1. The development of a robust corporate debt market has been emphasized as a cornerstone to spurring economic growth in India by policy makers and experts alike, particularly in view of huge investment requirements of the economy in general and of the infrastructure sector in particular. In India, the corporate bond market constitutes a relatively small size of around 13% in terms of GDP as compared with the government bond market which is around 30.4% in terms of GDP. The debt market comprises of the government securities market and the corporate debt market. Government securities (“G-Secs”) constitute 79% of the total amount of outstanding bonds in India.
- 1.2. CPSE issuers are one of the most frequent and regularly traded segments of the Corporate Bond Market. **The Government is exploring the possibility of creating a Debt ETF / Fixed Income Product which will be further referred to as “Debt ETF”,** comprising of Bonds, Credit Linked Note (“CLN”), Debentures, Promissory Notes etc. as underlying instruments issued by participating CPSEs/PSBs/PSUs to help them meet the CAPEX & business needs of the participating CPSEs/PSBs/PSUs by leveraging their aggregate strength. This will bring enhanced liquidity, enhanced investors base and transparency and smoothening of borrowing plans of the participating CPSEs / PSBs / PSUs. This will benefit both the investors and the issuers.
- 1.3. The proposed Debt ETF may include G-Sec” subject to necessary discussions and deliberations.
- 1.4. The Government of India has already appointed Advisor and Legal Advisor for advising and assisting the Government for the creation and launch of the Debt ETF. The Government will select and appoint one AMC registered with the Securities and Exchange Board of India (“SEBI”) having experience and expertise in the launch and management of Debt Mutual Funds/ETFs/Debt Assets. Proposals under the guidelines at paragraph 4 hereunder are invited **by 1500 hrs on 17<sup>th</sup> December, 2018** from reputed asset management

companies registered with SEBI, either singly or as a consortium, to act as the AMC/Debt ETF provider for the proposed Debt ETF offering for the period of 3 years which may be further extended for another 2 years on same terms and conditions.

- 1.5. The proposed Debt ETF would be launched as a New Fund Offer (“NFO”) and may be followed by Further Fund Offer (“FFO”)/ Tap Mechanism / Tranche offering or any other additional offering(s) which the Government may deem fit to launch.
- 1.6. **The appointment of the AMC / Debt ETF Provider would be subject to and after the decision of the Government on the proposal for the proposed Debt ETF.**

## **2. Responsibilities of the AMC**

The AMC will be required, *inter-alia*, to work with the Government and the Advisor(s) in all aspects of creating, launching and managing the proposed Debt ETF, including all FFO, Tap, Tranche and additional offerings, but not restricted to, as mentioned below:

- i. Suggest structuring of the Debt ETF including but not limited to the terms of composition of underlying Securities under the proposed Debt ETF i.e. bonds, CLN, Debentures, Promissory Notes, etc. weightages, tenure and methodology followed etc. Suggesting various options for structuring the Debt ETF basket in terms of composition of CPSEs / PSBs / PSUs and/or G-Secs, weightages, and methodology followed etc. The Government shall formulate the Debt ETF basket, after taking into account, inter alia, the opinion of the AMC and the Advisor and shall endeavour to structure a marketable Debt ETF product. However, the decision of the Government in terms of the proposed Debt ETF Bonds, CLN, Debentures, Promissory Notes, etc. basket shall be final and binding.
- ii. Creating appropriate index for tracking performance of the proposed Debt ETF.
- iii. Working in co-ordination with other intermediaries appointed by the Government viz. Adviser and Legal Adviser for the execution of the Debt ETF.
- iv. Conduct all ongoing activities for launching, operating and managing the proposed Debt ETF in compliance with the SEBI Regulations and other applicable acts, laws rules, regulations, and as per the usually followed practices, including but not restricted to Debt ETF basket creation/ redemption activities, providing **real-time indicative NAV**, undertaking necessary SEBI / AMFI / Stock exchange filings etc.
- v. The AMC shall appoint various intermediaries for ongoing operations of the fund, including but not limited to the Registrar and Transfer Agent

(RTA), Custodian, Rating Agency(ies), Fund Administrator, Bankers, Auditors, Distributors and Market Maker/ Authorized Participants, the expenses for which shall be borne by the AMC, as per the existing regulatory stipulations in this regard.

