

PD-ABO-695

98546

**Fourth Annual Workplan**

**For the period November 1, 1997 to  
August 14, 1998**

**US Agency for International Development**

**Contract #386-0531-C-00-5010-00**

**Project #386-0531-3-30069**

**October 20, 1997**

**Financial Institutions Reform and Expansion (FIRE) Project  
US Agency for International Development (USAID/India)**

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March 2, 1998

Mr Dennis Grubb  
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Dear Mr Grubb

Thank you very much for the response to our letter of December 3, 1997  
USAID approves Price Waterhouse-FIRE Fourth Annual Workplan which lays  
out the inputs, activities and outputs which Price Waterhouse proposes to  
undertake during the last 10 months (November 1, 1997 - August 14, 1998)  
USAID-PW contract This workplan has also been duly incorporated in the  
USAID-PW contract by an amendment on February 27, 1998 A copy of this  
amendment is being faxed to you separately

Sincerely,

Ashok K Jha  
PDEG

B

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		CONTRACT ID CODE	PAGE 1	PAGES 2
2 AMENDMENT/MODIFICATION NO 09	3 EFFECTIVE DATE see block 16C	4 REQUISITION/PURCHASE REQ NO PDCG Memo dated 02/26/96	5 PROPOSED NO (if applicable)	
6 ISSUED BY Regional Contracting Officer, India Agency for International Dev, Department of State Washington, D C 20521 9000 USA	CODE	7 ADMINISTERED BY (if other than Item 6) PDCG, USAID/I  Technical Clearance Ashok Jha	OFF	
8 NAME AND ADDRESS OF CONTRACTOR (No, street, county, State and ZIP code)  Price Waterhouse Office of Government Services 1616, North Fort Myer Drive Arlington, VA 22209-3100  CEC # 064-86 1172		9A AMENDMENT OF SOLICITATION NO		
CODE		9B DATED (SEE ITEM 11)		
FACILITY CODE		10A MODIFICATION OF CONTRACT/ORDER NO 386 0531 C 00-5010 00		
		10B DATED (SEE ITEM 13) 11/15/1994		

11 THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers  is extended  is not extended. Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 9 and 10, and returning \_\_\_\_\_ copies of the amendment, (b) By acknowledging receipt of this amendment on each copy of the offer submitted, or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter make reference to the solicitation and this amendment and is received prior to the opening hour and date specified.

12 ACCOUNTING AND APPROPRIATION DATA (if required)  
This is a non funded action

13 THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS  
IT MODIFIES THE CONTRACT/ORDER NO AS DESCRIBED IN ITEM 14

- A THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO IN ITEM 10A
- B THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 47.103(b)
- C THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF
- D OTHER (Specify type of modification and authority)

E IMPORTANT Contractor  is not  is required to sign this document and return 4 copies to the issuing office

14 DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)

The purposes of this modification are to

- 1 To realign the current contract budget
- 2 Incorporate the Fourth Annual Workplan (11/01/97-08/14/98)

REVIEWED  
*[Signature]*

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A as heretofore changed, remains unchanged and in full force and effect

15A NAME AND TITLE OF SIGNER (Type or print) RUGBUTE E RIMPEL, JR PARTNER	16A NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Stanley R. Nevin Regional Contracting Officer
15B CONTRACTOR/OFFEROR <i>[Signature]</i>	15C DATE SIGNED 3/5/98
16B UNITED STATES OF AMERICA BY <i>[Signature]</i>	16C AUTHORIZED 8/12/98

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Page 2 Of 2

Contract No 386-0531-C-00-5010-00

Modification 09

Continued from Block 14

1 Reference Section B, Annex 1 entitled "Contract Budget" Delete the budget in its entirety and replace it as follows

"See Annex 1 at the end of this modification for the contract budget".

2 Reference Section C, C 11, entitled "Scope of Work- Annual Work Plans" Pursuant to the conditions of the contract under Section F, 6 "Deliveries or Performance - Contract Requirement for Annual Workplans", add a new subsection to Section C, entitled "Fourth Annual Workplan" and incorporate the attached document entitled "Fourth Annual Workplan, 11/1/97- 8/14/98, dated October 20, 1997"

-----END OF MODIFICATION 09-----

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## PREFACE

The Period IV Annual Workplan, covering the period of November 1, 1997 to August 14, 1998, which is the contract end date, contains a carry forward provision for continuing activities with client organizations planned for the life of the project and activities undertaken to date in the project

The projected levels of effort for each task presented in this workplan are based on our best judgment of the scope work as we understand them today from meetings with the client organizations. These estimates can change as new information becomes available and the nature of the assignments change

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## ACRONYMS

AIFAI	All India Federation of Investor Association
AMBI	Association of Merchant Bankers of India
AMC	Asset Management Company
AMFI	Association of Mutual Funds
BSE	Bombay Stock Exchange
CARE	Credit Analysis and Research Ltd
CBOE	Chicago Board Options Exchange
CERC	Consumer Education and Research Center
CRISIL	Credit Rating Information Services of India
CSE	Calcutta Stock Exchange
CME	Chicago Mercantile Exchange
CMIE	Center for Monitoring Indian Economy
DA	Development Associates
DSE	Delhi Stock Exchange
FII	Foreign Institutional Investor
FIMMDA	Fixed Income, Money Market and Derivatives Association
HRD	Human Resources Department
ICAI	Institute of Chartered Accountants of India
ICFAI	Institute of Chartered Financial Analysts of India
ICRA	Investment Credit and Research Agency
ICSE	Inter-connected Stock Exchange of India Ltd (Proposed)
ICSI	Institute of Company Secretaries of India
IFMR	Institute for Financial Management and Research
IGS	Investor Guidance Society
IIM	Indian Institute of Management
MSE	Madras Stock Exchange
NASD	National Association of Securities Dealers
NRI	Non Resident Indian
NSCCL	National Securities Clearing Corporation Ltd
NSDL	National Securities Depository Ltd
NSE	National Stock Exchange
NYIF	New York Institute of Finance
NYSE	New York Stock Exchange
OTCEI	Over the Counter Exchange of India
PSU	Public Sector Undertaking
RAIN	Registrars' Association of India
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SEC	US Securities and Exchange Commission
SHCIL	Stock Holding Corporation of India Ltd
SOW	Statement of Work
SRO	Self-Regulatory Organization
PW	Price Waterhouse LLP
PW/I	Price Waterhouse/India
USAID	US Agency for International Development
UTI	Unit Trust of India
UTI-ICM	Unit Trust of India-Institute of Capital Markets

## I INTRODUCTION

The contract for the Financial Institutions Reform and Expansion (FIRE) Project was awarded on November 15, 1994 and signed by both parties in Washington, DC on November 21, 1994. PW has presented and received USAID approval on the following previous workplans

- First Annual Workplan dated March 3, 1995,
- Second Annual Workplan dated September 15, 1995, and
- Third Annual Workplan dated October 15, 1996 and approved April 24, 1997

This is the Fourth Annual Workplan for the period November 1, 1997 to August 14, 1998, the project completion date (PCD). The proposed activities build on activities planned and implemented to date under the project

- **A Implementation Schedule**

Project implementation has gained significant momentum. Activities have been undertaken in all the areas called for in the USAID contract statement of work (SOW). At any given time, an average of five to six visiting US consultants are in India executing technical assistance or training assignments.

- **B Program Assumptions**

The following are the assumptions underlying the costs, areas of activities and technical and training assistance proposed in this workplan.

- 1 Cost*

The assumptions made with respect to costs for the fourth annual workplan are based on the cost history of project activities for the period November 21, 1994 to September 30, 1997.

- 2 Agreed Upon and Approved Areas of Project Activities*

PW has seven main areas of focus under the FIRE project. These were determined in consultation with USAID/Delhi and recipient Indian agencies and reviewed and endorsed by SEBI. The specific areas are

- 1 Post Trade Clearance and Settlement
- 2 Strengthening the Regulatory Framework
- 3 Market Enforcement, Oversight and Surveillance
- 4 Debt Market
- 5 Mutual Funds

- 6 Derivatives Exchange Traded Futures and Options
- 7 Other Activities

*a Post Trade Clearance and Settlement*

Trade clearance and settlement activities center around depository and clearing corporation assistance and stock lending to a lesser degree

1 Depositories

The Indian cabinet approved a Depository Ordinance in September 1995 followed by the order invoking legislation to enable the establishment of a depository Following the legislation, the Securities and Exchange Board of India (SEBI) Depository Regulations were released May 1996 This provided the legal and regulatory basis for establishing a depository in India In October 1997, SEBI mandated that all institutions including FIIs in India must dematerialize equity securities holdings by January 16, 1998 the group of securities to be designated The USAID contract SOW calls for technical assistance in the areas of depository systems, practices and operations under the project

11 Clearing Corporations

SEBI has mandated that all stock exchanges must set up clearing corporations with trade guarantee funds An October 1997 proclamation by SEBI that all institutions must dematerialize their holdings will give impetus to BSE and the regional exchanges to modernize their clearing corporations to interface with the National Securities Depository Ltd (NSDL), the only depository operational as of today Though SEBI's requirement to achieve full dematerialization of institutional holdings by January 1998 may be lengthened the mandate will provide a great impetus for BSE and regional exchanges to provide access to NSDL

111 Stock Lending

An area related to trade clearance and settlement is stock lending which is required for covering delivery fails at settlement as well as to allow people to sell short SEBI has now said stock lending, which was formerly prohibited, can be undertaken and has designated the Stock Holding Corporation of India Ltd (SHCIL) as one of the approved intermediaries The availability of stock lending should help reduce the high auction rates currently seen at settlement

*b Strengthening the Regulatory Framework*

The USAID contract SOW calls for PW to provide technical assistance to achieve changes in the legal and regulatory framework governing the Indian securities markets SEBI has requested assistance from PW in the areas self regulatory

organizations (SROs), broker licensing, testing & certification, information disclosure, and review of selected Indian securities laws

*c Market Surveillance Oversight and Enforcement*

As a result of a US Capital market study tour, Mr DR Mehta, SEBI Chairman, and his Senior Executive Director for Surveillance and Enforcement, Mr LK Singhvi, have shown a keen interest in increasing the surveillance, oversight and enforcement capacity of both SEBI and the exchanges. Therefore, PW has initiated various technical assistance and training activities for both SEBI and exchange staff as requested by SEBI.

*d Debt Market*

There is negligible secondary trading in the debt markets. Much of the reform needs to be initiated by the Reserve Bank of India (RBI) which is not a direct FIRE Project Indian counterpart institution. However, PW does have a mandate to work with SEBI, the exchanges and market intermediaries to stimulate secondary trading in government, Public Sector Undertaking (PSU) and corporate debt instruments.

