

REQUEST FOR PROPOSAL (RFP) FOR CUSTODIAN SERVICES FOR THE NSE & CDSC STAFF PROVIDENT FUND SCHEME

1. Background information

1.1 About NSE

The Nairobi Securities Exchange PLC (NSE) is a leading African Exchange, based in Kenya and one of the fastest growing economies in Sub-Saharan Africa. Founded in 1954, NSE has a six decade heritage in listing equity and debt securities. It offers a world class trading facility for local and international investors looking to gain exposure to Kenya and Africa's economic growth.

1.2 About CDSC

The Central Depository & Settlement Corporation Limited (CDSC) is a limited liability Company approved by the Capital Markets Authority to provide automated clearing, delivery and settlement facilities in respect of transactions carried out at the Nairobi Securities Exchange PLC as well as holding of listed and non-listed securities including other documents of title on behalf of investors. CDSC formally started operations in 2004.

1.3 The Staff Retirement Scheme

The two (2) institutions, as named above, have together established a Staff Retirement Scheme called **The NSE & CDSC Staff Provident Fund Scheme (SPFS)**.

The Scheme was established and is administered and governed in accordance with the provisions of a Trust Deed dated 9th December 1997. The founder of the scheme was NSE. When CDSC was founded, most of the new firm's employees migrated from NSE to CDSC under a Novation Contract; meaning they continued to contribute to the NSE Staff Provident Fund. To accommodate the two organizations and formalize this arrangement, the Scheme is co-joined renamed NSE & CDSC Staff Provident Fund. Both NSE and CDSC employees contribute and enjoy the scheme benefits.

The NSE & CDSC Staff Provident Fund is under a defined contribution arrangement. The purpose of the Fund is to provide retirement benefits for staff of NSE & CDSC. The Fund is being transitioned to have 50% of the Fund managed under the Guaranteed Fund and the other 50% of the Fund managed under the Segregated Fund.

2. Scope of Work

The Board of Trustees (BoT) of the NSE & CDSC SPFS hereby requests for proposals for provision of Custodian Services.

The purpose of this Request for Proposal is to provide a fair evaluation to enable the Scheme get the best and most suitable provider in the members' interests.

The scope of custodian services for the NSE & CDSC SPFS will entail, and is not limited to, the below listed:

- a) Open a custody account to keep the portfolio assets safe with a Tier 1 Custodial bank and should be duly licensed by the Central Bank of Kenya under the Banking Act and Retirements Benefits Authority;
- b) The interested custodian firm should give a breakdown of how much funds they are managing for similar schemes.

- c) Keep in safe custody of the title documents, securities and cash of the Scheme Fund.
- d) Ensure all investment instructions from the Fund Manager are implemented in a timely manner;
- e) Transfer, exchange or deliver in the prescribed form securities held by the Custodian upon receipt of proper instructions from the Fund Manager.
- f) Prepare such payments as Fund Trustees may request in writing from time to time.
- g) Realize such financial assets as the Fund Manager may request in writing from time to time.
- h) Exercise subscription, purchase or other similar rights represented by the securities subject to receipt of proper instructions from the Fund Manager.
- i) Provide the Trust and the Trust Administrator with inter alia: Daily transaction (inflows and outflows) advice online as and when the transactions (inflows and outflows) occur and a weekly portfolio statement reflecting the book and market value of each financial asset.
- j) Provide a monthly statement of the transactions (inflows and outflows).
- k) Provide a detailed monthly valuation reflecting the status of the Trust's portfolio as at the last day of the previous month.
- l) Make available an account manager for queries as well as for discussions with the Fund Manager, Trustees and the Trust Administrator.
- m) Make records pertaining to the financial assets available for inspection by the Trustees and or auditors or their duly authorized representatives, whenever necessary for audit and control purposes.
- n) In liaison with the Fund Manager, ensure the collection of all income and other benefits arising from the financial assets, which are paid into the Trust's account or invested on the Fund's behalf.
- o) Pay interest to all cleared credit balances and credit the accounts at the end of the month.
- p) Deliver to the Trust or such other persons as the Trust may in writing authorize copies of all notices, proxies proxy soliciting materials received by the Custodian in relation to any of the securities held in the Trust Fund Account, all publicly available information, financial reports and stockholder communications as the Custodian may receive from the issuers of securities and all information the Custodian may receive from an offer relating to exchange or tender offers or other rights of offerings or as may be agreed upon from time to time.
- q) Keep or cause to be kept such books, records and statements as may be necessary to give a complete record of: The entire Scheme Fund and investment portfolio held by the Custodian and The transactions carried out by the Custodian on behalf of the Scheme
- r) Make available at their officers or at the offices of their duly authorized agents, for inspection by the Trust or its Auditors, such books, records and statements within the premises of the Custodian at any time during business hours while adhering to the Custodians security procedures and health and safety regulations, as from time to time may be notified to the Trust or otherwise brought to the notice of the Trust or such persons.
- s) Make available immediately, two true copies of all major transaction instructions from Fund Managers.
- t) Submit to the Trust a written report on specified dates listing all assets of the Trust with a full account of all receipts and payments made and other actions taken by the Custodian.
- u) Advice or give notification of any transfer of property securities to or from the Trust fund account and the identity of the party in possession of such securities.
- v) Keep a register of title documents held by the custodian or surrendered by the custodian to duly authorized third parties.
- w) Prepare and avail reconciliation report with that of the Fund Manager and written explanation in respect of any variances.
- x) Act in the best interest of the Trust at all times; and it is agreed that the Custodian shall indemnify the Trust for any loss or damages that the Trust may suffer as a direct result of dishonesty or gross negligence on the part of the Custodian or any person engaged by the Custodian to carry out custodial duties in terms hereof.

