

REQUEST FOR PROPOSAL (RFP)

(A) PREPARATION OF FINANCIAL PROFITABILITY FOR RESUMPTION OF
TRADING PLATFORM

(B) TECHNOLOGY TRANSFORMATION

(C) HR TRANSFORMATION

FOR

THE CALCUTTA STOCK EXCHANGE LIMITED (CSE)

1. Introduction

The Calcutta Stock Exchange (CSE), with its 115 years legacy is poised on a platform to grow and build on its present strengths such as network of brokers, linkages with companies and its reach across the nation. CSE with its legacy and platform has a large role to play than its perceived role as an Exchange for Eastern and Northern Region of India. CSE can serve as the engine of growth both within India and beyond its eastern and northern borders.

CSE was functioning as a recognized Stock Exchange and by virtue of SEBI Exit Circular CSE could not form its own Clearing Corporation due to Net worth hurdles. Since CSE was approved as permanent recognised Stock Exchange, CSE moved before the Hon'ble High Court at Calcutta for continuation of exemption of Clearing Corporation. The Hon'ble Division Bench by its order dated 19th February, 2024 has granted six months timeline for resumption of its trading platform either by forming its own Clearing Corporation or tie-up with any recognised clearing corporation.

Pursuant to the direction of the Hon'ble Calcutta High Court, CSE intends to set-up its own trading platform by tying-up with two recognised clearing corporation viz. NCL Limited and ICCL through interoperability mode or creating its own trading platform to run independently.

Keeping in view of the above scenario, professional consulting firms having expertise in understanding and implementing the organization structure of a stock exchange at a national level and having experience in setting up trading platform for any national or international stock exchange are requested to participate in this bidding.

1.1 About the Initiative

The Calcutta Stock Exchange (CSE) is seeking proposals from qualified Consulting firms of international repute to prepare Financial Profitability Statement, provide Comprehensive Transformation of Technology including implementation of the robust Trading Platform within a stipulated timeframe for resumption of trading under equity cash segment, at present and also Prepare of Complete HR Transformation Roadmap. The objective is to resume the Calcutta Stock Exchange online trading platform within the time stipulated as per "5.4[A] Important Dates from the date of award of the assignment. The other segments will be progressively added to the existing segments in future and after stabilization of the equity cash segment.

1.2 Information Provided

SEBI Circular on Stock exchange operation along with Cyber security and other relevant SEBI Regulation, Guidelines and Circulars may be referred.

1.3 Costs for Response

All relevant costs and expenses to be incurred by the selected Bidder for submission of responses, for additional information if required by CSE after receiving the proposal, for attending of meetings, discussions, presentations, etc., will be borne by the Recipient / Respondent.

1.4 No Legal Relationship

No binding legal relationship will exist between any of the Recipients / Respondents and CSE until execution of a contractual agreement to the full satisfaction of CSE.

1.5 Information Detailing

The Recipient must apply its own care, conduct, its own investigation and analysis regarding any information contained in the RFP document and the meaning and impact of that information.

1.6 Evaluation of Offers

Each Recipient acknowledges and accepts that CSE may, at its sole and absolute discretion, apply whatever criteria it deems appropriate in the selection of Bidder, not limited to those selection criteria set out in this RFP document.

The issuance of RFP document is merely an invitation of offer and must not be construed as any agreement, contract, or arrangement. The Recipient unconditionally acknowledges by submitting its response to this RFP document that it has not relied on any idea, information, statement, representation, or warranty given in this RFP document.

1.7 Errors and Omissions

Each Recipient should notify CSE of any error, fault, omission, or discrepancy found in this RFP document but not later than last date of receiving clarifications specified in “5.4[A] Important Dates” to

dhirajchakraborty@cse-india.com and copy to slsingh@cse-india.com and pduutta@cse-india.com.

1.8 Acceptance of Terms

A Recipient will, by responding to CSE's RFP document, be deemed to have accepted the terms as stated in this RFP document fully without any deviation.

2 RFP Response Terms

2.1 Clarifications and Amendments to the RFP Document

The bidder may request for clarification on any clause of the RFP document within the dates as per "5.4[A] Important Dates". Any request for clarification must be sent to dhirajchakraborty@cse-india.com and copy to slsingh@cse-india.com and pduutta@cse-india.com. CSE will respond to the queries within a week.

At any time before the submission of the proposal, CSE may amend the RFP by issuing an addendum and hosting it in CSE's website. The addendum will be binding on all the bidders. To give bidders reasonable time to take an amendment in their proposals CSE may, if the amendments being substantial extend the deadline for the submissions of the proposals.