*e Mutual Funds*

The USAID contract SOW calls for PW to undertake activities in developing market intermediaries such as mutual funds. SEBI's Mutual Funds 2000 forms the basis for regulation in the mutual funds industry. SEBI has asked PW to provide assistance to the Association of Mutual Funds of India (AMFI) in establishing a self regulatory organization and to advise SEBI on mutual fund regulation and inspection.

*f Derivatives Exchange Traded Futures and Options*

The USAID contract SOW calls for technical assistance and training in the areas of drafting of regulations, bylaws for a derivatives exchange, guidelines for a clearing corporation, and trading rules for futures and options. SEBI and NSE have both requested PW assistance in these areas.

*g Other Activities*

As called for by the contract SOW PW undertakes activities in strengthening local human resource institutions, sponsoring research topics for participating institutions and providing assistance to OTCEI and regional exchanges.

**3 Technical and Training Assistance**

Assistance in the areas discussed above is delivered through technical assistance and training activities. Technical assistance involves PW consultants working directly

with staff on the Indian counterpart institution in helping them institute reforms. The training provided supports the technical assistance initiatives and continues to have two basic goals:

Develop a core group of financial managers that can lead the Indian capital markets towards international standards of regulation, operations and investor protection, and

- Institutionalize capital market training programs

In-country training is provided in India by bringing in visiting international experts to deliver seminars and workshops. US based training generally has two components: class room/seminar activities related to the job requirement of the identified participant, and an internship, when appropriate, in a relevant US capital market institution or organization such as an exchange, the SEC or with market intermediaries. This training exposure provides the participant international perspective that can then be applied in the Indian market context.

**The report "Training Needs Assessment" of June 1995 provided an integrated training plan and recommended a training approach for securities regulators, market intermediaries, and securities training institutions to meet the training goals outlined above. Subsequently, "Training Under the FIRE Project," conducted in March 1997 reviewed the FIRE training program up to that time, in terms of compliance with targets, relevance and quality, and identified a number of additional actions that can be taken to meet the project's institutionalization objectives.**

## II SPECIAL CONDITIONS

As part of the implementation process, the following special conditions outlined on page F-10 of the USAID contract will be incorporated

- 1) All short-term and long term personnel placements shall be approved in advance by the Project Officer
- 2) Nominations of personnel shall include a resume of the individual proposed, the AID Contractor Biographical Data Form signed by the nominee, and a description of the proposed position
- 3) All international travel shall be approved by the Project Officer
- 4) Any personnel absence from the Project for more than 14 consecutive calendar days or 10 consecutive business days shall be approved by the Project Officer
- 5) Each overseas training activity or study mission, including schedule, location, budget etc shall be approved by the Project Officer except as provided in this clause, or in a workplan itself as incorporated into the contract itself, the contractor shall obtain all other approvals required by contract
- 6) Any change or revision to a workplan should be made in a written record of such an agreement by the Project Officer and Project and/or Team Leader and provided to the Contracting Officer
- 7) The establishment of a budget for a Workplan year at the time of incorporation of Workplan into the Contract shall also result in a modification of Section B "Itemized Budget "

### III TECHNICAL MODULE

The technical module comprises technical assistance and training activities carried out under the FIRE contract. FIRE technical assistance and training support to Indian capital markets institutions will be in the following core areas that have been developed to date under the project and were outlined in Section I:

- 1 Post Trade Clearance and Settlement
  - Clearing Corporations,
  - Depository, and
  - Stock Lending
- 2 Strengthening the Regulatory Framework
  - Self Regulatory Organizations (SROs),
  - Broker Licensing, Testing & Certification,
  - Information Disclosure, and
  - Review of Indian Securities Laws
- 3 Market Enforcement Oversight and Surveillance
- 4 Debt Market
- 5 Mutual Funds
- 6 Derivatives Exchange Traded Futures and Options
- 7 Other Activities
  - Strengthening local human resource institutions
  - Sponsoring research topics for participating institutions, and
  - Providing assistance to OTCEI and regional exchanges

Level of effort (LOE) for each of these seven areas of focus is broken out into three categories:

- LOE of US consultants for technical assistance,
- LOE of Indian consultants for technical assistance, and
- LOE of US consultants for the training

Table III-1 on the next page shows the consultant LOE and in-country training outputs proposed for this fourth workplan covering the period of November 1, 1997 to August 14, 1998.

Proposed LOE by person weeks on a month by month basis in each of the seven areas is given in Appendix A.



**PROPOSED CONSULTANT LEVEL OF EFFORT  
AND IN-COUNTRY TRAINING OUTPUT  
TABLE III - 1**

Activity	% Of Total LOE	LOE in Months			In-Country Training	
		US Consultants		Indian Consultants	No of Activities	Output in Person Weeks
		Technical Assistance	Training			
1 Post Trade Clearance and Settlement						
- Clearing Corporations	12 00%	3 94	0 98	6 15	4	16
- Depositories	5 00%	1 64	0 41	2 56	4	12
- Stock Lending	2 00%	0 66	0 16	1 03	1	40
2 Strengthening the Regulatory Framework						
- Self Regulatory Organizations (SROs)	8 00%	2 62	0 66	4 10	8	40
Broker Licensing Testing and Certification	5 00%	1 64	0 41	2 56	12	180
- Information Disclosure	5 00%	1 64	0 41	2 56	8	160
- Review of Indian Securities Laws	4 00%	1 31	0 33	2 05	1	32
3 Market Enforcement Oversight and Surveillance	22 50%	7 38	1 85	11 53	13	108
4 Debt Market	10 00%	3 28	0 82	5 13	1	80
5 Mutual Funds	9 00%	2 95	0 74	4 61	19	246
6 Derivatives Exchange Traded Futures and Option	12 50%	4 10	1 03	6 41	3	92
7 Other Activities	5 00%	1 64	0 41	2 56	1	40
<b>TOTAL</b>	<b>100 00%</b>	<b>32 80</b>	<b>8 20</b>	<b>51 25</b>	<b>75</b>	<b>1,046</b>

10  
1  
1

The PERT chart showing the time schedule for these activities is provided in Appendix B

Completed activities of US consultants to date and deliverables submitted to date are given in the Appendix C

A summary of US based participant training, both that projected for the fourth annual workplan and that completed to date, is given Appendix D A summary of in-country training, both that projected for the fourth annual workplan and that completed to date, is given Appendix E

- **A Area 1 Post Trade Clearance and Settlement (Clearing Corporations/ Depository/ Stock Lending )**

The project mandate is to move the Indian trade clearance and settlement operational environment towards internationally recognized standards of efficiency and transparency Upon completion of the FIRE project, at least one depository will be operational (specifically the NSDL), trading volumes in dematerialized shares should be on the increase, and more trades should be settling by book entry settlement

*I Activities Completed in Periods I, II and III*

*a Depositories*

PW coordinated with the Ministry of Finance and the Securities and Exchange Board of India (SEBI) to facilitate the introduction of the depositories legislation and with NSDL to assist in depository start up operations, and public education and awareness activities

PW undertook depository cost studies for the Bombay Stock Exchange (BSE) and the Delhi Stock Exchange (DSE) to outline the costs involved in starting a depository and to enable the exchanges to make informed business decisions on whether or not it was appropriate to start their own <sup>1</sup>

Since BSE currently maintains they intend to move forward with development of a depository, PW provided limited review assistance to BSE in drafting their concept paper that will form the basis for the request for proposal (RFP) or business requirement statement (BRS) they intend to distribute to depository hardware and software vendors However, PW has strongly advised BSE to establish a link into the NSDL depository even if they plan to build their own depository

*b Clearing Corporations*

PW has assisted BSE in modernizing its clearing corporation by advising on a the tax and legal issues in establishing a trade guarantee fund, streamlining clearing house procedures in order to prepare for eventual T+5 rolling settlement, implementing same day funds payments for trade settlement and providing other clearing corporation modernization assistance

*c Stock Lending*

PW is assisting Stock Holding Corporation of India Ltd (SHCIL) in drafting a concept paper for a stock lending service SHCIL intends to provide to the industry SHCIL has received SEBI approval to act as a stock lending intermediary even though final stock lending rules and regulations have not yet been promulgated by SEBI

*2 Activities Proposed in Period IV*

*a Reduction of Faked and Forged Certificates*

On SEBI request, PW is drafting a paper for which outlines recommended steps that can be taken to reduce fake and forged certificates circulating in the market The paper will call for registrars to provide for share ownership transfer each time physical shares are delivered for trade settlement and for physical shares to be delivered and received via electronic settlement accounts in the NSDL depository

Not only would such a process reduce the amount of bad paper in the market by requiring more frequent ownership transfer it will also move the market towards book entry settlement whether the shares delivered and received are physical or dematerialized This will allow physical and dematerialized shares to enjoy the same settlement cycle and avoid a fragmentation of the market into separate segments with different prices for physical and dematerialized shares

*b Clearing Corporations*

*1 BSE*

PW will continue to provide assistance to the BSE clearing house in the following areas

- 1 Interface of BSE clearing house with NSDL depository<sup>1</sup>,

---

<sup>1</sup> A BSE clearinghouse as a NSDL depository participant would be a first step in allowing BSE brokers access to depository settlement It would also provide the access required for BSE trades to settle in NSDL

- 2 Streamlining of current paper handling processes,
- 3 Movement to T+5 rolling settlement for selected scrips, and
- 4 Same day funds availability for trade settlement and margin calls

11 Over the Counter Exchange of India

PW has agreed to advise the Over the Counter Exchange of India (OTCEI) on the design and implementation of training programs to be funded through a grant OTCEI received from the World Bank. As part of that effort PW, will work with the OTCEI to develop training programs and internships that will improve staff knowledge and understanding of the issues involved in establishing and operating a clearing corporation that meets international standards.

111 Other Regional Exchanges

PW will seek to provide clearing corporation assistance to regional exchanges approved by SEBI in interfacing exchange clearing corporations or clearing houses with NSDL. PW anticipates these exchanges will be the DSE, the Calcutta Stock Exchange (CSE) and the Madras Stock Exchange (MSE). These exchanges, however, must provide evidence to SEBI and PW they are ready organizationally and logistically to benefit from such assistance.

c Depository

1 NSDL

PW proposes the following technical assistance for NSDL to assist it in becoming a fully functioning depository to service the Indian stock market.

Procedure Documentation PW will assist in training management on developing and maintaining a formal procedure documentation program. This process includes identifying those functions to be documented for each department and directing the staff interviews and the documentation of procedures. Initial drafts will be reviewed and processes discussed with the respective departments for changes and additions. Drafts will be finalized and compiled into manuals for individual departments.

As part of this process, comments and recommendations will be provided to the NSDL management team on how procedures might be changed to improve efficiencies. Control points will be identified and suggestions made on how to minimize errors and risk to the depository.

