

1. PREAMBLE AND INTRODUCTION

1.1 The Indian securities market has a history of nearly 150 years. However, the modern era in the Indian securities market and its transformation began with the economic reforms in the early 1990s when the government initiated a systemic shift to a more open economy with greater reliance on market forces in which the private sector began to play an important role. The Indian securities market gained greater importance and the SEBI Act, 1992 established the Securities and Exchange Board of India (SEBI) as a statutory authority to oversee the securities market in India. SEBI is mandated with three principal objectives:

- (i) To protect the interests of investors in securities;
- (ii) To promote the development of the securities market; and
- (iii) To regulate the securities market.

1.2 In response to the growing securities market in India, SEBI as a regulator has been making continuous efforts to meet the changing requirements and fulfill the mandated objectives. Due to consistent efforts, today, SEBI has evolved standards of transparency and accountability. It follows a consultative approach while framing regulations and adheres to the principles of natural justice in all its enforcement actions.

Among others, some of the important measures taken by SEBI include:

- a. Preparation and notification of various regulations for intermediaries from time to time.
- b. Review and amendment of these Rules and Regulations to adapt to the dynamic Indian market environment from time to time.
- c. Enforcement actions against market manipulators and non-compliant market intermediaries.
- d. Upgrading technological capacity and expertise as per the need of the respective departments to adapt to the changing securities market landscape such as creation of data warehouse to enhance capability and capacity for effective regulatory oversight.
- e. Developing infrastructural facilities and planning for manpower.
- f. Enhance knowledge base for employees by way of providing appropriate training, conducting monthly and weekly lectures on current issues primarily related to the securities market.
- g. Organizational restructuring in 2003.

1.3 As a part of the continuous efforts by SEBI, recently a decision has been taken by SEBI to widen its reach by opening Regional Offices and Local Offices at the State Capitals. To begin with, SEBI is planning to open Local Offices in 3 cities namely, Guwahati, Hyderabad and Lucknow.

1.4 In addition to the above, SEBI has set up an International Advisory Board to assess the trends in global markets and to guide the activities towards meeting the emerging

challenges and organizing a Brain Storming Program to develop medium and long term roadmap for SEBI.

In this context, SEBI has decided to revisit its organizational capabilities to meet the needs of the dynamic market environment and thereby developing a structured mechanism to plan ahead, implement new measures, evaluate them and continuously review and update the same.

2. OBJECTIVES

2.1 SEBI had undertaken the exercise of organizational restructuring in 2003. Since, then the capital market has witnessed lot of change and transformation which require re-prioritizing the areas of regulatory focus. The recent global financial crises of 2008 have highlighted, inter-alia, the need for effective inter-regulatory mechanism and the challenges faced by the regulators worldwide. It is, therefore, important for SEBI to re-assess the impact of its regulatory measures and its role in meeting the mandate given by the SEBI Act.

2.2 Therefore, it is important to strengthen SEBI's capabilities to meet the challenges of global developments, trends and preparedness to face the future challenges.

2.3 It is, in this context, SEBI desires to engage a consultant to study and make appropriate recommendations in the areas of

- a) Organizational structure
- b) Human Resources,
- c) Re-prioritize areas of focus
- d) Technological Requirements,
- e) Sharing of regulation and oversight with SROs,
- f) Co-operation with external agencies, so as to meet the emerging challenges and priorities.

3. BROAD SCOPE

Introduction

The consultant will understand the existing mandate, objectives, roles and functions of SEBI through various sources such as legislations related to securities markets, interviews with policy makers, market participants and other stakeholders etc. The consultant is required to develop various scenarios for the development of Indian securities markets, identify possible triggers for change, assess implications for market participants and envisage the role of SEBI in the Indian financial sector for a 5-10 year time horizon. This will also involve identifying specific areas for deepening the securities markets and studying the inter-linkages between SEBI and other regulatory bodies.

3.1 Organizational structure

- Analyze SEBI's existing organizational structure to identify overlapping of functions and activities among Departments/Divisions and shortcomings in key capabilities of respective Departments/Divisions.
- Design appropriate structure/suggest changes in existing structure to support objectives

and functions of various Departments/Divisions in the light of the above review.