2.2 Deadline for RFP Submission

The deadline for the submission of the proposal will be as per 5.4 "[A] Important Dates".

2.3 RFP Validity

The RFP will remain valid for a period of 30 days from the date of bid opening mentioned in "5.4[A] Important Dates". CSE will make its best effort to complete the process within this period. However, should the need arise CSE may request the Bidder to extend the validity period of their proposals. Bidders, who do not agree, have the right to refuse to extend the validity of their Proposals; under such circumstance, CSE shall not consider such proposal for further evaluation.

2.4 Disqualification

Any form of canvassing/ lobbying/ influence regarding short-listing, status etc. will be a disqualification from the RFP process.

3 Scope of Work

The scope of this RFP is divided into three distinct parts. The consultants are required to furnish details pertaining to each part individually. However, the First Part of the proposal will be submitted prior to submission of the other two parts with details related to each individual stream. Professional fees should be quoted in three parts separately. CSE reserve its right to cancel the assignment anytime without giving any reason in case of extraneous situation.

3.1 Scope Part A: Study of Cost Assessment and Financial Profitability

1. Consultant shall be responsible for preparing estimate of the project cost with a break-up for each component separately at the respective stages. The Consultant may add appropriate percentage thereof as a lump sum provision for price contingency and other financing cost and preliminary cost. A detailed market study to be made before assessing revenue projections and market strategy to be adopted for achieving the same. Detail financial analysis is required to be undertaken for assessment of financial projection and project implementation. The scope includes the amount required to complete the task for achieving the goal and long term investments needed to ensure the successful running of the project.

The Consultant may require the concerned resource/s to spend the required man hours with the respective CSE authorities for better understanding, if required, time to time, during the course of assessment of the financial feasibility study.

The main areas to assess are the investment and financing requirements. The key element is financial planning, which ensures that adequate finances are available at the requisite time in the short term and long term with the regulatory net worth requirements being fulfilled at all times. The report must also indicate the financial controls required to ensure efficient utilization of business assets and that these are secured in the long term and meets the interest of the stakeholders.

2. The study should include the following areas but not limited to these areas:-
 - a) Financial projection for at least seven years based on the market study analysis
 - b) Movement of Net Worth during these periods
 - c) Detailed Cost Structure for the project
 - d) Cash Flow Analysis for operation and non-operation activity
 - e) Break-even point analysis
 - f) Pay-back period analysis and IRR

- g) Sensitivity Analysis
- h) Ratio analysis

The above scopes are only indicative in nature and Consultant may add other value added methodology to assess the Projections. The Consultant to submit the report on the financial projection/profitability to CSE first. Thereafter based on the approval of CSE, the Consultant will submit the report for another two parts.

3.2 Scope Part B: Technology Transformation

The selected consulting firm will be responsible for:

3.2.1 Regulatory Compliance:

- a) Obtain necessary approvals from SEBI and other regulatory authorities for resumption of CSE online trading platform through interoperability mode with ICCL and NCL.
- b) Recommend suitable IT vendors for software and hardware requirements for CSE trading, operation and surveillance activity in the equity cash segment with optimal cost. Board of CSE will select IT vendors (preferably out of three {3} recommended vendors) The software should be compliant with all SEBI Guidelines, regulations and circulars on Stock Exchanges and Clearing Corporation and other applicable Act/Rules/Regulations relating to Stock Exchange trading, including SEBI (Stock Brokers and Sub-brokers) Regulations, 1992, SEBI (Depositories and Participants) Regulations, 1996, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and should also be compatible with NCL and ICCL for smooth transfer of settlement and margin data.
- c) It should also adhere to guidelines related to trading, clearing, settlement, risk management, and investor protection.
- d) Preparation and execution of interoperability agreement with Clearing Corporations.
- e) Preparation Business Rule of trading and Surveillance System and checking the implementation thereof.
- f) Implementation of the linking of data transfer between CSE trading server and ICCL & NCL clearing server.
- g) Testing of trading mechanism and Networking system after assessing the hardware and software requirement.
- h) Implementing latest Cyber Security measures following the guideline of SEBI and make it compliant with SEBI's Cyber Security guidelines.

- i) Making required System and Cyber Security Policies for CSE in compliance with SEBI's System Audit and Cyber Security Audit Guidelines.
- j) Deploy robust trading infrastructure capable of handling high volumes of transactions with low latency. However, keeping in mind the initial cost outflow, CSE wants to start the operation with minimal viable technology infrastructure with all the provisions to scaling-up the same system as per the future demand.
- k) Implement secure and reliable trading systems with failover mechanisms and disaster recovery plans.
- l) Integrate with stock exchanges, clearing corporations, depositories, and other market infrastructure providers.