Management Reports Once procedures are completed work will be done with the NSDL management team to create management tools through periodic reports. Training sessions will be held on how to identify critical indicators. Determinations will be made on how to collect relevant data, format meaningful reports, and establish the timeliness and dissemination of the reports.

NSDL has put into place some management reports. A review of these will be included in this area of assistance to the depository. Decisions will be made on

incorporating data from these reports into new reports or expanding on existing data

Performance Standards and Work Measurement Once definite procedures are in place, training sessions will be held with members of the NSDL management team on how to set performance standards and measure production. These sessions will identify the reasons for such programs, and provide the department heads with basic methods of setting standards and accumulating performance data. These programs will provide indicators to be included in management reports.

Development of Human Resources Department (HRD) Provide technical assistance and training to assist NSDL in developing their HRD. This will include all facets of the HRD, such as recruiting, benefits, training, etc. It is expected that any performance standards and work measurement program established will also need to be reviewed and approved by HRD staff. This is necessary to insure compliance with any Indian labor laws. Support of the HRD for such a program is mandatory.

Expansion of Depository Services Assistance will continue to be provided to NSDL as the depository volumes increase and services are added over the coming months. It is anticipated that the NSDL management team will request such assistance as change is experienced. The mandate by SEBI that all institutions must dematerialized their equity holdings by January 16, 1998 is anticipated to significantly speed up the expansion of depository services.

## 11 BSE

The emphasis of PW technical assistance will focus on assisting the BSE clearing house interface with NSDL as noted above under the discussion of clearing corporation assistance.

### *d Stock Lending*

PW will continue to assist SCHIL in developing its stock lending capability. This will involve assisting them in finalizing the concept paper which will be used to gain board approval and then assisting in the development of lending procedures.

## **B Area 2 Strengthening the Regulatory Framework (SROs, Broker Licensing, Testing and Certification, Information Disclosure, and Reviewing Indian Securities Laws)**

### ***1 Development and Strengthening of Self Regulatory Organizations***

SRO activities with NSE Registrars Association of India (RAIN) and SEBI are discussed later. Activities with the Association of Mutual Funds of India (AMFI) which has a strong SRO emphasis is discussed later in the section on mutual funds.

assistance since it is part of a larger technical assistance program with the mutual fund industry

*a Activities in Periods I II & III*

1 NSE

PW has reviewed NSE rules and regulations and made recommendations on changes in bylaws, rules, regulations, and structure to be a more effective SRO

11 RAIN

SEBI has instructed RAIN that they should form an SRO for the registrar industry RAIN requested PW assistance which is being patterned after the PW SRO assistance given to AMFI discussed below As an initial activity, PW is in the midst of assisting RAIN in the drafting a procedures manual for registrars This is RAIN's first step in the process of creating uniform rules, operating procedures and a code of conduct for the registrar and transfer industry in India

*b Activities Proposed in Period IV*

1 SEBI

PW will draft a proposed regulation for SROs to be presented to SEBI for possible adoption This regulation would include criteria to qualify as an SRO as well the responsibilities and obligations of SROs It will be based on the US model and then SEBI can modify it for India if they require changes from the draft regulation presented by PW

11 NSE

PW will continue to give SRO development assistance to NSE on the formalization of bylaws and rules to follow on to the assistance already provided

111 RAIN

PW will complete the procedures manual for RAIN Once that has been completed, PW will assess with SEBI if there are other areas of appropriate assistance

**2 *Broker Licensing, Testing and Certification Program***

A licensing testing and certification program for the market intermediaries is still a priority area for SEBI However SEBI has not approved the administration of the licensing program

*a Activities Completed in Periods I II & II*

PW has provided significant input to SEBI on the issues involved in registration and regulation of retail capital market intermediaries and the testing and certification of these intermediaries. To date, PW has

Identified the specific groups of brokers (e.g. main members of the stock exchanges, their associates, and third tier of intermediaries) who interact directly with the investing public,

- Identified the role played by these groups,
- Developed a model syllabus based on minimum criteria and level of knowledge relevant to these groups,
- Proposed a model examination process including a question bank for these groups, test administration procedures, and
- Identified other intermediaries, such as merchant bank personnel, investment advisers, and asset managers who should also be registered in a SEBI database

*b Activities Proposed in Period IV*

PW undertake the following activities to support SEBI licensing, testing and certification efforts

- Continued design support of SEBI registration databases of industry intermediaries such as merchant banks, investment advisers and asset managers,
- A deliverable paper to include a liquid net capital rule, record keeping rules, ethical standards/code of conduct disciplinary and dispute resolution procedures, and alternate regulation approaches for these retail intermediaries,
- Forums on registration and investor protection in conjunction with an Indian Associations such as, the Confederation of Indian Industry, Tamil Nadu Investor Association,
- Assistance in enhancing SEBI regulation to provide for registration of other intermediaries such as investment advisers that do not hold customer cash or securities, and
- A deliverable which will be proposed methods for dispute resolution, arbitration, handling of broker insolvency, determination of appropriate selling practices and operations and regulation of private placements

• 3 *Information Disclosure*

Disclosure and the release of financial information are essential elements of any securities regulatory program. The timely disclosure of information allows the market to fulfill its obligation to provide a forum for fair trading where the price of securities may be established. Without this information price determination may not be accurate. The integrity of the market requires information about all issuers.

The establishment of well balanced disclosure standards requires the action of SEBI. The exchanges do not have the power necessary to impose and enforce comprehensive ongoing disclosure obligations. Indeed, at the major Indian exchanges approximately 60 percent of all companies are not in compliance with existing disclosure and reporting requirements.

a *Activities in Periods I, II & III*

A series of seminars were conducted for individual investors in 13 major cities and feedback was obtained to assess the present status of information available to investors, where they get the information from (e.g., stock exchanges) and how they utilize it. To carry out these seminars, PW worked in conjunction with organized investors and SEBI registered investors.

b *Activities Proposed in Period IV*

The proposed activities to be undertaken include:

- Identify information required by the regulator from issuers, management officials and other 'insiders',
- Recommend frequency of reporting obligations,
- Recommend central filing at SEBI or some other centralized location for initial disclosure (prospectuses for public offering) and ongoing disclosure (annual and interim financial statements and current reports for material information and press releases)
- Propose a methodology for making this information available to Indian investors,
- Propose an organizational structure for the group or department within the SEBI (or other organization) that will be responsible for monitoring all filings to ensure the timeliness, accuracy and adequacy of company filings made under the reporting obligations
- Outline and help implement a training program for SEBI staff that develops and

deepens the staff monitoring skills required to effectively enforce disclosure requirements being recommended

- Work with key professional institutions, such as the Institute of Chartered Accountants of India (ICAI) and the Institute of Chartered Financial Analysts of India (ICFAI), to develop courses on disclosure rules, as part of a broader effort to promote wider adoption and dissemination of uniform disclosure practices among the financial community

- **4 Review of Indian Securities Laws**

The Dhanuka Committee, a SEBI committee, has been organized to review India's security laws. The members are Justice DR Dhanuka, Mr Cyril Shroff, Mr Rafique Dada, Ms KS Shere, and Ms DN Raval.

- a Activities in Period III*

PW experts have provided written comments to the Committee specifically addressing a number of subjects and deficiencies in the existing law. In addition, PW experts have participated in meetings of the Committee and met with individual members of the Committee to discuss written comments. In October 1997, PW provided a draft comprehensive securities law for the Committee's review.

- b Activities Proposed in Period IV*

PW proposes to design and carry out appropriate training for the key policy makers which will focus on providing both principles and concepts of securities regulation and examples of how the principles apply in a successful and efficient securities market.

- C Area 3 Market Enforcement, Oversight and Surveillance**

- 1 Market Enforcement and Oversight**

- a Activities in Period I, II & III*

Mr Cliff Kennedy, Esq., prepared for SEBI a "Review of the Enforcement Plan of the Securities Exchange Board of India" in November 1995.

Mr Terrance O Malley, Esq., did a detailed study of the SEBI enforcement activities and submitted a report titled "Enforcement Program Assistance" to SEBI in January 1996.

Mr Kennedy worked with SEBI on multiple occasions to review existing regulations content and make recommendations based on foreign models, particularly the U.S. He has also made recommendations to SEBI on on-going cases of market manipulation and insider trading on how to successfully investigate and prosecute such cases.

A number of seminars were conducted for the regulators and the enforcement personnel attached to the stock exchanges.

Mr David Strandberg, Esq. has worked with SEBI enforcement and surveillance staff.

on ongoing investigations, development of institutional capabilities to conduct investigations

Mr Strandberg and Mr Michael Sommer, Esq , delivered a paper on issuer and regulatory controls on securities transactions by company insiders (officers, directors, etc )

*b Activities Proposed in Period IV*

Mr Strandberg will assist SEBI with the investigation and prosecution of ongoing cases Mr Cliff Kennedy will help Mr Strandberg design programs to strengthen and rationalize SEBI's investigative and enforcement capability, improve legislation, establish enforcement priorities, and improve internal organizational structures that build on PW efforts to date This will include a paper on how to investigate an insider trader case

PW will work with SEBI to design a training program and develop a set of training materials, based on case studies, that will help build staff investigative and enforcement capabilities, thus contributing to the organization's capacity to continuously learn from and adapt to changing needs and priorities

Finally, PW will collaborate with and support the efforts of professional educational institutions in India to develop courses for the law enforcement community (including the economic police and tribunals) in the capital markets enforcement arena, so that these can work more effectively with SEBI

*2 Market Surveillance*

The Indian markets require uniform surveillance and enforcement methodologies and reporting techniques across at least the major exchanges along the lines of "StockWatch"<sup>2</sup> in the US There are currently some efforts underway to achieve this However close attention must be given to ensure that it is achieved

*a Activities in Periods I II & III*

PW has undertaken the following activities to initiate efforts to develop and enhance market surveillance capabilities at the Indian exchanges

- The FIRE project sponsored study tours for ranking SEBI and Ministry of Finance officials to the US in 1996 to study first hand the StockWatch systems and procedures utilized in the US at the New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD)
- Mr Kennedy has held training seminars in market surveillance for SEBI BSE NSE and regional exchange officials during meetings of the Intermarket

### Surveillance Group (ISG) in Bombay

- Mr Kennedy authored "Investigation Modules for Market Manipulation" for BSE, NSE and OTCEI which detailed investigation techniques for market manipulation violations
- PW delivered a two day workshop entitled "Implementing a Market Surveillance System" in August 1997 for SEBI and exchange officials from all 23 exchanges in India. The officials were exposed to the various techniques of surveillance, and most importantly, the follow through necessary for effective enforcement. This workshop included presentations by officials from the Thailand Stock Exchange, the Colombo Stock Exchange and the Sri Lanka Securities and Exchange Commission

#### *b Activities Proposed in Period IV*

Building on the initial "Investigation Modules for Market Manipulation" for BSE, NSE and OTCEI which detailed investigation techniques for market manipulation violations, Mr Frank Wilson, Esq, will prepare modules on developing procedures for insider trading and front running. Mr Kennedy will create a module to assist in analysis and investigation of matched orders and wash transaction violations.

