<table>
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<tr>
<th>Clause No. / Page No.</th>
<th>Content of EOI requiring clarification</th>
<th>Points of clarification Required</th>
<th>DoP’s response</th>
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<tbody>
<tr>
<td>1        Page No.12: 4.1.2</td>
<td>Custodian of securities shall be responsible for providing fund accounting services for PLI and RPLI schemes managed by each portfolio manager appointed by PLI.</td>
<td>1. Method of fund accounting / guidelines to be followed.  \n2. Cost of third party vendor :- Will the PLI bear the cost separately</td>
<td>The method of fund accounting/ guidelines to be followed would be discussed and finalised with the custodian of securities at the appropriate stage. PLI will not bear the cost of any third party vendors separately.</td>
</tr>
<tr>
<td>2        Page No.12: 4.1.4, 4.1.5, Page No.14: 4.2.4 (4.2.4.1, 4.2.4.2) &amp; Page No.15: 4.4.2</td>
<td>To distribute the funds received from PLI amongst PLI’s Portfolio Managers in the predefined proportion decided by PLI. The Custodian of Securities shall ensure at all times that transactions in PLI’s account are carried out according to the instructions of the PLI or its Portfolio Managers and the Financial Assets held in such accounts are used only for transactions explicitly authorised by PLI or its Portfolio Managers. To debit monies from the PLI’s account; In connection with the purchase or acquisition of Securities by PLI or its Portfolio Managers. For payment of such permissible charges as may be approved by the PLI from time to time. The Custodian of Securities shall be continuously accountable for the movement of Financial Assets in the accounts of appointed Portfolio Managers of PLI and shall provide complete audit trail whenever called for by PLI.</td>
<td>Please share the proposed structure of management / operations of bank account with respect to the following. Who will be issuing instruction to the custodian for release of funds to the respective Fund managers.</td>
<td>All these details would be discussed and finalised with the custodian of securities at the appropriate stage.</td>
</tr>
<tr>
<td>3        Page No.18: 6.1.7</td>
<td>States ‘bid processing fee in the form of credit under Un-Classified Receipts (UCR) in any post office, in favour of Chief General Manager (PLI), Directorate of PLI, Chanakyapuri, New Delhi. While the summary sheet of e-Procurement System Government Of India mentions Senior Post Master Sarojini Nagar Head Post Office, in the tender fee details column</td>
<td>Kindly clarify in whose favour UCR is to be credited. Chief General Manager (PLI), Directorate of PLI, Chanakyapuri, New Delhi. Or Senior Post Master Sarojini Nagar Head Post Office</td>
<td>UCR is to be credited in favour of Senior Post Master, Sarojini Nagar, Head Post Office, New Delhi.</td>
</tr>
<tr>
<td>4        Page No.14: 4.3.1 &amp; 4.3.6.4</td>
<td>Daily projected cash inflow and outflow.</td>
<td>Kindly: 1. Share the list of expected reports.  \n2. Clarify components of the daily projected cash inflow and outflow reports required to be provided.</td>
<td>Cash inflows would typically comprise of maturity proceeds from debt investments, coupon payments from debt investments, dividend payments from equity investments, proceeds from sale of any investments, net fresh accretion etc.  \nCash outflows would typically comprise of payments towards purchase of any debt or equity investments. All these details would be decided at the appropriate stage.</td>
</tr>
</tbody>
</table>
6.3.2 Evaluation of Pre qualification Bid

1. The process that will follow the Technical evaluation committee’s (TEC) evaluation of EOI. 2. Weightage that will be given to the evaluation of EOI done by the TEC while deciding on appointment of Custodian.

As per clause 6.3.2 of the EOI, applicants who qualify on all the 12 pre-qualification bid criteria as laid down in section 7.1 of this EOI would only be eligible to participate in the RFP process for appointment of Custodian of Securities for the PLI's fund. The qualification or dis-qualification of the Applicants on each of the 12 pre-qualification bid criteria will be on the basis of the supporting documents submitted by the Applicants against each of the 12 pre-qualification bid criteria. Based on the supporting documents submitted by the applicants, the qualification against each of the 12 pre-qualification bid criteria as laid down in section 7.1 of this EOI will be marked as YES or NO.