- Suggest measures to develop efficient and effective communication and collaboration among departments/divisions of restructured organization.
- Identify the possible level of decentralization in SEBI functions of supervision, inspection, enforcement etc., with regard to strengthening the capabilities of Regional and Local Offices and to improve their contributions towards broad objectives of the organization, etc.
- Suggest provisions/resource requirements for opening of Regional/Local offices in State Capitals in line with expanding growth in the scope of SEBI's responsibilities.

3.2 Human Resources

- Review of Human Resource (HR) structure.
- Evaluate adequacy of existing staff in terms of their strength, expertise, skills in meeting the present and future needs of SEBI.
- Examine current recruitment process & practices and design a sustainable incentive structure for attracting and retaining good quality talent.
- Suggest an appropriate model for succession planning, reporting, rewards and recognition, capacity building and identify training needs accordingly.
- Review of performance management system, staff evaluation and suggest alternatives.

3.3 Re-prioritize areas of focus

- Identification of priority areas of regulatory oversight in terms of the present dynamics of the market structure.
- Identification of activities that SEBI can, if required, could scale back or stop entirely.
- Recommend re-prioritization of areas of focus for SEBI in various functions such as inspection, market analysis, enhancing transparency, new product development, risk management strategies, etc.
- Identification of key accountabilities at each level within the different functions of the organization in the light of freshly identified and revisited priorities.

3.4 Technological Resources

- Assessment of current deployment of technological resources.
- Provide inputs on relevant best practices and usage of technology used by other financial regulators for carrying out similar activities in surveillance systems, investigations, feedback system, investor education, etc.
- Identify technology resource requirements of various departments/divisions and accordingly develop a strategy for Information Technology (IT) Department to meet their expectations in capacity building.
- Suggest action needed for capacity building in terms of technological resources for meeting the current and future requirements.
- Target application and infrastructure deployment.
- A suitable roadmap for IT implementation and investment.

3.5 Sharing of regulations and oversight with SROs

- Examine SEBI's relationship with various market participants, such as stock exchanges, depositories, industry organizations, etc. which come under SEBI's jurisdiction and identify activities which can be delegated to such organizations.
- Identification of gaps existing in the present relationship of SEBI with Self Regulatory Organizations (SROs) and suggest a mechanism which could help to increase reliance of SEBI on such organization.
- Examine whether the present market dynamics and the future envisioned necessitate formation of SROs and suggest measures for incentivizing such formations.

3.6 Co-operation with external agencies

- Identification of gaps in the functioning of SEBI with respect to best global practices followed by securities market regulators worldwide. This would not be a standalone exercise and would form a necessary aspect with respect to the previous elements falling within the broad scope.
- Identification of short-comings, if any, with regard to policies structured as a part of SEBI's regulatory oversight with respect to principles and guidelines of IOSCO and similar organizations.
- Suggest suitable actions and recommendations.

3.7 Implementation :

The consultant, along with SEBI officials, will identify the recommendations that require consultant support for implementation and those which can be implemented without consultant support through internal initiatives.

The consultant will continue to provide program management services for the entire change program including monitoring and reporting of initiative implementation.

4. INSTRUCTIONS TO THE CONSULTANT

4.1 Deliverables

The Consultant is expected to deliver a detailed report according to the requirement of objectives and scope of the study, as per the Terms of Reference within the stipulated time. SEBI expects the study to be completed within 9-12 months. However, in case of contingency of major changes happening in external environment of laws, regulations etc., which may have the effect of altering or making irrelevant the conclusions/findings of the Report to be submitted by the Consultant, SEBI, at its sole discretion may consider extension of the project period for reviving the report/recommendations in accordance with the new circumstance.

4.2 Place of Execution of Assignment

SEBI shall communicate and coordinate with only the Office of Consultant in India which should be preferably located in Mumbai. All the assignments should be executed in India only.

4.3 EOI Document Fees

Non-refundable fees of Rs.2500/- (Rupees Two Thousand Five Hundred only) in the form of Demand Draft from a scheduled bank in favor of ‘Securities and Exchange Board of India’ payable at Mumbai.

4.4 Consortium

Formation of consortium or association of consultants and engaging sub-consultant is not allowed. However, SEBI reserves a right to allow the same if the circumstances require so.