3.2.2 Trading Features:

- a) Provide order types such as market orders, limit orders, stop-loss orders, and iceberg orders.
- b) Offer real-time market data feeds, order book depth, and historical data for analysis.

3.2.3 User Interface:

- a) Design intuitive and user-friendly trading interfaces for desktop, web, and mobile platforms.
- b) Include features for order placement, order modification, order cancellation, portfolio tracking, and reporting.
- c) Ensure compliance with accessibility standards and guidelines.
- d) Building own API for compatibility with multiple exchange trading software like ODIN/Omnisys etc.

3.2.4 Security and Risk Management:

- a) Implement robust security measures to protect client data, transactions, and assets.
- b) Employ encryption, multi-factor authentication, and intrusion detection/prevention systems.
- c) Conduct regular security audits and vulnerability assessments to mitigate risks.

3.2.5 Compliance and Surveillance:

- a) Integrate compliance tools for monitoring transactions, detecting suspicious activities, and preventing market manipulation.
- b) Maintain audit trails and records of all trading activities for regulatory reporting and surveillance purposes.
- c) Automate compliance checks for KYC (Know Your Customer), AML (Anti-Money Laundering), and other regulatory requirements.

3.2.6 Integration and Connectivity:

- a) Establish connectivity with stock exchanges, clearing members, depositories, payment gateways, and other financial intermediaries.
- b) Support FIX (Financial Information Exchange) protocol for standardized communication with trading partners.
- c) Facilitate seamless integration with third-party trading platforms, market data providers, and analytics tools.

3.2.7 Scalability and Performance:

- a) Design scalable architecture to accommodate future growth and expansion.
- b) Conduct performance testing to ensure optimal performance under peak load conditions.
- c) Implement capacity planning and scaling strategies to meet evolving business needs.

3.2.8 Training and Support:

- a) Provide comprehensive training programs for traders, brokers, and support staff on using the trading platform.
- b) Offer 24/7 technical support and helpdesk services to address user queries, issues, and escalations.
- c) Maintain knowledge base, documentation, and online resources for self-service assistance.

3.2.9 Audit and Governance:

- a) Establish internal controls, policies, and procedures to ensure compliance with SEBI guidelines and industry best practices.
- b) Conduct regular audits and assessments to evaluate the effectiveness of risk management, governance, and control mechanisms.

3.3 Scope Part C: HR Transformation

The selected consulting firm will be responsible for:

- a) Conducting a comprehensive assessment of CSE's current manpower through HR processes, systems, and practices which includes compliance of the guidelines issued by SEBI from time to time for various regulatory departments
- b) Developing a detailed HR Transformation roadmap outlining key objectives, milestones, and deliverables as per the best practices performed in other Indian stock exchanges as well as globally.
- c) Designing new HR processes and policies that align with typical financial industry standards and all regulatory requirements in India.
- d) Recommending appropriate HR technologies to streamline operations and improve data analytics capabilities.
- e) Hiring people at the CXO and other senior level as per the approved guidelines of SEBI
- f) Providing change management support to ensure smooth transition and adoption of new HR initiatives.

Establishing performance metrics and monitoring mechanisms to measure the success of the HR Transformation initiative.

4 Proposal Guidelines:

4.1 Preparation of Profitability projection, Technology Transformation and Resource Planning

Interested consulting firms are invited to submit their proposals addressing the following:

- a) **Company Overview:** Provide a brief overview of firm's, including relevant experience in Preparation of Projected profitability, Technology and HR Transformation consulting and any certifications or accreditations especially in Securities Market environment.
- b) **Approach and Methodology:** Outline proposed approach and methodology for conducting the Preparation of Projected profitability, Technology & HR Transformation project, including key steps, tools, and techniques.
- c) **Team Composition:** Describe the qualifications and experience of the consulting team members who will be involved in the project, including their roles and responsibilities.
- d) **Project Timeline:** Provide a detailed project timeline with key milestones and deliverables.

- e) **Cost Proposal:** Present a cost proposal for the entire project, scope wise, including a breakdown of fees and expenses.
- f) **References:** Provide references from previous clients who have engaged your firm for similar Technology and HR Transformation projects.
- g) **Submission Instructions:**
Proposals must be submitted electronically in PDF format to [Contact Person: Dhiraj Chakraborty, CGM] at [email: dhirajchakraborty@cse-india.com] not later than [Submission Deadline as mentioned in 5.4(A)]. Late submissions will not be considered as valid proposal.

5 Evaluation Criteria

The proposals submitted by consulting firms will be evaluated based on the following criteria, each assigned a specific weightage. The total score for each proposal will be calculated based on the scores achieved in each criterion.