The process that will be followed for selection of custodian of securities for PLI's fund for applicants eligible as per pre-qualification criteria in section 7.1 of the EOI will be explained in the RFP document.

Further, the pre-qualification criteria in section 7.1 of the EOI would only determine the applicant’s eligibility to participate in the RFP process and would not carry any weightage.

For the affidavit, Rs. 100 non-judicial stamp paper would be required.

Firm 2

CONTENTS EOI REQUIRING CLARIFICATION

4.1.1 Custodian of Securities shall be responsible for providing custodial services, settlement for all types of Securities, which includes the following

CLARIFICATION/ QUESTION

Clarification on Securities - We understand that securities referred here is as defined under SCRA and Securities where SEBI registered custodian can provide custody services under SEBI custodial Regulations 1996.

DoP's response

Securities referred to in clause 4.1.1 of the EOI are as defined under Securities Contracts (Regulation) Act 1956 and securities where custodians can provide custody services as per SEBI (Custodian of Securities) Regulations 1996.
4.1.7 ANY OTHER SERVICE REQUIRED BY PLI AS AND WHEN REQUIRED

We request you to share the scope of other services. From a custodian perspective we can extend services in the ambit of services of a custodian and NAV calculations. Subject to mutual discussion.

In addition to Duties & Responsibilities of the Custodian of Securities mentioned in section 4 of the EOI, if there are any related services in the ambit of the services of custodian of securities and fund accountant (including banking) can be discussed and mutually decided at the appropriate stage.

4.1.6 CUSTOMISED REPORTING AS REQUIRED BY PLI FROM TIME TO TIME

Customised reporting with respect to custody and fund accounting services can be discussed and agreed mutually.

Customised reporting with respect to custody and fund accounting services can be discussed and agreed mutually at the appropriate stage.

4.1.2 CUSTODIAN OF SECURITIES SHALL BE RESPONSIBLE FOR PROVIDING FUND ACCOUNTING SERVICES FOR PLI AND RPLI SCHEMES MANAGED BY EACH PORTFOLIO MANAGER APPOINTED BY PLI

We understand the Fund Accounting services must be provided at a scheme level.

Fund accounting services need to be provided at scheme level and portfolio manager level for POLIF and RPOLIF schemes.

4.1.3 SECURITIES SHALL BE HELD ON BEHALF OF, AND IN THE NAME OF THE PLI. PLI SHALL BE THE REGISTERED OWNER OF THESE SECURITIES.

We follow IFRS accounting how different is your process. Please scope out the services

The method of fund accounting/guidelines to be followed would be discussed and finalised with the custodian of securities at the appropriate stage.

4.1.4 TO DISTRIBUTE THE FUNDS RECEIVED FROM PLI AMONGST PLI'S PORTFOLIO MANAGERS IN THE PRE-DEFINED PROPORTION DECIDED BY PLI.

Clarification- Please help clarify the frequency of funds to be received from PLI.

The funds will be aggregated and then distributed in pre-defined proportion. The frequency at which the aggregated funds need to be distributed would be discussed and finalised with the custodian of securities at the appropriate stage.

We assume all settlements will be dematerialised form, please clarify if you hold any physical instruments. If yes, please give details in number of certificates etc.

Yes, all settlements will be in dematerialised form. Physical instruments, if any, would be negligible.

We can help provide fund accounting services in terms of computation of NAV as per valuation methodology provided by PLI. We cannot provide end investor related services such as registrar and transfer related services including investor level reports.

End investor (i.e. PLI's subscriber/insurant) related services are not required as per the duties & responsibilities of the custodian of securities as given in section 4 of the EOI.

Please clarify the nature / scope of services required form a Fund Accounting perspective and underlined reports requirements.

The scope of fund accounting and reporting thereof would be discussed and finalised with the custodian of securities at the appropriate stage.

Please let us know the account set up and mode of operations.

The account setup and mode of operations would be discussed and finalised with the custodian of securities at the appropriate stage.
4.1.7 THE CUSTODIAN OF SECURITIES SHALL ENSURE THAT ALL ENTITLEMENTS ON THE SECURITIES HELD IN ITS CUSTODY FOR PLI’S FUND ARE RECEIVED ON TIME.