Additionally Messrs Kennedy and Wilson will produce a model operations manual for exchange StockWatch sections that incorporates all modules and other procedures and evaluate the adequacy of each exchange from the standpoint of number of personnel and understanding of the surveillance function. Training will be developed and provided in the implementation of the modules and procedures and for investigation of possible detected violations. Mr Kennedy will also review and provide comments on exchange inspection manuals that have been developed.

Following up on the August 1997 "Implementing a Market Surveillance System" seminar PW will draft a Memorandum of Understanding (MOU) patterned after the US model for formalization of procedures for sharing of information between the 23 Indian exchanges for the purpose of regulatory matters, including surveillance, inspections and investigations. It will include a model confidentiality agreement to be adopted.

PW will sponsor two three-day workshops on investigative techniques November 11-14 1997 to be attended by the CEO and surveillance staff from each exchange market. Presenters will include officials from NASD's StockWatch Department.

PW will work with SEBI and the exchanges to outline a program of continuing staff education in market surveillance. It will advise SEBI and the exchanges on appropriate materials and case studies.

- **D Area 4 Debt Market**

Financial sector reform in India is not yet supported by an active secondary debt market. The central government is the largest borrower. NSE has set up a debt exchange, and other exchanges are in the process of introducing debt trading, but a litany of regulations prevents full development of debt trading as evidenced by the low volume of trades on NSE.

The goal of the FIRE project in the area of debt market development is to initiate dialogue between the market participants (regulators, intermediaries, issuers and investors) that will promote the policy changes needed to stimulate a revival in secondary debt trading.

- 1 Activities in Period I, II and III*

PW has undertaken the following debt market activities:

- Presented a report on the structural impediment to debt market development in India which identified the major constraints to debt market development (January 1996),
- Sponsored a research paper entitled "Retail Debt marketing in India" (May 1996),
- Assisted the Infrastructure Development Finance Corporation (IDFC) in drafting a business plan to be used to approach the World Bank, International Finance Corporation, Asian Development Bank, all India financial institutions, AIG, Government of Singapore Investment Corporation, and the Commonwealth Development Corporation for capital contributions<sup>3</sup> (May 1997),
- Worked with several private domestic and foreign banks to draft a proposal (August 1997) for a "Debt Dealers Association of India (DDAI)" a "bond club" that will facilitate secondary trading of corporate debt between its members. Trading would then be expanded to PSU and government debt. Since the submission of that proposal by PW, the industry has created the Fixed Income Derivatives and Money Market Association (FIMDMA) which is a direct outgrowth of the original DDAI proposal, and
- Presented a report to SEBI and market participants which outlines the proposed areas PW can address through August 14 1998 in the following areas: Legislative, Regulatory, Market Practices, Infrastructure, and Awareness/Training (October 1997).

- *2 Activities Proposed in Period IV*

PW proposes to

- 1) Determine FIRE Project assistance to IDFC which could include developing the organizational structure once the heads of each main department have been identified and hired
- 2) Work with the Fixed Income, Money Market and Derivatives Association (FIMMDA), the group that eventually formed out of the DDAI report to do the following
  - Form a debt dealers segment,
  - Draft the Memorandum of Articles of Association,
  - Develop policies for the governing council and officers,
  - Draft scopes of work for FIMMDA Committees dealing with debt,
  - Recommend staffing,
  - Establish membership criteria,
  - Develop criteria for interacting with SEBI and the RBI, and
  - Draft a plan of action for stimulating secondary trading in government and PSU debt
- 3) Conduct technical assistance and training to debt market intermediaries in the areas of market regulation, practices, infrastructure and awareness such as
  - Advise on alternatives for depository settlement of debt transactions,
  - Develop training courses for regulators and market makers,
  - Promote cross regulatory dialog with the Ministry of Finance RBI and SEBI,
  - Recommend debt data/statistics collection requirements,
  - Work with SEBI, RBI, and FIMMDA to create safeguards for dealing in debt securities,
  - Advise on linkages with foreign regulators, market participants issuers and investors
  - Suggest training topics for portfolio and risk management for regulators and market makers and
  - Advise on leadership group training in foreign markets

• **E Area 5 Mutual Funds**

*1 Activities in Period I, II & III*

PW has worked with AMFI to develop SRO status Mr Lew Mendelson, Esq , has provided a comprehensive strategic plan for AMFI which provided recommendations as to organization, structure and priorities, assisted in the drafting of a code of conduct, made recommendation on disclosure of affiliated transactions, advised on the creation of an investor awareness campaign, and made recommendations on advertising guidelines

Mr David Silver, Esq , President of the Investment Company Institute (ICI) in the US, provided advice to AMFI on improving products and services and measures needed to strengthen AMFI and the mutual fund regulatory framework in January 1996

Mr Mendelson drafted a model compliance manual and arranged training for AMFI's leaders, representatives of SEBI and the Ministry of Finance to the US, including trips visits with major mutual fund companies, ICI, Vanguard, and T Rowe Price

*2 Activities Proposed in Period IV*

*a Complete Ongoing Projects*

For the *AMFI Investor Awareness Campaign*, PW will assist in finalizing and launching the following

- AMFI Sales Agents' Handbook "Selling Mutual Funds Made Easy,"
- AMFI Membership Directory "Mutual Funds of India,"
- CRISIL Analysis "A Second Look at Mutual Performance," and
- Related investor and sales agent training programs

For the *AMFI Professional Standards Program* PW expects to assist AMFI in completing the following

- AMFI Code of Ethics,
- AMFI Advertising Guidelines
- AMFI Compliance and Operations Manual, and
- AMFI Valuation Guidelines

SEBI has made significant progress in enhancing the regulatory environment in which mutual funds operate through the adoption of SEBI's (Mutual Funds) Regulations 1996 and through the establishment of a program of continuing liaison through regular meetings between AMFI and SEBI However FIRE Project can assist SEBI

in making additional systemic progress by advising SEBI on

- Issuance of additional guidelines and interpretations by SEBI to clarify any remaining ambiguities in its regulations,
- Building up SEBI through regular training, enhanced enforcement capacity, and
- Internalizing the SEBI mutual fund inspection program

*b Assist SEBI In Inspection and Raising Standards*

PW FIRE Project proposes to assist SEBI and its Mutual Fund and Enforcement Departments, in strengthening the laws, rules, inspection and investigative powers and practices relating to mutual funds, including

- Assisting SEBI in planning and carrying out and following-up on inspections of mutual funds and asset management companies (AMCs), including maintaining qualified outside inspectors, and
- Raising accounting standards applicable to mutual funds

*c Strengthen AMFI's Organization and Structure*

PW will assist AMFI in preparing a business plan and budget for its next year of operations and drafting job descriptions for its key professional staff

*d Commence a Broad Based Sustained Training Program*

PW FIRE Project proposes a broad based mutual fund training programs as follow-up to the recently completed Leadership Training Program in the US in April 1997  
Target audiences and programs include

1	Audience Program	AMFI Directors and Committeemen The Role of AMFI Policy and Leadership Issues
2	Audience Program	AMC Officers, Directors and Staff Best Practices (Code of Ethics, Compliance and Operations, Advertising Guidelines and Valuation Guidelines)
3	Audience Program Program	Trustees Fiduciary Duties Protecting Unit Holders Interests Operating Effectively Under SEBI Regulations and The Laws
4	Audience Program	Mutual Fund Accountants and Auditors Meeting International Mutual Fund Accounting/Auditing

		Standards
	Program	Valuation
	Program	Reserves Against Guarantees
5	Audience	SEBI
	Program	Inspecting a Mutual Fund
	Program	Investigating Violations of Mutual Fund Regulations
	Program	Advertising Guidelines
	Program	Guarantee Funds

## **F Area 6 Derivatives - Exchange Traded Futures and Options**

SEBI and NSE, the lead sponsor exchange in this area, have announced intentions to introduce derivative products in India. PW assistance will focus on promoting the incorporation of internationally recognized minimum best practice standards.

### *1 Activities in Period I, II & III*

PW has completed the following derivative activities:

- The Chicago Board Option Exchange (CBOE), a PW subcontractor, performed a feasibility study of a derivatives exchange in India in March 1996. The report analyzed market readiness for introduction of derivative products on three levels: technical capability (trading, clearing and settlement systems, risk containment mechanisms), regulatory preparedness (regulator's market oversight and enforcement capability, exchange self-regulation in a multiple exchange environment), and market culture (broker licensing, risk disclosure and prudential responsibility). It also made recommendations on initial first products.
- PW provided a detailed 55-point work plan in March 1997 outlining all decision-making areas that must be addressed by SEBI and the L C Gupta Industry Committee on derivatives appointed by SEBI.
- PW has participated extensively as a member of the L C Gupta Industry Committee on Derivatives appointed by SEBI. As committee members, PW
  - \* Made detailed comments on the May 5, 1997 Committee preliminary draft report,
  - \* Met on three subsequent occasions with Dr. Gupta in Delhi to discuss the content of the final report and highlight regulatory concerns and customer protection issues that the report must realistically address.

- \* Provided the committee information about the participation of mutual funds in various jurisdictions in derivatives markets and the contract review and "approval" process used in by countries prior to permitting derivatives contracts to trade
- \* Provided the committee with written material outlining the benefits of oversight regulation and the pitfalls of an approach referred to as the "regulator of the last resort" SEBI was provided with the same information
- CBOE prepared a study " Index Derivatives Trading and the Indian Equity Market Impact, Regulation and Contract Design" in August 1997 which analyzes the economic justification for and probable cash market impact of equity index derivative trading in India The report assesses the likely benefits to the Indian capital market from the trading of equity index derivative products and recommends regulatory and contract design measures to maximize the benefits and minimize possible negative effects of introducing these products
- PW proposed and reached agreement with SEBI on a 12 month derivatives regulatory development workplan for the period of August 1997 - August 1998 The plan includes training, development of a regulatory framework, writing and implementing regulations, vetting rules the exchanges submit in order to qualify as a derivatives exchange, and a proposed start date for derivatives trading
- PW prepared a detailed report, based on SEBI's 12 month workplan, outlining the significant issues to address and the steps that SEBI staff need to take to permit derivatives trading to begin in India and to effectively regulate it

2 *Activities Proposed in Period IV*

PW is prepared to offer the following derivatives technical assistance and training as the Indian markets demonstrate they are ready

- Provide a blueprint for the design and implementation of the regulatory framework based on globally accepted regulatory objectives that will stress (i) financial safety including the integrity of clearing houses and market participants (ii) fairness, including fiduciary and related customer (investor) protection concerns, and (iii) market efficiency and integrity
- Assist SEBI in setting minimum best practice standards or guidelines with which self-regulators must comply in order to qualify as a derivatives exchange trade a particular contract etc
- Assist SEBI in writing rules and regulations based on these guideline that are appropriate for the market market participants and market culture

- Provide other training, including onsite at CBOE, which will include mock trading sessions, hands-on experience in front office and back office operations, handling customer complaints and broker problems/complaints on the NSE broker help line
  - **G Area 7 Other Activities (Strengthening Local Human Resource Institutions, Sponsoring Research Topics For Participating Institutions And Providing Assistance To OTCEI And Regional Exchanges)**

*1 Strengthening Local Human Resource Institutions*

An important goal of the FIRE project is to institutionalize professional capital markets training capacity in India. The March 1997 report "Training Under the FIRE Project" conducted in March 1997 by Dr. Tessie San Martin concluded that the project is generally on target in terms of numeric goals.