- vi. Preparing all the documents required for the NFO, FFO, Tap, Tranche offering and any other additional offering stage, along with the Key Information Memorandum (“KIM”), and any other documents required, in accordance with the regulations, and completing all stipulated requirements & formalities specified by regulatory / statutory authorities.
- vii. Undertake filing of the NFO, FFO, Tap, Tranche and additional offering documents with SEBI, AMFI (as applicable), Stock Exchanges (as applicable), any other relevant authorities and liaising with the respective filing authorities including SEBI in case of any clarifications and ensuring redressal of all raised queries.
- viii. Assist in securing approvals and exemptions, wherever necessary, based on the final outline of the Debt ETF NFO, FFO, Tap / Tranche mechanism/ additional borrowing /Discount etc. from various regulatory agencies such as SEBI, Stock Exchanges (listing and trading approvals / any other approvals), RBI, and all other relevant authorities.
- ix. Organize investor education and awareness programmes (workshops, seminars, events, etc.), in co-ordination with the Government / other intermediaries, as may be required, significantly in advance of the launch of the Debt ETF.
- x. Conduct pre-market survey, road shows to generate interest amongst prospective investors; arrange meetings with key investors, undertake market research, facilitate communication about the Debt ETF product and articulate the key marketing themes & positioning of the Debt ETF.
- xi. Preparing and finalizing the detailed marketing, positioning, advertising, PR, communication, branding, and distribution strategy in consultation with the Government of India and the Advisor, for different investor segments.
- xii. Organizing both domestic and international road shows in consultation with the Government of India and the Advisor. All expenses in this regard will be borne by the AMC, except the tour expenses of the Government officials and officials from the Advisor / other intermediaries.
- xiii. Undertake the task of printing and distribution of stationery (including application forms) required for the proposed Debt ETF, NFO, FFO, Tap, Tranche and any additional offering as decided in consultation with the Government. The AMC will ensure that the application forms are printed in adequate quantity and delivered to the distribution centres / parties well in advance. The appointed AMC shall be responsible for ensuring availability of forms at points of sale nationwide, for which it may co-ordinate suitably

with distributors / brokers / sub-brokers / Banks etc. as appropriate. The appointed AMC will have to print an adequate number of Application Forms to ensure wide coverage and ease of application for all the categories of investor taken together. Any deficiency noticed in this regard shall be viewed seriously by the Government. All expenses in this respect will be borne by the AMC.

- xiv. The appointed AMC will also make the following payments:
  - a. Statutory expenses / fees (SEBI filing fees / Stock Exchange fees / Credit Rating Fees (as applicable),
  - b. Payments required to be made to Depository or the Depository Participants for transfer of Bonds, CLN, Debentures, Promissory Notes, G-Secs etc. to the AMC,
  - c. Cost associated with creation and maintenance of an index,
  - d. Cost of any statutory advertisements / publications required for launch of proposed Debt ETF, including NFO, FFO, Tap, Tranche and any other additional offerings,
  - e. Cost of various intermediaries for ongoing operations of the fund, including but not limited to the Registrar and Transfer Agent (RTA), Custodian, Rating Agency(ies), Fund Administrator, Bankers, Auditors, Distributors and Market Maker/ Authorized Participants etc.,.
  - f. Any other cost associated with creation and launch of Debt ETF, NFO, including FFO, Tap, Tranche and any other additional offerings.
- xv. Enter into the requisite agreements with the Government / other intermediaries, as required for the proposed Debt ETF.
- xvi. Ensure completion of all post issue related activities (allotment / refunds etc.) arising from NFO, FFO, Tap, Tranche or any other additional offering as laid down in the SEBI Regulations, ensuring adequate liquidity of the Debt ETF, once listed, ensuring minimal tracking error etc.; also undertake investor communications and servicing activities post launch, as per the generally followed practices, and the stipulated regulations.
- xvii. Create appropriate systems and processes to enable follow on offerings through FFO, putting in place a Tap Mechanism for any other additional tranches, or for any other additional offerings as and when required.
- xviii. Maintain investor records and enabling processes for ensuring timely payment of dividends.
- xix. Handle customer's response/complaints and Public Relations.
- xx. Perform any other activities and responsibilities in connection with the creation, launch, execution and management of the Debt ETF and render such other assistance / advice, as may be required by the Government in this regard.