Clarification: As custodian, we can follow up actively with issuer and counterparty to receive all entitlements, but we cannot ensure on behalf of counterparty and issuer to provide funds on time. The said understanding is fine.

4.1.8 THE CUSTODIAN OF SECURITIES SHALL DO ALL FOLLOW UP WITH THE ISSUERS FOR THE RECEIPT OF BENEFITS DUE ON THE HOLDINGS AND PROVIDE DETAILED INFORMATION AND OTHER REPORTS AS REQUIRED BY PLI. IF ANY LEGAL PROCEEDING IS TO BE INITIATED, THE CUSTODIAN WOULD TAKE ALL NECESSARY LEGAL ACTIONS IN CONSULTATION WITH PLI AND THE COST THEREON WOULD BE BORNE BY PLI.

We are acting in a capacity as a custodian which is an agent, as custodian we cannot initiate the legal proceeding on our own and it need to be initiated by PLI or PLI appointed legal firm. As custodian, we would assist in providing all necessary reports material required for the legal proceeding and if required on a case to case basis, we can additionally attend the proceeding on behalf of PLI with appointed lawyers. Trust this is fine, please confirm our understanding. The clause is clear and specific. No change/clarification is necessary.

4.1.10.2 IS FLEXIBLE TO PROVIDE ANY NEW REPORTS AS REQUIRED BY PLI AT ANY POINT OF TIME.

We understand that these new reports would be required in relation to custody and NAV computation purposes. You would appreciate any new report will entail discussion and mutual agreement and post which development time, we understand enough time will be given to develop the report. Trust this is fine, please confirm our understanding. Broadly, the said understanding is fine.

5. PROPOSED CONTRACT TERMS

For Custodian and fund accounting services, we will need to enter into separate agreement for Custody and Fund Accounting Services respectively. These detailed agreements would be mutually agreed. Please clarify if otherwise.

As of now, only one agreement for all the services specified in section 4 is envisaged.

5.3 CONDITIONS OF TERMINATION

On condition on termination, we would like to seek clarity on termination terms of the final agreement. As a custodian, we would like the terms of termination being mutual.

As per clause 5.3 of the EOI, the appointment of custodian of securities would be terminated at the end of the tenure as specified in the Letter of appointment. The appointment of the Custodian of Securities will be terminated if:

5.3.1 The Custodian of Securities contravenes the conditions/clauses as specified in the agreement with the PLI.
5.3.2 The Custodian of Securities is unable to perform the duties and responsibilities as specified in the agreement.
5.3.3 If in the PLI’s opinion, the services rendered by the Custodian of Securities are unsatisfactory.

