

**Expression of Interest (EOI): Consulting assignment for establishment of Foreign Currency Clearing System for GIFT IFSC<sup>1</sup>**

<b>Project</b>	Foreign Currency Clearing System for GIFT IFSC
<b>Experience</b>	1. Prior experience of working with Indian and/or international agencies/firms/companies/intergovernmental organisations that have been involved in implementation of large value payment systems at a national /international level.
<b>Area of Expertise</b>	<p>1. Knowledge of payment systems and electronic inter-bank payment system infrastructures in general, and high-value payment and securities settlement systems in particular.</p> <p>2. Functionality, management and operation of the RTGS and CSD systems including linkages to other systems such as the central bank's Inter-Bank clearing system and financial management systems, government financial systems, commercial banks' core banking systems, etc.</p> <p>3. Information and Communications Technology including analysing and defining technical specifications.</p> <p>4. Project management</p>
<p><b>Background:</b></p> <p>International Financial Services Centres Authority (IFSCA) is the unified regulator of India's first International Financial Services Centre (IFSC) located at Gandhinagar in the state of Gujarat. IFSC aims to serve as a gateway for international financial flows into India. Transactions in IFSC are carried out in currencies other than the Indian Rupee. Currently a substantial majority of the transactions are undertaken in USD. The centre is exempted from the capital account restrictions applicable to mainland India thereby allowing financial institutions here to freely borrow from/lend to financial and non-financial entities in the rest of the world. As on date, branches of 24 Indian and Foreign banks, called IFSC Banking Units (IBUs), are operational in the zone.</p> <p>Transactions between IBUs are presently settled through the correspondent banking arrangements of the respective IBUs. Given the difference in time zones between India and foreign jurisdictions, settlement through the above mode is not instantaneous and, depending on the currency and the time of the day a transaction is initiated, takes anywhere between 3 hours to 24 hours to settle.</p> <p>IFSCA is currently examining the feasibility of setting up a local foreign currency settlement system for IBUs in IFSC. The system would, to start with, settle transactions undertaken in USD, with other currencies being added over time.</p>	

<sup>1</sup> The EOI is being hosted on IFSCA's website at the request of the Core Group led by NSE ICC. Any queries about the document may be directed to NSE ICC through the contact details provided in the document and not to IFSCA.

IFSCA has set up a “Core Group” of Banks and non-Bank entities, led by NSE ICC for procurement of a foreign currency clearing and settlement solution appropriate for the needs of IFSC.

**NSE ICC, on behalf of the Core Group, invites interested consultants to indicate their interest in providing consulting services for procurement of a foreign currency clearing and settlement system solution appropriate for the needs of in GIFT IFSC (hereinafter called “the project”).**

The services shall include recommendations on the operating model for foreign currency settlement in IFSC and shall include hiring of an IT Consultant to support the Core Group in the procurement/ development and implementation of FCY system in GIFT IFSC.

**Assignment Objectives / Purpose:** The purpose of the EOI is to provide expertise and support in developing the project from inception till implementation. The selected consultant shall report to the Core Group and provide advice and support to the Core Group throughout the project in a manner consistent with global best practices. The Consultant should be able to provide insights and recommendations on potential design options along with their benefits, challenges and strategies for establishing the FCY settlement system at GIFT IFSC.

#### **(a) Scope of Work of the Consultant**

The scope of work for the selected Consultant are :

##### **Stage 1 – Report on existing FCY settlement systems and recommendations on the design of the proposed system**

1. Prepare a comparative report on the FCY settlement systems in Hong Kong, UAE, Philippines, Tokyo etc. and identify the different design options of the proposed system for IFSC and recommend the optimum model for GIFT IFSC
2. Recommend the “operating model” for the FCY settlement system in IFSC including technical specifications.
3. Assess the estimated cost and expected benefit of each option.
4. Recommend the potential design options to setup a robust and efficient FCY settlement system at GIFT IFSC
5. Recommend infrastructure and technological requirements for each design option.
6. Recommend the risk management framework.
7. Recommend the implementation roadmap for the project.
8. Recommend the revenue model for the infrastructure to be self-sustaining.
9. Submit a detailed report for all tasks within the scope, encompassing findings, recommendations, and supporting files, as applicable, in the format required by the banks and non-bank entities for seeking their respective Board approvals.

After the approval of the “operating model” by the Core Group, stage 2 will be initiated by the Consultant.