### 3. Eligibility

3.1. The bidders should:

- Be SEBI registered mutual funds / asset management companies;
- Should have at least 5 years' experience of fund management, domestically or globally, either on its own or through group companies or sister concerns or consortium partners;
- Should have experience in Debt Mutual Funds/ETFs/Debt Assets
- Should have average Debt Mutual Funds/ETFs/Debt Assets (AUM for the quarter July to September, 2018), of not less than **₹ 15,000 crore** in India, either individually or collectively (in case of consortium).

3.2. The interested Bidders fulfilling the eligibility criteria mentioned in para 3.1 above are required to furnish the following certificate as a part of the Proposal:

"We certify that there has been no conviction by a Court of Law or indictment / adverse order by a regulatory authority for a grave offence against us or any of our sister concern(s). It is further certified that there is no investigation pending against us or our sister concern(s) or the CEO, Directors/ Managers/ Employees of our concern or of any of our sister concern(s).

Further, we certify that as on date, we are not proposing or planning to launch a product similar to the proposed Debt ETF, i.e. exclusive portfolio consisting of CPSEs / PSBs / PSUs bonds, CLN, debentures, promissory notes etc., Debt Schemes or PSU Debt Mutual Fund or Debt ETF with not less than 95% of its portfolio consisting of CPSEs / PSBs / PSUs bonds, CLN, debentures, promissory notes, etc. either on our own or in association with any other person or entity (including any company, partnership, proprietary concern or individual or an HUF or an association of persons or body of individuals etc). Further, we certify and undertake that for a period commencing from the date of our appointment (if so appointed) till the completion of three years from the date of listing of the Debt ETF units allotted in the NFO, we shall not plan / propose / launch a product similar to the proposed DEBT ETF, as indicated above. It is also certified that no conflict of interest exists as on date and if in future such a conflict of interest arises, we shall intimate the same to the Government of India."

**Note:** *The certificate should be signed by the authorized signatory of the Bidder. The contents of the certificate must not be changed. Clarification, if any, may be sought separately.*

### 4. Submission of Proposal

4.1. Proposals have to be submitted as per the following directions:

- (i) **Envelope 1 (unsealed)** containing the following:
- a. Non-refundable fee of ₹ 1,00,000/- (**one lakh**) by way of a demand draft drawn in favor of 'Pay and Accounts Officer, Ministry of Finance, Department of Investment and Public Asset Management ("DIPAM"), New Delhi' payable at Delhi (Enclosure -1);
  - b. Certificate duly signed by the authorized signatory of the Bidder as per paragraph 3.2 (Enclosure-2);
  - c. Copy of the valid SEBI registration certificate and / or necessary approvals / certification from SEBI / RBI to undertake Fund Management / Portfolio Management, duly signed by authorized signatory of the Bidder (Enclosure-3);
  - d. A declaration that the AMC is not under orders of debarment or blacklisted by any Government. or Quasi Government. Agency or regulatory authority, as on the last date for submission of bids. (Enclosure-4);
  - e. Certificate in the format at Annexure-I (Enclosure-5); and
  - f. Authority letter authorizing the person of the Bidder to sign the proposal and other documents (Enclosure-6).
  - g. An undertaking that if during the process, any of the core team members is not available due to resignation, etc., another person of similar qualification and experience would be made available with the concurrence of the Government (Enclosure-7).