Institutions are glad to receive the training PW offers, but have taken relatively little initiative in terms of identifying training needs at each department and staff level and developing a training program to address these needs.

The project can contribute to the organizational development and sustainability of industry trade associations by providing support in the area of information and training program development and management.

PW is now also focusing on developing the internal training capacity of key client institutions including SEBI, the major stock exchanges, NSDL and key industry associations such as AMFI and Association of Merchant Bankers of India (AMBI). It will do this by promoting awareness among the senior management of these institutions of the need to develop internal capabilities to identify and address staff skills on an on-going basis. It will also do this by working closely with the senior management and the HR departments of these institutions to develop an appropriate continuous education curriculum, including the hiring of suitable professionals to manage the internal training function, and advise them in terms of outsourcing strategies for developing appropriate professional development courses and tailored training materials.

*a Activities in Periods I, II and III*

PW also undertook a number of initiatives to promote and strengthen the commitment and capacity of client institutions to address their internal training needs. This has included:

- The Institute of Financial Management and Research (IFMR) completed training

on futures and options at the New York Institute of Finance (NYIF), August 1995

- Design and implementation of a workshop/round table for senior management on the role of a human resources department in a modern capital markets institution PW, at the request of SEBI and the exchanges, also prepared case studies describing how the NYSE, NASD, the Chicago Stock Exchange, and the SEC organize their HR departments and internal professional CE training programs These cases are used in discussions during these workshops Such workshops were held at the OTCEI and the NSDL in June 1997 Workshops for SEBI and the NSE on this same topic take place in September 1997 Already, as an outcome of these workshops, several client institutions have appointed an experienced manager to oversee internal training
- PW is working with the HR managers at the OTCEI and the BSE to provide guidance and technical assistance in areas such as needs assessment, curriculum design (focusing specifically in areas such as clearing and settlement, surveillance and enforcement), and outsourcing training
- PW is providing assistance to OTCEI in the design and implementation of an expanded training program for its professional staff The exchange has recently received a US\$100,000 grant from the World Bank and has asked PW for guidance in terms of creating a suitable training program with these PW is working with senior exchange management to design the program, select participants and, and develop suitable courses
- Assistance to AMFI in the development of their capacity to provide effective and relevant training for the industry Assistance in this area has included working closely with the organization's leadership to develop its industry training agenda The project is also working with AMFI to build a Training Committee to oversee and manage this agenda

*b Activities Proposed in Period IV*

PW proposes to do the following

- Work with senior management at SEBI to design and begin implementation of training modules in surveillance enforcement and other key areas in which the organization's role is changing or expanding
- Work with senior management at the NSE OTCEI, NSDL and the BSE, including the HR Managers recently hired at these institutions to expand and deepen their professional training curriculum, particularly in key areas such as surveillance and enforcement
- Assist AMFI's training manager in design of AMFI training materials

- Assist AMBI in the development and implementation of training programs

- **2      *Research Topics for Participating Institutions***

One of FIRE's goal is to promote research on capital markets through methods such as promotion of feasibility studies at SEBI, the exchanges, capital market intermediaries, policy institutions and/or training institutions to further the development of the capital markets

- a      **Activities in Period I & II and III***

CBOE (Dr William Barclay) provided guidance to the NSE for the design of the "Nifty 50" index. The index is published daily.

PW sponsored research by the Institute of Financial Management and Research (IFMR) on *Corporate Disclosure Practices in India*. The report provides an extensive review of disclosure requirements and practices in India. This research is being used to support FIRE project seminars and workshops on disclosure.

PW commissioned a research study from the Indian Institute of Science in Bangalore entitled *Trading Systems and Price Discovery*. This research will explore the role of regional stock exchanges in price discovery and is linked with PW activities with the Inter-connected Stock Exchange of India (ICSE) discussed below.

PW also developed an information package on the FIRE project and its research. This document is designed to familiarize interested researchers with the project's requirements in terms of format and content of the scope of work and budget, as well as with the project's key research priorities.

- b      **Activities Proposed in Period IV***

PW will commission a nation wide study with business school of retail market intermediaries and the retail distribution structure to better understand the nature of the enforcement challenge being faced by SEBI and the SROs as the licensing and certification process is introduced.

PW will commission the development of case studies for use by SEBI and other financial intermediaries in a number of areas, including enforcement and investor education.

- 3      *Assistance To Other Exchanges***

In the case of the regional exchanges and OTCEI PW is to provide technical assistance and training in the areas of post trade clearing and settlement market.

surveillance, business operations, hardware and software platforms, and promote a national market system which features a consolidated tape

*a Activities in Period I II & III*

PW has provided technical assistance in the area of business continuity planning (BCP) and disaster recovery procedures for OTCEI, NSE, NSDL

For the Federation of Indian Stock Exchanges (FISE) in January 1996, PW conducted a study on the technical feasibility of inter-linking the trading systems of the regional stock exchanges

For OTCEI, PW tested and evaluated their "Assets 8 0" trading software developed in house for application to trading "permitted" securities for the first time on the exchange PW's recommendations resulted in OTCEI delaying introduction of permitted securities trading until an adequate trading system was installed Assets 8 0 was not capable of meeting their needs

As mentioned in the section on market oversight and surveillance, PW prepared "Investigation Modules for Market Manipulation" for OTCEI which detailed investigation techniques for market manipulation violations In addition, PW has consulted with the regional exchanges on market surveillance and oversight through presentations to the Inter-market Surveillance Group chaired by SEBI and through the August 1997 StockWatch seminar

PW is assisting OTCEI with designing a training program for staff in trade clearance and settlement which is being funded by the World Bank as discussed earlier

PW has provided assistance to the Inter-connected Stock Exchange of India Ltd (ICSE) the company formed to implement an inter-connected market trading system, among 12-14 regional exchanges, in preparing a business plan to present for SEBI for approval and to the regional member exchanges to garner support and participation ICSE is the only current move in towards a national market system in India to date <sup>4</sup>

*b Activities Proposed in Period IV*

PW will provide assistance to ICSE to complete a business plan for an inter-connected market system of 12-14 regional exchanges

PW will offer technical assistance to the regional exchanges of CSE DSE and MSE to modernize their clearing corporations to be able to hook into NSDL for depository settlement of trades

#### IV SUPPORT MODULE - LOCAL

The Support Module-Local consists of the project office in Bombay, the long-term Indian staff and the expatriate Chief of Party

##### A Project Office - Bombay

This office houses the following long-term employees and coordinates the implementation of the FIRE project activities. The staff are:

<u>Position</u>	<u>Individual</u>	<u>Employer</u>
Resource Coordinator/Chief of Party (USA)	Mr W Dennis Grubb	PW/Gateway
Security Markets Operations Specialist (Indian)	Mr R N K Prasad	PW/India
Security Markets Specialist (Indian)	Mr Paritosh Sharma	PW/India
Business Manager (Indian)	Mr N Sankaranarayanan	PW/India
Training Coordinator	TBD <sup>5</sup>	Development Assoc
Executive Secretary (Indian)	Ms Vibha Parekh	PW/India
Secretary (Indian)	Ms Genevieve Mendonca	PW/India

##### B Module Inputs/Outputs

The following are the inputs and outputs for the Support Module - Local

###### 1 Inputs

Ten month's LOE for each of the above technical/managerial personnel in the fourth year workplan for the Bombay-based long-term staff will be utilized

###### 2 Outputs

The Bombay office personnel will organize the delivery of the key outputs of the Technical Module, including

- 1) Initiation, scoping and negotiation of in-country training per year, including arranging all logistics of the training events
- 2) Selection and processing of candidates for international training in the U S , including the definition of the training objectives, the selection of the training source and the organization of internship opportunities
- 3) Supervision and support of expatriate and local consultants on short-term assignments
- 4) Develop Management tracking and quantitative Log Frame measurement systems of the progress of each of the many sub activities, consultancies and seminars and reporting on them to the USAID

- 5) Evaluation of the status and accomplishments of each sub activity during the course of its implementation
- 6) Continued preparation of monthly, quarterly, and annual reports, and the annual workplan for each year Monitoring the progress of each workplan, and proposing revisions where necessary to USAID
- 7) Continued maintenance of effective relations with the head and key staff of the main institutions of the capital markets in India to assist them in developing their plans and programs for reform and expansion
- 8) Advice and counsel to the heads and staff members of the key institutions of the capital markets in India as requested
- 9) Communication with USAID/Delhi on all aspects of project implementation and administration

## V SUPPORT MODULE - U S

The Support Module-U S will start provide the Support Module-Local and Technical Module with the resources needed to staff and carry out the project

### A Inputs

#### 1 *Price Waterhouse/Gateway Office*

For PW, the inputs for year two are estimated to be three person months of Mr Dick Breen's (Managing Director) time and three person months of Ms Karen Schnell's (associate) time to oversee all home office project administration facets of the project such as contracting with consultants, setting up the project archives, filing reports with USAID/DC (PPC/CDIE/DI), coordinating the travel of expatriate consultants out of the US, etc

For project contract administration such as invoicing and paying project related billings for subcontractors (PW/India, Development Associates, CBOE etc ) Ms Lynna Reid (accounting associate) is allocated three person months

PW Partner Gus Rimpel's time of 0.5 months is provided for PW partner review of the project and deliverables

#### 2 *Development Associates*

Development Associates (DA), the US based training sub contractor will handle all Handbook 10 issues concerning participant training in the U S as well as provide support for the in-country training logistics, support DA's long-term Bombay-based staff (the Training Coordinator), review DA deliverables before submission to PW, and handle all billing interaction with PW

### B Outputs

Outputs from the Support Module-U S will include

- 1) Backstop the Bombay project office on all project management issues
- 2) Financial control of the project, including the preparation of financial status reports
- 3) Assist in the design of the workplan activities
- 4) Source the short-term expatriate consultant talent necessary to implement the consultancy tasks outlined in this plan