Technical Bids (Marks Distribution/Scoring)

Criteria and Point system for the evaluation of the Technical Bids are as under:

S.No.	Description	Criteria Marks
1	Number of years of experience of the bidder in implementing the proposed Solutions which includes Experience and Expertise	Max Marks 25
	a) Relevance and depth of experience in consulting in Preparation of Financial profitability, Technology & HR Transformation.	
	b) Track record of successful Technology &HR Transformation projects.	
	c) Expertise in Preparation of Financial profitability Technology &HR solutions in the financial services industry specifically Stock Exchange	
	a. ≥ 6 years	25
	b. ≥ 4 to <6 Years	20
	c. ≥ 2 to <4 Years	15
2	Approach and Methodology	Max Marks 25
	a) Clarity and comprehensiveness of the proposed approach and methodology.	
	b) Alignment of proposed approach with the organization's objectives and requirements.	
	c) Innovative strategies for addressing HR challenges and achieving transformation goals.	
	a. ≥ 12 Implementations	25
	b. ≥ 8 to ≤ 12 Implementations	20
	c. ≥ 4 to ≤ 8 Implementations	15
3	Team Composition:	Max Marks 20
	a) Qualifications, expertise, and experience of the consulting team members.	
	b) Adequacy of team resources and skills to execute the project effectively.	
	c) Demonstrated ability to work collaboratively and provide value-added insights	

	a. ≥ 6 years	20
	b. ≥ 4 to <6 Years	15
	c. ≥ 2 to <4 Years	10
4	Project Timeline and Deliverables: a) Feasibility and realism of the proposed project timeline. b) Clarity and specificity of key milestones and deliverables. c) Alignment of proposed timeline with organizational priorities and constraints	Max marks 15
	a. Within 2 months	15
	b. Within 3 months	10
	c. Within 4 months	5

i. Bidders have to provide copies of supporting documents against each criterion mentioned above, without which bid may be rejected. Bidders will submit index page of the supporting documents while submitting response.

ii. The minimum qualification score to be eligible for presentation would be 45 (cut-off marks) out of 85 marks.

iv. The Evaluation of the Technical Bids is given below:

- The bidder securing highest marks as per marks distribution in the above table will be assigned the maximum Technical Score of 85 points.
- The Technical Scores of the other Technical Bids will be computed relative to the highest evaluated Technical Bidder's score.
- The Technical Score computing methodology is as follows:

$$\text{Technical Score (Bid under Consideration)} = \frac{100 \times \text{Marks of the Bidder under consideration}}{\text{Marks of the Highest Scoring Bidder}}$$

5.1 Financial Bids

Only firms successfully qualifying the requisite criteria of the Technical Bid process would be considered eligible for the Financial Bid Round.

The evaluation of the Financial Bids would be as follows:

- The lowest bid will be assigned the maximum Financial Score of 15 points.
- The Financial Scores of the other Financial Bids will be computed relative to the lowest evaluated Financial Bid.

The Financial Score computing methodology is as follows:

$\text{Financial Score (Bid under Consideration)} = \frac{100 \times \text{Price (Lowest Bid)}}{\text{Price (Bid under consideration)}}$

5.2 Final Processing

- Proposals would be ranked according to their Final Score arrived at by combining Technical and Financial Scores as follows:

$$\text{Final Score (FS)} = \text{Technical Score} \times T + \text{Financial Score} \times F$$

(*T* - Weightage given to the Technical Bid, *F* - Weightage given to the Financial Bid, $T + F = 100$)

- Weightage for the bids are as follows:

I. Technical Bid (T)	85%
II. Financial Bid (F)	15%
Total Weightage	100%

- The firm achieving the highest combined Technical and Financial Score may be invited for negotiations, if required.
- The CSE reserves the right to revise the evaluation criteria, methodology, distribution points and weightages; if it finds it necessary to do so, it would be done before the opening of the bid and having issued necessary corrigendum to RFP giving sufficient time/ notice for making the change, so that there is no undue advantage to any particular tenderer.

5.3 Documentation and Transparency:

The evaluation process and scoring criteria will be documented and maintained for transparency and accountability purposes. Any discrepancies or concerns raised during the evaluation process will be addressed and resolved through a consensus-based approach.

5.4 [A] Important Dates:

Clarification on Bid documents: 4th April 2024

Last date and time of Submission of the Bid: by 5pm of 15th April 2024

Bid Opening: 16th April 2024

Acceptance of Selected Bidder: 18th April 2024

Submission of the report as per Part A (**Financial Profitability**): 04th May 2024

Completion of other parts of assignment: 30th June 2024

Date of Publication of RFP: 27th March 2024