(ii) Envelope 2 (Sealed) containing the technical bid as per format in paragraph 4.4 and 4.5, to be opened in the presence of the Bidders on **17th December, 2018 at 1530 Hrs.** in the Committee Room of Department of Investment and Public Asset Management (Room No. 515, Block 14, CGO Complex, Lodhi Road, New Delhi- 110003). The Bidders are also required to send the technical bid through soft copy to DIPAM after opening of the bids.

(iii) Envelope 3 (Sealed) containing the Financial Bid, to be opened only after the presentations and of only those parties who qualify in the technical bid. The bids will be opened in the presence of the Bidders (who are technically qualified based on presentations) immediately after the presentations. bids with any conditionality will be summarily rejected.

4.2. The proposal (all three envelopes) can be submitted latest by **1500 hrs on 17<sup>th</sup> December, 2018 to Shri Jagdish Kumar, Deputy Director, Department of Disinvestment, Room No. 407, 4th Floor, Block No. 14, CGO Complex, Lodhi Road, New Delhi-110003]** in hard copies in original, duly signed by the authorized signatory of the Bidder. No proposal will be entertained after the appointed time and date. The Government will not be responsible for any postal / courier delay. The proposals received after the appointed time and date will be summarily rejected.

4.3. The Government reserves the sole right to accept or reject any or all Proposals thus received without assigning any reasons thereof.

#### 4.4. Proposal Format

The Proposals are to be submitted in detail as indicated in the following Sections. The weightage for evaluation of the Bidders in respect of each criterion has been indicated against each Section.

##### Section (A): Profile of the Company/Entity

##### **(Weightage for evaluation: 15/100)**

- i. Profile of the organization with full particulars of the constitution, ownership, sponsor details and business activities of the prospective AMC (Bidder).

In the case of consortium bids, the particulars of the coordinating firm having the principal responsibility for the mandate (Consortium Leader) as well as those of other partners may be furnished along with letters of acceptance from each partner. The responsibility of consortium Bidders shall be “joint” and “several”.

*Note: The Consortium will be treated as one party. The partners of one consortium are precluded from participating in the bid, as a partner to another consortium.*

- ii. Unabridged Annual Reports or audited financial accounts for the last three years of the entity submitting the proposal and its sponsors, and of each consortium partner, if applicable.
- iii. Details of all pending litigation and contingent liabilities, if any, should be indicated. Details of past convictions and pending litigation against sponsors / partners, directors, etc, if any, and areas of possible conflict of interest may also be indicated.

For the purpose of the Debt ETF, “conflict of interest” is defined to include engaging in any activity or business by the AMC in association with any third Party, during the engagement, which would or may be reasonably expected to, directly or indirectly, materially adversely affect the interest of Government of India or the CPSEs / PSBs / PSUs (which will form the portfolio of Debt ETF) in relation to the transaction, and in respect of which the AMC has or may obtain any proprietary or confidential information during the engagement, that could be used in any manner to the material disadvantage of Government of India or the CPSEs / PSBs / PSUs (which will form the portfolio of Debt ETF) in the transaction. This does not preclude the selected AMC from purchasing / selling / trading in the bonds, CLN, Debentures, Promissory Notes, G-Secs etc. of participating CPSEs / PSBs / PSUs, which forms a part of the Debt ETF basket, across various mutual fund schemes managed by it, in accordance with the SEBI Rules and Regulations in this regard, thereby protecting the interests of the Government of India and the participating CPSEs / PSBs / PSUs.

Note: The definition of “conflict of interest” does not include / pertain to existing PSU Mutual Fund schemes, if any, which have already been

launched by the AMCs, and are functioning as on the date of submission of the Technical Bid.

On receiving information on conflict of interest, the Government would give the option to the AMC / Debt ETF Provider to either eliminate the conflict of interest within a stipulated time or withdraw from the transaction and the AMC would be required to act accordingly, failing which Government would have the liberty to terminate the appointment/contract.

*Note: In the case of consortia, similar details of each proposed partner will be required.*

- iv. Details of partnerships / tie-ups undertaken by the prospective AMC with various intermediaries, including stock exchanges / index providers / distributors to launch and manage Debt MF / ETFs/ Debt Assets schemes.
- v. Experience of liaising with regulators.
- vi. Operational Processes - quality and adequacy of infrastructure to efficiently manage the operations, trading systems, technology platform and disaster recovery systems; write-up on the quality of structure, infrastructure, procedures and controls and their adequacy.