- 5) Provide technical advisory services to the Bombay-based Chief of Party
- 6) Make recommendations on the design of work projects for short-term consultancies and training assignments
- 7) Contribute to the design of in-country and participant training materials
- 8) Design and arrange US based participant training programs, internships and study tours for personnel of Indian Institutions in U S
- 9) Interface with the USAID Project Officer on defining project activities, inputs and outputs
- 10) Provide quality control review of all deliverables submitted to USAID and Indian capital markets institutions
- 11) Contract and supervise the legal relationship with all subcontractors

## VI TECHNICAL REPORTS

This section describes the reports that PW will provide to the USAID/India mission as well as two copies to PPC/CDIE/DI where required as stipulated in Subsection F 3 of the Contract entitled "Reports "

### A Annual Workplans

PW will prepare annual Workplans for USAID approval which contain the information detailed in subsection F 6 of the contract entitled "Contract Requirement for Annual Workplans " Workplans will be submitted to USAID for Contracting Officer Approval

### B Quarterly Reports

Within 30 days after the end of the preceding quarter, PW will provide USAID with quarterly status reports on project expenditures using the format given in the contract PW will include information on actual expenditures and estimates of accrued expenditures

### C Semi-Annual Workplan Reviews/Reports

After each six-month formal project review conducted by the PW's Chief of Party and the USAID Project Officer, the PW Chief of Party will submit a written report which details the status of the project inputs, outputs and activities as they relate to the project objectives The Chief of Party will also provide action recommendations to correct implementation problems and constraints

### D Other Technical Reports

PW will also submit to USAID the following technical reports called for in the contract

#### 1 Annual Reports

PW will provide an annual report as called for in subsection C 13 (4) entitled "Reports" that summarizes FIRE progress, including input and output and estimate progress including input and output, for the subsequent year These reports will be used as the basis for preparing the annual workplans

#### 2 Quarterly Reports

As specified in subsection C 13 (4) entitled "Reports," the Chief of Party will provide USAID with quarterly progress reports which also summarize the input and output

status for all contractor activities and estimate the required input for the next quarter

Pursuant to subsection B 7 (a) of the contract entitled "Personnel Appointments," PW will provide upon USAID request a quarterly report of all the individuals employed under the contract during the preceding quarter by name, title, position classification, salary, duration of employment, location of employment, and supervisor

### **3 Monthly Reports**

To meet the requirement to provide a monthly status report called for in subsection B 8 of the contract entitled "Monthly Budget Status Report," PW designed the backup for the monthly invoice for services rendered to meet the requirements of this report PW will provide any additional explanatory information related to the data provided in the report upon request by USAID

### **4 Trip Reports**

Individual trip reports will be prepared for each site visit These reports will briefly describe the purpose of the trip, findings, conclusions, recommend actions and list the persons contacted

## **E Final Report**

PW will prepare a final report for the project which will be in a USAID-approved format and provide information requested by USAID, in accordance with AIDAR 752 026 entitled "Reports " At a minimum, this report will include a review of the project strategies inputs, and outputs and resultant impacts This report will be submitted within 60 days of completion of work

PW will generate other specialized reports as requested by USAID to analyze FIRE Project progress

## **F Labeling of Reports**

As required by Section D of the contract entitled "Packaging and Marking," the cover page of all reports prepared by PW will include the project name and the project number and contract number found on the cover page of the contract

<sup>1</sup>) Based on the study recommendations DSE has decided it will not build its own depository BSE plans to build a depository as they maintain NSDL depository does not meet the needs of BSE brokers

) StockWatch is a generic name for using computer monitoring actual trading activities to detect irregularities The computer monitoring creates an alert which is then followed up by investigative procedures

) IDFC proposes to offer incremental innovative new infrastructure debt financing products such as credit enhancement take out financing and securitization to stimulate the infrastructure debt market

The Government of India has committed Rs 600 crores (US\$165,000,000) in initial financing for IDFC

- 4) Since BSE and NSE have not expressed interest in participating in a consolidated tape the ICSE provides as an opportunity to promote the first consolidated quotation system that gathers for display all quotations on a given security available over all exchanges participating. If effective BSE and NSE would want to hook into such a system. A consolidated tape in India would enable a customer to get the best execution available in the Indian securities market and create a platform for SEBI to require best execution. In addition, PW is recommending ICSE have a public display of all transaction executions be provided as well as a system check to determine that best execution has been obtained.
- 5) The original Training Coordinator, Ms Kim Shaak, left to return to the United States in October 1997. Therefore a replacement has to be sought for the balance 10 months left in the project.

## **APPENDIX A**

### **PROJECT BUDGET (11/1/97 - 08/14/98)**

- 1. Fourth Year Budget**
- 2. Fourth Year Budget Assumptions**

## **1 Fourth year Budget**

Financial Institutions Reform and Expansion (FIRE) Project  
 Annual Work Plan (11/1/97- 8/15/98)  
 Contract #386-0531-C-00-5010-00  
 PRICE WATERHOUSE - GATEWAY

**SUMMARY BUDGET**

		Budget US \$ 11/1/97-08/14/98	Actuals (5) US \$ 11/15/94-10/31/97	Total US \$ 11/15/94-08/14/98	Reference Schedule
I SALARIES AND WAGES		429,974	1 280 230	1 710 204	
II FRINGE BENEFITS @ (1) (2)	14 00%	59 121	178 636	237 757	2 0
III ALLOWANCES		79,476	349 216	428 692	3 0
IV TRAVEL AND PER DIEM		698,900	1 195 778	1 894 678	4 0 and 5 0
V OTHER DIRECT COSTS		372 511	699 891	1 072 402	6 0
VI TRAINING (3)		0	153 830	153 830	
VII SUBCONTRACTS (4)					
A Development Associates		446 280	1 114 918	1 561 198	7 0
B Price Waterhouse/India		599,406	795 189	1 394 595	8 0
C Independant Contractors/ Purchase Orders		150 000	4 158	154 158	
VIII TOTAL ESTIMATED DIRECT COSTS		2,835 668	5 771 846	8 607 514	
IX INDIRECT COSTS (1)					
A Overhead @	110 50%	540,450	1 612 221	2 152 671	
B G&A @	20 00%	205,909	785 776	991 685	
X TOTAL ESTIMATED DIRECT AND INDIRECT COSTS		3 582 027	8 169 843	11 751 870	
XI FIXED FEE		155 721	352 150	507 871	
XII TOTAL ESTIMATED COST PLUS FIXED FEE		3,737,748	8 521 993	12 259 741	

Notes

- The following are the the indirect cost rate bases  
 Fringe Benefits Salary and Wages  
 Overhead Salary and Wages + Finge Benefits  
 G&A Salary and Wages + Finge Benefits + Overhead
- No fringe benefits are taken on partners salanes
- Training costs for the period of November 1 1997 to August 14 1998 have been reallocated to the Travel and Other Direct Costs per agreement between Mr Dick Breen PW/Gateway and Mr Lenny Kata former USAID/ Delhi Regional Contracting Officer
- Subcontractor costs include allowances and other direct costs when applicable
- Actual PW/Gateway expenditures through October 31 1997 and actual PW/I expenditures through August 1997 ( PW/I charges for September & October 1997 will be billed in November and December 1997 invoices to USAID)

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**DIRECT SALARIES AND WAGES BY MODULE**

	LOE	Cost	Total 11/97-08/98
<b>Support Module - Local</b>			
Resource Coordinator (Grubb) (1)	10	7 680	76,800
Subtotal Support Module - Local	10		76,800

**Support Module - Technical**

U S Short-Term Consultants (2)	39 5	7 633	301 544
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**Support Module - U S**

Project Partner (Rimpel)	1	7 680	7 680
Project Director (Breen)	3	7 680	23 040
Consultant (Schnell) (3)	3	5,583	16,749
Intern (Reid) (4)	3	1,387	4 161
Subtotal Support Module - U S	10		51 630
Total Salaries and Wages	60		429,974

Notes

- 1 Monthly salary arrived by taking FS1 cap of \$92162 01 (1997) per year and dividing by 12 months ( $\$92,162.01/12\text{mts}=\$7,680$ )
- 2 Monthly salary arrived at by taking average annual salary of a visiting consultant, estimated at \$91 160 per year and dividing by 12 mts ( $\$91,160/12\text{mts}=\$7,633$ )
- 3 Based on actuals
- 4 Based on \$8/hour in direct salary for Reid as approved by USAID

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**ALLOWANCES**

	<b>Total US \$</b>
Post Differential	
@ 15% of base salary of Resource Coordinator	11,520
@15%of base salary of Frank Wolf (1)	2,726
Temporary Quarters Substance Allowance (TQSA) @30 days times \$271/day	8,130
Living Quarters Allowances (LQA)	
Apartment Rent	35,000
Utilities @ \$650/month for 10 mts	6,500
Repairs/Rewiring /Plumbing for Grubb's Apartment	600
Storage of Effects	
Storage @ \$250/month for 10 mts	2,500
Shipping of personal belongings to US (air & sea freight)	12,500
<b>Total Allowances</b>	<b>79,476</b>

Notes

- 1 Mr Wolf's TDY currently approved through 01/31/98 so post differential for November December 97 & January 98 is included (\$72,700 per year/12mts x 3mts x 15%)

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**TRAVEL**

<b>International Airfare</b>	<b>No of Trips</b>	<b>Cost per Trip US \$</b>	<b>Total US \$</b>
Resource Coordinator Mr Grubb's son from college (\$3500)	2	3,500	7 000
PW Home Office Travel @ \$3,500 Economy Class (R/T)	3	3 500	10,500
U S Short-term Consultants @ \$3,500 Economy Class (R/T) (1)	40	3,500	140 000
Airfare for Participant Training @ \$3,500 Economy Class (R/T) (2)	35	3 500	122,500
<b>Subtotal International Airfare</b>	<b>80</b>		<b>280,000</b>

  

<b>Domestic Airfare in India</b>	<b>No of Trips</b>	<b>Cost per Trip US \$</b>	<b>Total US \$</b>
Long-term Bombay Staff Resource Coordinator @ \$275/trip	10	275	2 750
U S Short-term Consultants Domestic @ \$275 R/T	30	275	8 250
<b>Subtotal Domestic Airfare</b>	<b>40</b>		<b>11,000</b>

  

<b>Ground Transportation</b>	<b>Units</b>	<b>Cost per Unit US \$</b>	<b>Total US \$</b>
U S Airport Transfers @ \$50 each (No of Trips)	80	50	4 000
India - Airport Transfers @ \$60 each (No of Trips)	120	60	7,200
In-country Ground Transportation in India (3) (No of months)	10	5 200	52 000
<b>Subtotal Ground Transportation</b>			<b>63,200</b>
<b>Total Transportation</b>			<b>354,200</b>