4.5 Submission Of EOI

Interested agencies shall submit following documents:

- a. EOI as per Annexure- A along with the requisite documents as mentioned at para 5.6 below,
- b. Particulars of the consultancy firm as per Annexure – B,
- c. Letter of authorization, authorizing the person signing on behalf of the applicant consultancy firm,
- d. Audited Balance Sheet and Income Statement for the last three years,
- e. All other documents as specified in the check list (Annexure –C.)

The response along with the above required documents shall be delivered to the following address on or before 21 days from the publication of the advertisement in the newspapers by time 16:30 Hrs (Indian Standard Time) in sealed envelope superscripting:

“Expression of Interest for appointment of Business /Strategic Management Consultant”

No EOI shall be accepted after due date and time.

Please note that Request for Proposal (RFP) shall be issued only to the prequalified agencies based on the EOI submitted.

SEBI reserves the right to accept/reject any or all expression of interest/application received in response to this advertisement without assigning any reasons whatsoever. SEBI also reserves the right to raise the eligibility criteria for short listing of the agencies.

5. MINIMUM QUALIFICATION CRITERIA

- 5.1** The Applicant should be a professional business/strategic management consultancy firm of international repute.
- 5.2** The consultancy firm must be an entity registered as Corporate Body with the Registrar of Companies in India or a Corporate Body registered within the laws of the country in which it is incorporated with an established branch office in India.
- 5.3** Consultancy firm must have minimum 10 years of relevant experience of doing business/strategic management consultancy for Banks, Financial Institutions, large public and private organizations in India and abroad. Experience of financial market regulatory

organizations and global presence will be preferred.

- 5.4** The consultancy firm must have relevant experience and presence in India for at least 5 years. The consultancy firm should have proven track record of having executed at least 3 projects in India on “business/strategic management and organization restructuring” in financial sector and at least 2 projects for large government/public sector undertakings during the last five years.
- 5.5** The consulting firm should have in house capability to take up such assignments and not through any associates.
- 5.6** The Expression of Interest document should contain the following documentation to support eligibility of the applicant consultant:

Parameter	Required Documents
1) Credentials of the Firm	Certificate of incorporation, testimony/self declaration/corporate profile indicating their worldwide presence/experience, international quality certification, if any.
2) Experience	Write up on company’s experience as a provider of business/strategic management consultancy services for financial institutions, and regulatory organization like SEBI in India or abroad or a similar kind of organization. Detailed description projects executed by the firm providing details of project scope, duration, project size & impact. (Documentary proof to be submitted) The cited projects should have been completed or run for sufficient duration to justify stand on impact/outcome.
3) The consultancy firm should have a good reputation in the consultancy field	List of current/recent clients/references wherein project completed entails handling similar complexities/ requirements. Relevant documentary proof subject to verification of SEBI.
4) Profiles of select personnel of applicant consultancy firm.	Detailed profile of: (a) Working team members (b) Expert personnel serving in advisory capacity to the project

- 5.7** Audited financial statements of the last three years of the consultant.

SEBI reserves the right to verify any of the above criteria independently or seek any further information.

6. Short-listing of Consultants for the purpose of Request For Proposal (RFP)

A Consultancy Evaluation Committee constituted according to the Guidelines of Government of India with suitable presentation from SEBI will examine the documents submitted by the applicants in connection with Expression of Interest. The Committee will prepare a short list of applicants, based on their relative experience and expertise as revealed by the Expression of

Interest Document and may call consultants for a presentation before the committee.

Request for Proposal (RFP) will be prepared by SEBI. The short-listed consultants shall be sent an invitation to submit their technical and financial bids as per RFP document. SEBI's decision in this regard would be final.

Interest parties may submit sealed "Expression of Interest" to

The Joint Director,
Appointment of Independent Business /Strategic Management Consultant
Securities and Exchange Board of India,
SEBI BHAVAN,
Plot No. C4-A, "G" Block,
Bandra Kurla Complex, Bandra (E),
Mumbai, India – 400 051

Note: This is not a Request for Proposal (RPF), and commercials are not required to be submitted with "Expression of Interest"

Date: January 18, 2012

Place: Mumbai

Annexure A

Format of Expression of Interest

(On Letter head)

The Joint Director

Division of Regulatory Research

Department of Policy and Economic Analysis

Securities and Exchange Board of India

SEBI Bhavan, Plot No. C4-A,

"G" Block, Bandra Kurla Complex

Bandra (East), Mumbai - 400051.