**Section (B): Experience, Expertise and Capabilities in handling: (i) Debt Mutual Funds/ETFs/Debt Assets and (ii) CPSEs / PSBs / PSUs / Government of India assignments.**

**(Weightage for evaluation: 25/100)**

- i. In-house capabilities and experience in administering Debt Mutual Funds/ETFs/Debt Assets: Elaborate on strength of in-house divisions handling Debt MF schemes / ETFs and similar products, preparing NFO documents etc.; list out local and global credentials including AUM details etc.
- ii. Details of experience in managing Debt Mutual Funds/ETFs/Debt Assets: Elaborate the experience in managing Debt MF schemes / ETFs, issue details, etc., Debt MF / ETF Assets Under Management, number of investors (indicate separately the number of individual/retail investors), etc. and number of Debt Mutual Funds/ETFs/Debt Assets schemes launched.
- iii. Details of experience in the Indian Mutual Fund industry: Total assets under management, number of investors (indicate separately number of individual / retail investors) and number of Schemes.
- iv. Details of experience in administering and managing ETFs, number of ETFs / Fixed-Income ETFs / Liquid ETFs launched ETFs / Fixed-Income ETFs / Liquid ETFs AUM details since inception of different schemes, number of ETF investors.



- v. Details & experience of key management personnel involved in management of Debt Mutual Funds/ETFs/Debt Assets; number of people / person years of Debt Mutual Funds/ETFs/Debt Assets product experience.
- vi. Details of activities undertaken for investor education and awareness in relation to Debt Mutual Funds/ETFs/Debt Assets as a product in India (seminars, workshops, roadshows, investor meets, e-learning programs etc.; details of planned / proposed activities for future development of ETF market in India.
- vii. Track record in management of ETF schemes with respect to index tracking errors / volumes on the stock exchange(s) / relationships with authorized participants or market makers / investor complaints & redressal etc.
- viii. Details of experience in fund management / portfolio management and total Assets Under Management (AUM) as fund manager/portfolio manager for (a) Government of India mandates (if any) schemes (b) Debt Mutual Funds/ETFs/Debt Assets schemes.
- ix. General understanding of CPSEs / PSBs / PSUs and relevant issues relating to Government Policy in this regard.
- x. Exhibit strength / experience in the sectors dominated by CPSEs / PSBs / PSUs.

**Section (C): Deal team Qualification and manpower commitment to the Deal**  
**(Weightage for evaluation: 10/100)**

- i. Organization chart; structure of the investment team with detail and responsibilities of the key team members across various functions; investment decision process and research;
- ii. Experience, qualification and profiles of the Fund Manager(s); Profiles to include details of funds managed, funds managed in previous organizations (if applicable), other responsibilities and performance of the managed funds.
- iii. Details of core team that will be dealing with the transaction, their status in the organization, their background, qualification, experience and present addresses, e-mail, telephone numbers – office, residence, mobile, etc. – hands-on experience should be furnished. Separately, similar details in respect of the supervisory team may be indicated. Details of other professionals who would provide back-up support may also be indicated separately.

An undertaking is also to be given that if during the process, any of the core team members is not available due to resignation, etc., another person of

similar qualification and experience would be made available with the concurrence of the Government.