5.3.4 Conditions of termination

We presume that the affidavit/response under this section is limited to the custodian of securities/its subsidiaries/its holding company/its associate companies being barred or suspended from carrying out Capital Market or Money market activities in India only. Trust that is fine. Please confirm our understanding. Broadly, the said understanding is fine. However any such happening outside India can always be shared.
<table>
<thead>
<tr>
<th>Section</th>
<th>Text</th>
</tr>
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<tbody>
<tr>
<td>8.2.7</td>
<td>As we are a large foreign bank carrying out various activities in multiple countries, we are giving the affidavit/response under this section with respect to providing custodian and fund accounting services in India under this assignment. Trust that fine. Please confirm our understanding. Broadly, the said understanding is fine. However any such happening outside India can always be shared.</td>
</tr>
<tr>
<td>8.2.9</td>
<td>We are a large foreign bank carrying out the activities under this agreement through a bank branch in India. Since we are not a legal entity in India and we don’t have board of directors in India we are giving the affidavit/response under this section for Directors and Key Personnel of Custodian of Securities with respect to our Country Management Team (CMT) of our India Bank Branch. Trust that fine. Please confirm our understanding. The clause is clear and specific. As given in the clause, CEO or MD or any equivalent official can give the undertaking.</td>
</tr>
<tr>
<td>OTHER POINTS</td>
<td>Asset class and current volumes: Please share break up of asset class -Debt, equities, MF’s, Fd’s and volumes in number of trades per year. These details would be shared at appropriate stage. Nature of Accounts: Please clarify the nature of account to be held with the custodian – Whether its current or saving ac? These details would be shared at appropriate stage. Government Securities: Currently are your Govt. Sec. under CSGL ac with the custodian or an SGL account with the fund manager. Currently, CSGL account with custodian of securities is used for transacting in government securities. Fund Settlement: Please clarify the settlement will be done on clear fund basis and overdraft/overnight will not be required. The current practice of settlement is on clear fund basis. The same is envisaged to be continued. Mode of instruction: Please clarify your current mode of instructions flows to your incumbent custodian is it Fax or Online channel. Are you open to executing online banking forms? The mode of instructions can be finalised at appropriate stage.</td>
</tr>
<tr>
<td>AFFIDAVIT AND UNDERTAKING</td>
<td>Can we change the Affidavit and undertaking with your prior consultation in order to reflect our factual position based on your understanding? No. Affidavit should be as per the format given in section 9.5 and Undertaking should be as per the format given in section 9.4 of the EOI.</td>
</tr>
<tr>
<td>4.2.3.2</td>
<td>4.2.3.2 TO THE ISSUER OR ITS AGENT IN ACCORDANCE WITH THE INSTRUCTIONS OF THE ISSUER, WHEN SECURITIES ARE CALLED, CANCELLED, RETIRED OR OTHERWISE MATURE OR BECOME PAYABLE. Clarification – for involuntary corporate actions – we will take appropriate actions based instructions and guidance from the issue but for voluntary corporate actions we would be take instruction from PLI for any action on the securities. Trust this fine. Please confirm our understanding. Broadly, the said understanding is fine.</td>
</tr>
<tr>
<td>4.5.4</td>
<td>4.5.4 THE CUSTODIAN OF SECURITIES SHALL CARRY OUT THE REQUIRED CHANGES IN SYSTEMS AND INFRASTRUCTURE TO MEET ALL REGULATORY AND STATUTORY REQUIREMENTS. Clarification – As a custodian we will make necessary changes in system and infrastructure to meet the regulatory and statutory requirement applicable to custodian services under SEBI custodial regulation 1996. Trust this is fine. Please confirm our understanding. The clause is clear and specific. It needs no further clarification.</td>
</tr>
</tbody>
</table>
4.4.2 THE CUSTODIAN OF SECURITIES SHALL BE CONTINUOUSLY ACCOUNTABLE FOR THE MOVEMENT OF FINANCIAL ASSETS IN THE ACCOUNTS OF APPOINTED PORTFOLIO MANAGERS OF PLI AND SHALL PROVIDE COMPLETE AUDIT TRAIL WHENEVER CALLED FOR BY PLI.

Clarification - The custodian of securities will move financial assets basis direction from PLI or its appointed portfolio managers. Trust this is fine. Please confirm our understanding.

Yes. The custodian of securities will move financial assets basis directions from PLI or its authorised entities or persons.

4.5.1.2 RELEVANT TO INFORMATION SECURITY MANAGEMENT SYSTEM [SUCH AS ISO 27001:2013 FRAMEWORK OR EQUIVALENT] AND SYSTEM AUDIT CERTIFICATION, IF ANY (POLICY DOCUMENT SHOULD HAVE THE FREQUENCY OF SUCH AUDIT AND TURN-AROUND-TIME TO RESOLVE FINDINGS OF THE AUDIT)

In lieu of ISO27001, we have ISAE 3402 report done by a reputed audit firm for India covering custody and fund accounting services (the scope covers information security). Trust this can be provided as an equivalent

This is fine.

4.4.3 THE CUSTODIAN OF SECURITIES SHALL HAVE ITS BOOKS OF ACCOUNTS IN RELATION TO PLI’S FUND AUDITED QUARTERLY BY AN INTERNAL AUDITOR AND SUBMIT THE SUMMARY THEREOF TO PLI.

We assume that you will appoint an external auditor. We will help provide the necessary data.

As per clause 4.4.3 of the EOI, the custodian of securities shall have its books of accounts in relation to PLI’s fund audited quarterly by an internal auditor and submit the summary thereof to PLI.