Sir,

Sub: Expression of Interest for Selection of Consultant

I/We,, are qualified as per Minimum Qualification Criteria and wish to express our interest to undertake the assignment of consultancy services for SEBI, in accordance with your advertisement dated, 2011 inviting EOI

We have experience in providing in Business/Strategic Management Consultancy Services for Banks/Financial institutions and Financial Regulatory organizations.

We enclose the requisite documents as follows:

1. Certificate from Statutory Auditor
 - a. Turnover of Consultancy Services for each financial year during April 2008-March 2011.
 - b. Net worth of Consultant for each financial year during April 2008- March 2011.
 - c. Certificate from statutory auditor stating that the remuneration from **any one** client had not exceeded 25% during April 2010 – March 2011
 - d. Certificate from statutory auditor stating that the remuneration from **any three** clients had not exceeded 50% during April 2010 - March 2011.
 - e. International quality certification.
2. Incorporation Certificate and details of offices in India.
3. Annual reports for financial years April 2008 - March 2011
4. Details of legal cases in which Consultancy Firm is found guilty/penalized by any court of law. If the Consultant firm is not involved / found guilty in any of such cases, self certification on letterhead to this effect
5. Details of pending litigation, if any.

We assure that there would not be any conflict of interest as we do not have substantial interest in any intermediary registered with SEBI.

We understand that this EOI is binding on us and SEBI is not bound to accept any proposal that it receives. We are aware that SEBI reserves right to reject any or all the EOI without assigning any reasons what so ever.

Yours faithfully,

Signature and Seal of Consultancy Firm

Name:

Date:

Signed in the capacity of

Duly authorized to sign tenders for and on behalf of.....

Annexure B**Details of Consultant Agency**

(On Consultant Agency Letter head)

Sr. No.	Particulars	Details
1	Name of the Consultant Agency	
2.	Name of countries in which you have presence	
3	Address of the Registered office	
4	No. of Offices world-wide	
5	Year of Incorporation	
6	Year of commencing operations in India	
7	Address of the Consultancy firm in India (Furnish full address of Head office/branches, contact details and email address, website address etc.) • Contact person • Mobile No. of Contact person	
8	Name of authorized person responsible for the project	
9	Contact number /email address of responsible person for the project.	
10	Number of years of Experience in the field of Business/Strategic Management Consultancy Experience in India and Abroad	
11	P.A.N. No. (Copy to be attached)	
12	Service Tax Registration No. (Copy of certificate to be attached)	

13. Details of services rendered to any other PSU/Government / Private organization/regulator etc?

Name of Organization for whom services rendered	Year	Description of the services offered	Period taken for completion	Team size for the assignment

14. Legal Aspects (If yes, Give details)

Have the applicant ever been blacklisted/barred by any government agency?

Is the applicant penalized by any organization for poor quality of work delivered or for non meeting of deadlines??

Is the applicant expelled from any project or agreement?

Do any of the present Director has undergone or facing any criminal proceedings?

Has the applicant suffered from any bankruptcy/insolvency in the past years?

15. Any other relevant information:

16. Reference –

- Senior Executives
- Clients

17. Declaration:

We hereby declare that all the information and statements made in this EOI are true and accept that any misrepresentation contained in it may lead to our disqualification.

Yours faithfully,
Signature and Seal of Consultant Agency

Name:

Date:

Signed in the capacity of.....
duly authorized to sign tenders for and on behalf
of

Annexure C

Checklist of Enclosed Documents

Sr. No	Document	Yes/No
1	Demand Draft for Rs. 2,500/- in favour of Securities and Exchange Board of India and payable at Mumbai towards EOI document fee.	
2	EOI as per Annexure A	
3	Details of Consultant Agency as per Annexure B	
4	Letter of authorization	
5	Auditor Certificate on <ul style="list-style-type: none">• Turnover of Consultant Agency<ul style="list-style-type: none">• 2008-09• 2009-10• 2010-11• Net worth<ul style="list-style-type: none">• 2008-09• 2009-10• 2010-11• Remuneration from top three clients	
6	Incorporation certificate	
7	Annual reports <ul style="list-style-type: none">• 2008-09• 2009-10• 2010-11	
8	Self declaration on : <ul style="list-style-type: none">• Details of litigation, if any• Ability to provide business/strategic management consultancy services to organizations like SEBI.	