**Section (D):**

**(1) Marketing and Distribution (Weightage for evaluation: 20/100)**

- i. Suggesting key positioning themes (or key selling points) across investor categories, and likely market / investor feedback for the different Debt ETF basket options.
- ii. Detailed marketing, advertising, and branding & distribution strategy for the Debt ETF.
- iii. Retail marketing plan for the Debt ETF offering: Specifically suggest activities required for investor education, pre-marketing, and marketing during the NFO, FFO, Tap, any other additional offering and Tranche period.
- iv. Details of retail distribution network.
- v. Key strategies and mechanisms to be deployed for broadening the reach to retail investor and HNI base and providing necessary awareness / publicity of the Debt ETF product.
- vi. Institutional & international marketing plan for the Debt ETF offering: Suggest relevant pools of institutional & international investor demand and road show / investor interactions required; understanding and relationships with domestic and international institutional investors relevant from the Debt ETF marketing and distribution perspective.
- vii. Proposed road show venues and reasons for suggesting the same.
- viii. Identification of target investor groups; demand analysis and aspects influencing demand.
- ix. Proposal on syndicate incentivization.
- x. Suggestions / methods for ensuring and maintaining after-market liquidity and framework for further borrowing through this route.
- xi. Indicate realistic time schedule for launching the proposed NFO, FFO, Tap, Tranche and Additional Offering with breakup of all activities to be undertaken by various agencies involved in the process.
- xii. Ability to reach out to different domestic institutional investors.
- xiii. Experience of preparing high quality marketing collaterals for various investor education events / roadshows for the Debt ETF.

- xiv. A brief note evidencing the Bidder's presence in India and long-term commitment in both qualitative and quantifiable terms with specific reference to the retail distribution network in terms of fund offices, branches, collection centres, distributor tie-ups, overall geographic reach across cities, sales capabilities, customer service capabilities etc. The note should also include details of prior experiences in attracting retail participation in Debt Mutual Funds/ETFs/Debt Assets, during NFO, FFO, Tap, Tranche and additional offering periods as well as on an ongoing basis.

**(2) Structuring Strategy (Weightage for evaluation: 20/100)**

- i. Suggesting structuring of the Debt ETF including but not limited to the terms of composition of underline Securities under proposed Debt ETF i.e. bonds, CLN, Debentures, Promissory Notes, Government Securities etc. weightages, tenure, credit rating of the underlying securities and methodology followed etc.
- ii. Suggesting various options for structuring the Debt ETF basket in terms of composition of CPSEs / PSBs / PSUs, weightages, and methodology followed etc.
- iii. Suggesting differentiated series for Debt ETF units based on "tenure" to be designed to target specific tenure / duration preferences of various classes of investors, including the proposed issue size & frequency of issuances of Debt ETF.
- iv. Suggesting pros and cons of close and open ended structure of Debt ETF.
- v. Suggesting structures & mechanism of providing continuous liquidity to investors of Debt ETF units at regular intervals, including appointment of market makers.
- vi. Suggesting investment policy recommendations for respective regulatory authorities for encouraging investment in proposed Debt ETF by various institutional & foreign investors.
- vii. Suggesting appropriate index formation strategy for tracking the performance of the proposed Debt ETF.
- viii. Other suggestions on the structuring of Debt ETF for a successful launch.

**Section (E): Global Presence and experience of managing / advising offshore schemes**

**(Weightage for evaluation: 05/ 100)**

- i. Indicate global network (including experience in global asset management activities, if applicable).

- ii. Details of experience in managing / advising offshore schemes; total AUM of offshore schemes managed / advised by the Bidder, number of customers in offshore schemes managed / advised by the Bidder, success stories (if any), key success drivers etc.
- iii. Understanding and relationship with international institutional investors relevant from the perspective of the Debt ETF (previous experience of investments by international investors in Debt Mutual Funds/ETFs/Debt Assets, as applicable).