**Notes**

- 1 One international airfare is estimated for each month of Short term consultant LOE
- 2 Airfare includes exit tax and visa fees
- 3 In-country ground transportation during in-country stay is calculated for 10 months at the rate of \$ 5200 per month This estimate is based on the actuals during the past two years of project operation

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**PER DIEM**

	<b>No of days</b>	<b>Rate US \$</b>	<b>Total US \$</b>
Home Office Oversight			
In-country per diem (1)	30	271	8,130
Stopover per diem @ \$175/day (2)	6	175	1,050
Long-term Bombay Staff			
Resource Coordinator @ \$271/day (3)	20	271	5 420
U S Short-Term Consultants			
In-country per diem @ \$271/day (4)	1 200	271	325,200
Stopover per diem @ \$175/day( 5)	28	175	4 900
<b>Total Per Diem</b>	<b>1,284</b>		<b>344,700</b>

Notes

- 1 10 days stay in India for each visit of Home office oversight visit
- 2 Layover of one night per each way for assignment to post and R&R travel for home office staff trips to India
- 3 Assumes two days per diem for each in-country trip by Resource Coordinator
- 4 30 days of per diem for LOE input in months for U S Home Office Support Staff
- 5 Assume that only 35% of consultants choose to lay over for one day each way

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**OTHER DIRECT COSTS**

	<b>Total US \$</b>
Photocopy Machine User Fees	6,000
Fax Machine User Fees	2,000
Electricity Charges for office	12,500
Office Supplies	
Bombay Field Office @ \$2000/month	20 000
DC Home Office @ \$100/month	1 000
Reproduction	
Bombay Field Office @ \$350/month	3 500
DC Home Office @ \$50/month	500
Periodicals @ \$60 each/month	600
Medevac Insurance	
Resource Coordinator	150
Medical Exams	
Resource Co-ordinator & spouse @ \$250 each	500
U S S/T Consultants @ \$100 each for 10 consultants	1 000
Immunizations	
U S S/T Consultants @ \$150 each for 10 consultants	1,500
In-country Training	
Cost of In-country training (1)	266,730
Visas	
Resource Coordinator @ \$117/year	117
Dependents @ \$117/year (wife and child)	234
U S S/T Consultants @ \$117/year for 10 consultants	1,170
Exit Taxes @ \$20 each for each international trip	1 600
Office Messengers & Reception services for 10 months	6 000
Communications--Telephone and Fax (10 months)	
U S Home Office	5,000
Bombay Project Office	25 000
U S S/T Consultants @ \$80 per month of LOE	3,160
Courier (10 months)	
U S Home Office @ \$425/month	4 250
Bombay Project Office @ \$400/month	4 000
Computer Rentals @ \$600 each/month/1computer	6 000
<b>Total Other Direct Costs</b>	<b>372 511</b>

Notes

- 1 Cost of training materials venue reproduction conference aids etc Cost per person week of In-country training is based on the actuals during the second and third year of the project It is assumed that 1046 person weeks of training will be undertaken @ US \$ 255 per person week

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**Subcontracts - Development Associates**

		<b>Total US \$</b>
<b>I</b>	<b>Salaries and Wages</b>	
<b>A</b>	U S Staff	
	Training Coord	2 700
	Prog / Fin Asst	10,000
<b>B</b>	Local (Indian) Staff	
	Training Coord (7months @ \$2000)	14 000
	Sub Total Salaries and Wages	26 700
<b>II</b>	<b>Travel and Per Diem (10 months)</b>	
	as per actuals during the past	1 000
<b>III</b>	<b>ODCs (10 months)</b>	
	as per actuals during the past	2,500
	Cost of US based Participant training (1)	358,800
<b>IV</b>	<b>Overhead</b>	
	Direct labour (on Lines I A & I B) @ 99%	26 433
	U S Occupancy (on Lines I A) @ 13%	1 651
	Sub Total Overhead	28,084
<b>V</b>	<b>Total Estimated Cost</b>	417 084
<b>VI</b>	<b>Fixed Fees</b>	
	@ 7% On Line V	29 196
	<b>Subcontracts - Development Associates</b>	446 280

Notes

- 1 Cost per person week of Participant training is based on the actuals during the second and third year of the project. It is assumed that 156 person weeks of training will be undertaken @ US \$ 2300 per person week. The cost includes venue charges, training materials, course fees, conference aids, reproduction, etc.

**Financial Institutions Reform and Expansion (FIRE) Project  
Annual Work Plan (11/1/97- 8/15/98)  
Contract #386-0531-C-00-5010-00  
PRICE WATERHOUSE - GATEWAY**

**Subcontracts - Price Waterhouse/ India**

		Total US \$	
<b>I</b>	<b>Salaries and Wages</b>		
<b>A</b>	<b>Support Module - Local</b>		
	Securities Market Ops Specialist (Prasad)	22 000	
	Securities Market Specialist (Partosh)	10 000	
	Business Manager (Sankar)	6 600	
	Local Secretarial Asst - Vibha	4 600	
	Secretary - Genevieve	4,500	
	Training Assistant - Kavi Kapur	5 000	
<b>B</b>	<b>Support Module - Technical</b>		
	Indian Short - Term Consultants	83 333	see supportive schedule below
	<b>Sub Total Salaries and Wages</b>	136 033	
<b>II</b>	Fringe Benefits (@30%)	40 810	
<b>III</b>	<b>ODCs</b>		
	In-country travel - Airfare	5 000	
	Per Diem for local travel	5 000	
	Copier and Fax rental etc	5 000	
	Office rent for May 16- Aug 15 1998	27 741	
<b>IV</b>	<b>Overhead</b>		
	Direct labour (on Lines I & II) @ 105%	185,686	
	G&A @ 25%	90 632	
	<b>Sub Total Overhead</b>	276 318	
<b>V</b>	<b>Total Estimated Cost</b>	495 902	
<b>VI</b>	<b>Fixed Fees</b>		
	@ 6 50% On Line V	32 234	
<b>VII</b>	<b>Invoices in transit</b>		
	Invoice for Sept 97 (billed to USAID in Nov 97)	34 164	
	Invoice for Oct 97 (to be billed to USAID)	37 106	
	<b>Subcontracts - Price Waterhouse/ India</b>	599,406	

**Indian Short Term Consultants - Direct Salaries**

Total Local PW/I Consultant LOE (Mths)	Cost/Mth (1) in US \$	Total US \$
80 00	1 042	83 333

1 Based on actuals to date under contract

## **2 Fourth Year Budget Assumptions**

## APPENDIX A 2

### FOURTH YEAR BUDGET ASSUMPTIONS

The following are key assumptions underlying the cost estimates presented in the budget for the fourth year work plan

#### Salaries and Wages

- 1) FS1 cap at \$92,162.01 per year
- 2) Average annual salary for the visiting short term US consultants is estimated at \$91,160 per year
- 3) The intern's salary is based on \$8 per hour as approved by USAID
- 4) No fringe benefits are taken on partners' salaries

#### Allowances

- 1) Utilities estimated at \$1,000 per month for 10 months
- 2) Storage of effects (Resource Coordinator's) is on the basis of actuals for 10 months at the rate of \$250 per month

#### Travel

- 1) One international airfare is estimated for each month of short term consultant LOE
- 2) In-country ground transportation during in-country stay is calculated at the rate of \$5200 per month. This estimate is based on the actuals during the past two years of project operation

#### Per Diem

- 1) Specific assumptions listed in the footnotes on the per diem schedule
- 2) \$278/day budgeted for Bombay (Hotel & MIE)

#### Other Direct Costs

- 1) Office Rent - The rent is calculated at Rs 137 per sq Ft /m for 1935 sq Ft area occupied by FIRE Project and is provided till November 15, 1997
- 2) Apartment rent is estimated at for the six months' period till November 1997 at \$35,000

- 3) Photocopy Machine User Fees is as per the contract with PW/I
- 5) Fax Machine User Fees is also as per the contract with PW/I
- 6) Computer rental is as per the contract with M/s Atlaz Technology Pvt Ltd
- 7) Communications - Telephone & Fax is worked out as below
  - U S Home Office @\$400/month
  - Bombay Project Office @\$2000/month
  - U S S/T Consultants @\$80/month of LOE

#### Training Cost Estimates

- 1) The cost estimate for in-country training and US based Participant training are based on the actual expenses during the second and third year of the project
- 2) Airfare for the participant training includes exit tax and visa fees

## **APPENDIX B**

### **LEVEL OF EFFORT AND PROJECT ACTIVITIES**

- 1 Proposed Input of Expatriate Consultants' Level of Efforts (in weeks) Towards Technical Assistance Activities**
  
- 2 Proposed Input of Expatriate Consultants' Level of Efforts (in weeks) Towards Training Activities**
  
- 3 Proposed Input of Indian Consultants' Level of Efforts (in weeks)**

**1 Proposed Input of Expatriate Consultants'  
Level of Efforts (in weeks)  
towards Technical Assistance Activities**

**Appendix B 1**  
**Proposed Input of Expatriate Consultants' Level of Effort**  
**Towards Technical Assistance Activities**  
**(Person Weeks of LOE)**

	8/97	9/97	10/97	11/97	12/97	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98
1 Post Trade Clearance and Settlement													
- Clearing Corporations	1 57	1 57	1 57	1 57	1 57	1 57	1 57	1 57	1 57	1 57	1 57	1 57	1 57
- Depositories	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66
- Stock Lending	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26
2 Strengthening the Regulatory Framework													
- Self Regulatory Organizations (SROs)	1 05	1 05	1 05	1 05	1 05	1 05	1 05	1 05	1 05	1 05	1 05	1 05	1 05
- Broker Licensing, Testing and Certification	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66
- Information Disclosure	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66
- Review of Indian Securities Laws	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52
3 Market Enforcement Oversight and Surveillance	2 95	2 95	2 95	2 95	2 95	2 95	2 95	2 95	2 95	2 95	2 95	2 95	2 95
4 Debt Market	1 31	1 31	1 31	1 31	1 31	1 31	1 31	1 31	1 31	1 31	1 31	1 31	1 31
5 Mutual Funds	1 18	1 18	1 18	1 18	1 18	1 18	1 18	1 18	1 18	1 18	1 18	1 18	1 18
6 Derivatives Exchange Traded Futures and Options	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64
7 Other Activities	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66	0 66
<b>TOTAL</b>	<b>13 12</b>												

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**2 Proposed Input of Expatriate Consultants'  
Level of Efforts (in weeks)  
towards Training Activities**

**Appendix B 2**  
**Proposed Input of Expatriate Consultants' Level of Effort**  
**Towards Training Activities**  
**(Person Weeks of LOE)**