4.6.4 THE CUSTODIAN OF SECURITIES SHOULD HAVE INSURANCE COVERAGE FOR BUSINESS INTERRUPTIONS OR GENERAL SERVICES INTERRUPTION

Please clarify this requirement further. Typical the custodian of a securities have comprehensive insurance policy for covering civil and crime liability.

As per clause 4.6.4 of the EOI, the custodian of securities should have insurance coverage for business interruptions or general services interruption. However, the custodian of securities may have comprehensive insurance policy covering other liabilities.

4.7 DATA SECURITIES AND CONFIDENTIALITY

Please clarify , Is encryption in data in motion sufficient.

As per clause 4.7.1.5 of the EOI, Encryption and key management process in place for data-at-rest and data-at-motion.

Reference (Clause No./PageNo.) | Content of EOI requiring clarification | Points of Clarification Required | DoP’s response
--- | --- | --- | ---
1 | Page 2 | The applications will be evaluated in accordance with the criteria for evaluation to shortlist applicants as prescribed in the EOI document. At a subsequent stage, the Request for Proposal (RFP) will be sent to the short-listed applicants only | Please confirm if Financial Bid is to be provided at EOI stage or only at RFP stage? | Financial bid is not to be provided in EOI stage. The RFP will have specifics for the financial bid. |
2. **Clause 3.5/Page 11**
   - Corpus data provided

   - Request if the following data can also be provided for:
     1. Break-up of the corpus across various asset classes
     2. Average daily / monthly transaction volumes for each asset class
     3. No of accounts custody accounts and demat accounts currently active

   - These details would be provided at appropriate stage.

3. **Clause 4.1.1.5/Page 12**
   - Standard reporting (MIS) as mutually agreed

   - Please provide a list of current reports and formats required by PLI for both custody and Fund Accounting.

   - As per clause 4.3.6 of the EOI, the custodian of securities needs to provide the reports including but not limited to CSGL month end holding, Holding of debt and equity investments, Details of dividends received from equity investments, Daily projected cash inflow and outflow, Historical cash inflow and outflow.

4. **Clause 4.1.2/Page 12**
   - Custodian of securities shall be responsible for providing fund accounting services for PLI and RPLI schemes managed by each portfolio Manager appointed by PLI

   - 1. Please provide number of schemes for which fund accounting is required.
   - 2. Will the accounting be only at scheme level or at portfolio manager level?

   - Fund accounting services need to be provided at scheme level and portfolio manager level for POLIF and RPOLIF schemes.

5. **4.1.4/ Page 12**
   - To distribute the funds received from PLI to PLI’s portfolio managers in the pre-defined proportion decided by PLI

   - Please let us know what is the exact requirement from custodian, and if there is any scheduled fixed date for the funds to be received for investments.

   - The inflows to PLI’s funds need to be aggregated and then distributed in pre-defined proportion to PLI’s portfolio managers. The frequency at which the aggregated funds need to be distributed would be discussed and finalised with the custodian of securities at the appropriate stage.

6. **4.3.3/ Page 14**
   - The Custodian of Securities shall reconcile Cash and Securities at the end of the day.

   - While we understand that the Securities will be reconciled on a daily basis with depositories and PDO, we need clarification on what is the exact requirement around Cash Reconciliation,

   - Cash reconciliation is the reconciliation of fund balances in various bank accounts in the overall investment architecture of PLI.

7. **4.4.3**
   - The Custodian of Securities shall have its books of accounts in relation to PLI’s fund audited quarterly by an internal auditor and submit the summary thereof to PLI

   - The Custodian gets the records audited on a periodic basis as required by various regulations (SEBI and RBI), apart from inspection by the regulators including depositories. We request that this requirement may be done away with.

   - As per clause 4.4.3 of the EOI, the custodian of securities shall have its books of accounts in relation to PLI’s fund audited quarterly by an internal auditor and submit the summary thereof to PLI.

8. **4.6.5/ Page 16**
   - The Custodian of Securities shall ensure that the Physical certificates / Securities are protected from any damages on account of Natural calamity / fire

   - Please provide the total count and value of physical securities

   - Physical instruments, if any, would be negligible.