**Section (F): Research Capabilities in the areas of Debt Assets/MFs/ETFs**  
**(Weightage for evaluation: 05/100)**

- i. Research strength in the country, sector, region and world - Details should be given relating to research capabilities, experience and background of the research team.
  - ii. Research capabilities, especially in terms of debt market research for sector, geography and fund management strength. Please mention any specific focus on CPSEs/PSBs/PSUs and corporate entities in which Gol holds stake, as an asset class.
  - iii. Indicate past work done- like studies or research undertaken- in sectors in which large market cap CPSEs/PSBs/PSUs have a presence such energy, natural resources, power, engineering, chemicals and fertilizers, shipping, etc. and corporate entities in which Gol holds stake.
  - iv. Exhibit research strength/ expertise in the above-mentioned sectors, if any.
  - v. SWOT analysis of large market cap CPSEs/PSBs/PSUs and corporate entities in which Gol holds stake.
  - vi. Research / Study related to prevailing regulatory framework or interaction with regulators in the above-mentioned sectors.
  - vii. Experience of preparing high quality marketing collaterals for various investor education events / roadshows for the Debt ETF.
- 4.5. The complete information sought above with any additional information considered necessary by the Bidder as a part of the Proposal, should be sent (maximum of 10 pages in font size 12) to the officer mentioned in paragraph 4.2.
- 4.6. The Government of India does not intend to create / launch any other Debt ETF product tracking / benchmarked to the same Index for a period of 3 (three) years from the date of listing of the Debt ETF units allotted in the NFO. However, if in the opinion of the Government of India, the selected AMC is unable to discharge its responsibilities and duties, set out herein and

required as per the applicable regulatory / statutory requirements, or in the event of any gross negligence, bad faith, fraud, dishonesty, wilful misconduct or wilful default on part of the selected AMC / Debt ETF Provider, the Government shall terminate the appointment of the AMC / Debt ETF provider, upon giving it a written notice of 30 (thirty) days. In such a scenario, the Government may tie up with another AMC for launching a Debt ETF product tracking / benchmarked on the same index, or take any other suitable steps as deemed appropriate, in its sole discretion.

## 5. Pre-Bid Meeting:

The interested parties are required to send in their queries by email to the officer authorized to receive the bid as given in para 4 above. A pre bid meeting will be held **on 28.11.2018 at 1100 hrs** in the Conference Hall of Department of Investment and Public Asset Management (DIPAM), Room No. 515, Block 14, CGO Complex, New Delhi. Interested parties may attend the pre-bid meeting, if they so desire.

## 6. Details of Key Expenses:

6.1. The selected AMC / Debt ETF provider shall incur marketing / advertising and distribution / promotion expenses to the extent of at least **₹25 crore**, under NFO expenses. The AMC will also need to incur additional expenses on marketing / advertising and distribution / promotion as FFO, Tap, Tranche and any other additional offering expenses, for the proposed Debt ETF. The minimum expense that the AMC shall be required to incur towards the additional offerings will depend on the Tranche size / Tap quota and will be proportionate to the expense incurred for the NFO.

For example:

Particulars	Illustrative Numbers
Size of NFO (A)	10000 Cr.
Expense towards promotion of NFO (x)	XX Cr.
Expense Limit as % of NFO size ( $b\% = x * 100 / A$ )	XX %
Assuming additional tranche through FFO, Tap quota etc. (T)	XX Cr.
Proportionate expense limit to be incurred of each tranche ( $b\% * T$ )	XX Cr.

The AMC / Debt ETF Provider may incur marketing expenses under NFO expenses, over and above this stipulated amount. The key expenditure heads and the item-wise amounts to be spent under this head shall be finalized and approved by the Government, in consultation with the AMC and the Advisor. It may be noted that these expenses shall be devoted only towards marketing / advertising / promotion / distribution activities and are inclusive of the expenses which shall be borne by the AMC, as specified in paragraph 6.2.

- 6.2. The selected AMC will bear expenses relating to the payment of incentives to the distributors / brokers etc. to elicit wider participation of retail investors.
- 6.3. The selected AMC shall also bear any index creation charges, which may be required to be paid to the index provider, for creating the Index for the purpose of the Debt ETF.
- 6.4 The selected AMC / Debt ETF provider shall also need to incur minimum expenses towards market making/brokerage/authorised participants as may be required after the launch of debt ETF for regular participation of investors for which requisite amount will be earmarked while finalizing the head-wise/item-wise breakup of marketing expenses indicated in para 6.1.