3. Proposal Guidelines & Requirements

This is an open and competitive process. The proposal must contain the signature of a duly authorized officer or agent of the company submitting the proposal.

The price you quote should be inclusive. If your price excludes certain fees or charges, you must provide a detailed list of excluded fees with a complete explanation on the nature of those fees.

If the execution of work to be performed by your organization requires the hiring of sub-contractors/consultants you must clearly state this in your proposal. The sub-contractors/Consultants must be identified and the work they will perform must be defined.

To obtain information on the Scheme or to seek any clarifications, bidders are requested to liaise with the Trust Secretary, NSE & CDSC SPFS, regarding any information that they may require before submitting a proposal.

The bidders are invited to submit a Technical Proposal and a Financial Proposal, for Provision of Custodian Services as specified in this document. The proposals for the selected firm will be the basis for negotiations and ultimately the Contract.

The Proposal will be required to include the below listed items and will be assessed on a simple pass/fail basis.

- a) **KNOW YOUR CLIENT (KYC) REQUIREMENTS FOR THIRD PARTIES** as per the Appendix 1. The KYC requirements are **MANDATORY**.
- b) The proposal will be evaluated based on both the technical and financial proposals. The weighting will be 70% technical and 30% financial.

S/N	Description	Marks
Technical Evaluation		
1.	General Information about your organization and organizational structure	3
2.	Project team and firm experience and qualifications - Attach evidence of professional membership in relevant courses to professional bodies i.e. bachelor's degree in the following: actuarial science, law, Human resources, and accountants and / or any other relevant discipline.	10
3.	Client base; evidence of at least 3 references for the custodian services provided in the financial year 2018 to date. At least one of the references should be an RBA registered pension fund. Give a breakdown of how much funds are managing for each schemes.	10
4.	Statutory & compliance documents - licenses	5
5.	Risk control policy plan	10
6.	Disaster recovery policy	10
7.	Quality of reporting; kindly provide sample reports	4
8.	Details of your standard turnaround times	3
9.	Procedure of addressing Member and Trustees' queries	2
10.	IT Resources; evidence of software systems	5
11.	Professional Indemnity Insurance	5
12.	Additional services provided/Value adds/ Strengths in comparison to competitors	3
13.	Statement of proposed fees. <i>If your price excludes certain fees or charges, you must provide a detailed list of excluded fees with a complete explanation on the nature of those fees</i>	30
Grand Total		100

Note: You may be requested to make a presentation to the BoT.

4. Contract Terms

The Board of Trustees will negotiate contract terms upon selection. All contracts are subject to review by a Committee approved by the Board of Trustees, and the tender will be awarded upon RFP evaluation to be followed by signing of an agreement or contract, which outlines terms, scope, fees and other necessary items.

5. Purpose of RFP

To contract a dynamic and all-rounded service provider who will help the two sponsor institutions to focus on their vision, mission, goals, and objectives.

6. Eligibility Criteria

All interested Pension Fund Custodians who are currently in good standing, registered as banks by the CBK, and as Custodians by the RBA, meet the requirements of this RFP document and have the capability to provide custodian services for NSE & CDSC SPFS.

7. Submission Address & Timeline

The proposal should be addressed to:

**The Chairman
Board of Trustees
NSE & CDSC Staff Provident Fund Scheme
P.O Box 43633 – 00100
NAIROBI**

And submit to Email hr@nse.co.ke, hr@cdsckenya.com and copy procurement@nse.co.ke; rfp@cdsckenya.com

Proposals must be submitted not later than **Friday, 22nd January 2021 at 12 noon.**

We shall notify you on the date of presentation to the BoT after preliminary assessment of the proposals, as may be appropriate.

Disclaimer

The Board of Trustees reserves the right to reject any proposal from any firm if it does not meet the set out mandatory criteria and is not obliged to disclose reasons why.

Appendix 1

KNOW YOUR CLIENT (KYC) REQUIREMENTS FOR THIRD PARTIES	
SOLE PROPRIETOR	<ul style="list-style-type: none"> • Copy of Business Registration • Copy Business Permit • Individual KRA PIN • KRA Tax Compliance Certificate • Bank details • Copy of Utility Bill or Lease to confirm existence of the Business premises • Clientele list 2018 to date. Provide contracting document and/or reference letters. • Audited Financial Statements for the last 36 months (2017, 2018 and 2019)
LIMITED LIABILITY COMPANY	<ul style="list-style-type: none"> • Copy of the Certificate of Incorporation • Copy Business Permit • KRA PIN • KRA Tax Compliance Certificate • Copy of CR12 • Bank details • Copy of Utility Bill or Lease to confirm existence of the Business premises • Clientele list 2018 to date. Provide contracting document and/or reference letters. • Audited Financial Statements for the last 36 months (2017, 2018 and 2019)
PARTNERSHIPS	<ul style="list-style-type: none"> • Copy of Partnership Deed /OR Affidavit • Copy of Certificate of Registration • Copy of Business Permit • KRA PIN • KRA Tax Compliance Certificate • Letter signed by all the partners (on company letter head) indicating mandates to transact business on behalf of the firm. • Copy of Utility Bill or Lease to confirm existence of the Business premises • Bank details. • Clientele list 2018 to date. Provide contracting document and/or reference letters. • Audited Financial Statements for the last 36 months (2017, 2018 and 2019)