## **Stage 2 – Preparation of Request for Proposal (RFP)**

10. Preparation of RFP for procurement/ development of the system in accordance with the operating model approved by the Core Group. The proposal shall cover cyber compliant hardware, software, network, application interfaces etc.
11. Managing the bid process leading to selection and on-boarding of the software provider and shall include:
  - a. Circulation of the RFP document, as per the advice of the Core Group
  - b. Finalise, in consultation, with the Core Group the evaluation criteria of proposals (both technical and financial).
  - c. Collation of the proposals received till the specified date.
  - d. Assessment of proposals – The Consultant will read and comment on all proposals received and attend Bid Clarification Meetings with Bidders.
  - e. Production of Bid Evaluation Report for submission to the Core Group
  - f. Preparation of the final Bid Evaluation Report for submission to the Core Group with recommendations.

Once the Core Group finalises the successful bidder, stage 3 onwards will be initiated.

## **Stage 3 – Contract**

12. Identification of items, in consultation with the Core Group, for discussion and agreement with the successful Bidder
13. Finalise the contract and signoff by Core Group

## **Stage 4 – System Design**

14. Support the Core Group in developing and drafting a Project Plan for implementation of the FCY system, ensuring its alignment with the delivery of the IT solution by the successful Bidder.
15. Support in completion of business and functional requirements for the FCY system, including software and hardware.
16. Assessment and sign-off of the detailed system specification.

## **Stage 5 – Implementation**

17. Acting as the Core Group's project manager for the overall system implementation.
18. Provide detailed testing, assessment and acceptance criteria and plans as per the scope of work.

Support in procurement, installation and technical testing of the system, including hardware, software, network, and linkages to participants' systems.

19. Support in User Acceptance Testing.

20. Support in drafting operating rules and procedures for the system.

## **(b) Proposal Evaluation**

### 1. Evaluation Process

The Core Group will review the EOI submitted by bidding consultants, based on criteria provided below,

The Core Group will shortlist consultants for commercial evaluation round.

All decisions made by the Core Group during the evaluation process shall be final and binding on all bidding consultants. The Core Group reserves the right to negotiate with the shortlisted consultants, if it deems fit, to finalise the successful bidder.

#### 1.1 Eligibility Criteria

The Consultants should satisfy the experience and expertise criteria for sending across their EOI. All supporting documents should be submitted along with the proposal and should include:

- i. Profile of the organisation – year of establishment, number of consulting assignments completed for banks and market infrastructure institutions in consulting and implementing payment systems and/ or RTGS systems or and/ or USD clearing and settlement systems etc.
- ii. List of similar projects detailed in (i) above, managed in last 3 years with details
- iii. Number of consultants assigned to similar projects, covering the number of resources assigned to business, operations and technology
- iv. A document describing their expertise and experience in selecting IT Consultants for similar projects.
- v. Details of resources who will be assigned to the project

#### **DISCLAIMER •**

- The Core Group, as set-up by IFSCA, has prepared this document to provide background information on the Project to the interested parties. While the Core Group has taken due care in the preparation of the information contained in this document and believes it to be accurate, neither the Core

Group nor any of its members nor agencies nor officers nor employees, nor advisors give any warranty or make any representation, express or implied, as to the completeness or accuracy of the information contained herein or any information which may be provided in association herewith.

- The information is not intended to be exhaustive. Interested parties are required to make their own inquiries and respondents will be required to confirm in writing that they have done so and that they do not rely only on the information provided by the Core Group in submitting their application document. The information is provided on the basis that it is non – binding on the Core Group or any of its members or agencies or officers, employees, agents or advisors.
- The Core Group reserves the right not to proceed with the Project or to change the configuration/coverage of the Project, site of Work or to alter the time table reflected in this document or to change the process or procedure to be applied, partly or wholly to matters specified herein. It also reserves the right to decline to discuss the matter further with any party/ies expressing interest in this project. The decision of the Core Group in all and such matters shall be final. No reimbursement of cost of any type will be made to the entities expressing interest in this project.
- This document is neither an offer letter nor a legal contract, but an invitation for expressing interest for selection of qualified Consultants for the Project. No contractual obligation on part of the Core Group whatsoever shall arise on the basis of this EOI process.
- The Core Group reserves the right to accept or reject any or all the EOI offers without assigning any reason therefor.

Mode and format of communicating expression of interest.

Interested consultants may please communicate their expression of interest by email on [fcyclclearing@nseicc.com](mailto:fcyclclearing@nseicc.com) with the necessary details as mentioned above by **February 18, 2024.**