## **7. Procedure for Selection**

- 7.1. Qualified interested bidders would be required to make a presentation of their credentials, in the format prescribed in paragraph 4.4 above, for the proposed transaction, before an Inter-Ministerial Group (IMG) at New Delhi in the **Committee Room of the Department of Investment and Public Asset Management, Room No. 515, Block No.14, CGO Complex, Lodhi Road, New Delhi-110003**. The time of the presentation of each bidder will be posted on the website of the Department of Investment and Public asset Management (<http://dipam.gov.in>) in due course. Only the team leader of the core team shall make the presentation. **Bidders not present during the presentation shall be declared as ineligible and their financial bids shall not be opened.**
- 7.2. The IMG would evaluate the Bidders on the criteria mentioned in paragraph 4.4 above based on their presentation and Proposals received and shortlist them for the purpose of opening of their Financial Bids. Only the parties scoring pre-determined marks / score out of 100, which will be announced before the presentation, will be technically short-listed.
- 7.3. After the short-listing of Bidders based on their presentations, the IMG would open the Financial Bids of only the technically qualified short-listed Bidders. The short-listed bidders, if they so desire, may remain present at the time of opening of the financial bids. The date and time of opening of the financial bids would be announced at the time of the presentations.
- 7.4. The marks scored by the short-listed bidders in the technical evaluation will then be given a weightage of 70. Similarly, the financial bids of the short-listed bidders will be given a weightage of 30. The combined score of technical and financial bids will determine the H1, H2, H3 and so on.
- 7.5. In case of a tie, the Bidder who has achieved highest technical score would be appointed as AMC.

7.6. The party scoring the highest combined marks (H1) based on the above principles would be appointed as the AMC / Debt ETF Provider.

## 8. Requirements for Financial Bids

8.1. The Bidder is required to quote the total expenses limit (%) in a sealed envelope as per the below mentioned tabular format:

Parameter	Daily Average Net Assets of up-to ₹ 10,000 crore
Total expenses limit as % of daily average net assets	____%

Note: Total expenses (%) limit shall be as defined under Regulation 52(6) of the SEBI (Mutual Funds) Regulations, 1996, as amended till date, and / or any such other applicable regulations / SEBI circulars / provisions, as maybe specified from time to time. The AMC shall be permitted to charge additional expenses, as defined under Regulation 52 (6A) of the SEBI (Mutual Funds) Regulations, 1996, as amended till date, and / or any other applicable regulations / SEBI circulars / provision, as may be specified from time to time.

In case of the daily average net assets crossing ₹ 10,000 crore the following formula would be adopted:

Daily Average Net Assets	Total expenses as a % of daily average net assets
Upto ₹ 10,000 crore	x*
from ₹ 10,001 to 20000 crore	0.8x*
₹ 20,001 crore and above	0.6x*

\*'x' being the quoted percent  
**Note:** 'x' shall not be revised upwards for at least 3 years from the date of listing of the Debt ETF units allotted to the Investors in the NFO and may be changed in accordance with the regulatory stipulations in this regard.

8.2. All the applicable taxes, cess, duties can be charged to the scheme, as per SEBI regulations and any other applicable guidelines.

8.3. All AMCs are required to furnish a break-up of the NFO expenses, as envisaged by them on different activities, as detailed in 6.1 above. These details are to be provided with the financial bid on a separate sheet being the annexure to the Financial Bid.

8.4. Expenditure on account of fees to other intermediary namely Advisor and Legal Advisor. who have already been appointed by the GOI, should not be included in the financial bid.

8.5. The fee quoted should be unconditional.

8.6. The Bidders will be liable to pay taxes applicable as per law.

9. **For any further clarification, contact Shri Jagdish Kumar, Deputy Director, Department of Investment and Public Asset Management, Ministry of Finance, Room No. 407, 4<sup>th</sup> Floor, Block No. 14, CGO Complex, New Delhi- 110003, Tele: 011- 24368036, e-mail: j.kumar75@nic.in.**



**FORMAT OF UNCONDITIONAL BID ON THE LETTERHEAD OF THE BIDDER**

This is to certify that the fee quoted by us for engagement as AMC for the creation and launch of the proposed Debt ETF of CPSEs / PSBs / PSUs is in accordance with the terms and conditions laid down in the RFP displayed on the website of the Department of Investment and Public Asset Management and is unconditional.

Seal with signature of authorized signatory of the Bidder