	8/97	9/97	10/97	11/97	12/97	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98
1 Post Trade Clearance and Settlement													
- Clearing Corporations	0 39	0 39	0 39	0 39	0 39	0 39	0 39	0 39	0 39	0 39	0 39	0 39	0 39
- Depositories	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16
- Stock Lending	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07	0 07
2 Strengthening the Regulatory Framework													
- Self Regulatory Organizations (SROs)	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26	0 26
- Broker Licensing, Testing and Certification	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16
- Information Disclosure	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16
- Review of Indian Securities Laws	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13
3 Market Enforcement, Oversight and Surveillance	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52	0 52
4 Debt Market	0 33	0 33	0 33	0 33	0 33	0 33	0 33	0 33	0 33	0 33	0 33	0 33	0 33
5 Mutual Funds	0 30	0 30	0 30	0 30	0 30	0 30	0 30	0 30	0 30	0 30	0 30	0 30	0 30
6 Derivatives Exchange Traded Futures and Option	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41
7 Other Activities	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16	0 16
<b>TOTAL</b>	<b>3 07</b>												

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**3 Proposed Input of Indian Consultants'  
Level of Efforts (in weeks)**

**Appendix B 3**  
**Proposed Input of Indian Consultants' Level of Effort**  
**(Person Weeks of LOE)**

	8/97	9/97	10/97	11/97	12/97	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98
1 Post Trade Clearance and Settlement													
- Clearing Corporations	2 46	2 46	2 46	2 46	2 46	2 46	2 46	2 46	2 46	2 46	2 46	2 46	2 46
- Depositories	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03
- Stock Lending	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41	0 41
2 Strengthening the Regulatory Framework													
- Self Regulatory Organizations (SROs)	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64	1 64
- Broker Licensing Testing and Certification	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03
- Information Disclosure	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03
- Review of Indian Securities Laws	0 82	0 82	0 82	0 82	0 82	0 82	0 82	0 82	0 82	0 82	0 82	0 82	0 82
3 Market Enforcement Oversight and Surveillance	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13	0 13
4 Debt Market	2 05	2 05	2 05	2 05	2 05	2 05	2 05	2 05	2 05	2 05	2 05	2 05	2 05
5 Mutual Funds	1 85	1 85	1 85	1 85	1 85	1 85	1 85	1 85	1 85	1 85	1 85	1 85	1 85
6 Derivatives Exchange Traded Futures and Options	2 56	2 56	2 56	2 56	2 56	2 56	2 56	2 56	2 56	2 56	2 56	2 56	2 56
7 Other Activities	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03	1 03
<b>TOTAL</b>	<b>16 02</b>												

# APPENDIX C

## PERT CHART OF PROPOSED ACTIVITIES

**PERT Chart of Proposed Activities**

## Appendix C

### PERT CHART OF PROPOSED ACTIVITIES

Activity	11/97	12/97	01/98	02/98	03/98	04/98	05/98	06/98	07/98	08/98
1 Post Trade Clearance and Settlement - Clearing Corporations - Depositories - Stock Lending										
2 Strengthening the Regulatory Framework - Self Regulatory Organizations (SROs) - Broker Licensing, Testing and Certification - Information Disclosure - Review of Indian Securities Laws										
3 Market Enforcement, Oversight and Surveillance										
4 Debt Market										
5 Mutual Funds										
6 Derivatives Exchange Traded Futures and Option										
7 Other Activities										

## **APPENDIX D**

### **COMPLETED ACTIVITIES TO DATE**

- 1. Activities of US Short Term Consultants**
- 2. Deliverables Submitted**

## **1 Activities of US Short Term Consultants**

## APPENDIX D 1

### ACTIVITIES OF US SHORT TERM CONSULTANTS

Sr No	Name of the consultant	Period	Activity
1	Mr Richard Breen	February 6 - March 3, 1995	Support Module - U S
2	Mr Howard Schuman	March 27 - April 12, 1995	Training Needs Assessment
3	Mr Richard Breen	March 27 - April 21, 1995	Support Module - U S
4	Mr Julio Alcaine	April 4 - April 21, 1995	Training Needs Assessment
5	Mr John Ruckrich	May 12 - June 8, 1995	SHCIL - NCDS RFP
6	Mr William Rini	June 3 - June 10, 1995	Training Needs Assessment
7	Mr Howard Schuman	June 6 - June 21, 1995	Training Needs Assessment - analysis of questionnaire
8	Mr Richard Breen	June 3 - June 28, 1995	Support Module - U S
9	Mr Stephen Brown	June 1 - July 5, 1995	NSE - Debt Market Study
10	Mr Walter Pugh	July 13 - August 4, 1995	NSE - Computer Security and Disaster Recovery
11	Mr Richard Breen	August 14 - September 1, 1995	Support Module - U S - SEBI Conference and SHCIL - NCDS - RFI
12	Mr Auguste E Rimpel Jr	August 14 - August 22, 1995	Project Review
13	Mr Howard Schuman	August 20 - August 30 1995	SEBI capital Markets Seminar and Executive Development Program
14	Mr Ranjit Advani	August 16 - September 7 1995	NSE - Review of Back Office Systems
15	Mr Walter Pugh	August 23 - September 14 1995	NSE - Computer Security and Disaster Recovery

Sr No	Name of the consultant	Period	Activity
16	Mr John Ruckrich	September 6 - October 8, 1995	SHCIL - NCDS Evaluation of RFI responses
17	Mr Cliff Kennedy	September 11 - October 6, 1995	SEBI - Review of Enforcement Plan and SRO status
18	Mr Frank Wilson	September 11 - September 26, 1995	NSE - Review of rules and regulations (SRO)
19	Mr Jeremiah O'Connell	September 16 - September 23, 1995	SHCIL - Global Securities Trading Seminar
20	Mr John Ruckrich	October 26 - November 11, 1995	SHCIL - NCDS Evaluation of RFI responses
21	Mr Ranjit Advani	November 14 - November 17, 1995	NSE - Review of Back Office Systems
22	Ms Jan Aalbrechtse	November 16 - November 21, 1995	SEBI - Depository regulation
23	Mr Richard Breen	November 25 - December 15, 1995	SHCIL - NCDS Development of a Business Plan
24	Mr Terrance O'Malley	November 13 - December 20, 1995	SEBI - Review of enforcement Procedures
25	Mr Thomas R Keyes	November 28 - December 20, 1995	SEBI - Broker Licensing and Certification
26	Mr Thomas R Keyes	January 10 - January 25, 1996	SEBI - Broker licensing and certification
27	Dr William Barclay	January 21 - February 2 1996	NSE - Futures and Options trading
28	Frank Wolf	December 1 - February 2, 1996	Derivatives Feasibility study
29	Mr John Ruckrich	January 5 - February 4, 1996	NSE - Securities Depository RFP
30	Mr Walter Pugh	January 31 - February 12 and February 20 - March 1, 1996	SHCIL - Computer Security and Disaster recovery
31	Mr William Dentzer	February 11 - February 16 1996	SEBI Depository regulations

Sr No	Name of the consultant	Period	Activity
32	Mr Dick Breen	February 11- February	
33	Mr Clifford Kennedy	February 11 - March 5, 1996	Review of SEBI enforcement Program
34	Mr John Ruckrich	March 1 - March 15, 1996	NSE Study Tour - Site visit of vendors and Vendors' Question and Answer session held at NSE Head Quarters
35	Mr John Ruckrich	February 26 - March 27, 1996	NSDL Business Planning and NSE Study tour
36	NSE	March 4 - March 15, 1996	NSE - Study Tour - Site visit of vendors
37	Mr Ranjit Advani	March 20 - 26, 1996	NSE - Back Office System Review
38	Mr Frank Wilson	April 3 - 24, 1996	NSE - Review of rules and regulations of NSE and its status as a self regulatory organization
39	Mr Walter D Pugh	April 10 - 24, 1996	NSE - Computer Security and Disaster recovery
40	Mr Thomas R Keyes	March 28 - May 2, 1996	Broker Licensing and Certification Program
41	Mr Cliff Kennedy	April 1 - May 4, 1996	SEBI enforcement program
42	Mr John Ruckrich	April 30 - May 17, 1996	Depository Regulation Review and NSDL bye laws co-ordination
43	Ms Jan Aalbrechtse Slinn	May 1- 17, 1996	NSDL - Depository regulation Review and NSDL bye laws co-ordination
44	Mr Thomas R Keyes and Mr Paul	May 13 - May 15, 1996	Broker Licensing and Certification assistance to SEBI
45	Mr Bill Gorman	May 12 - 25 1996	SEBI Australasia Depository Study tour
46	Mr Frank Wilson	June 8 - June 27 1996	NSE SRO program and SEBI Stock Watch and SRO concept
47	Ms Susan J Hertel	May 31 - July 6 1996	Organizational Structure Plan for NSDL

Sr No	Name of the consultant	Period	Activity
48	Mr Cliff Kennedy	July 15 - August 20, 1996	Review of SEBI enforcement program, Workshop on Derivatives for NSE
49	Mr Lewis Mendelson	July 19 - August 18, 1996	Assistance to Mutual Funds
50	Mr Walter Pugh	August 16 - September 5, 1996	Computer security and disaster recovery planning for NSE & SHCIL
51	Ms Jan Aalbregtse Slinn	August 29 - September 13, 1996	NSDL bylaws
52	Ms Susan J Hertel	August 2 - September 15, 1996	NSDL work flows and job descriptions
53	Mr Thomas R Keyes	August 15 - September 26, 1996	Broker licensing and certification
54	Mr Paul Litteau	September 23 - October 5, 1996	Derivatives regulation and orientation
55	Mr John Ruckrich	September 6 - October 12, 1996	Depository rules and regulations
56	Ms Jan A Slinn	October 12 - 25 1996	NSDL Depository participant agreements
57	Ms Susan Hertel	October 17 - November 16 1996	NSDL organizational work flow activities
58	Mr Lew Mendelson	Oct 21 - Nov 21, 1996	Assistance to AMFI
59	Mr Cliff Kennedy	Oct 30 - Nov 21 1996	Review of SEBI enforcement programme
60	Mr Joseph Schenk	Nov 3 - 22, 1996	Clearing and settlement corporation activities
61	Mr Bill Gorman	November 17 - December 2, 1996	Inter connectivity of Stock Exchanges
62	Mr Frank Wolf	June 19 - December 4 1996	Depository cost studies for BSE & DSE
63	Ms Jan Aalbregtse Slinn	Dec 2 - 18, 1996	NSDL Byelaws

Sr No	Name of the consultant	Period	Activity
64	Mr John Ruckrich	Nov 30 - Dec 20, 1996	NSDL Operational Procedure
65	Mr Thomas Keyes	Dec 12 - Jan 29, 1997	Broker licensing & certification programme
66	Mr Bill Gorman	Jan 3 - 23, 1997	Inter-connectivity of stock exchanges
67	Mr Harry Melamed	Jan 1 - Feb 1, 1997	Review of financial responsibility programme applicable to stock brokers
68	Ms Rosemary McFadden	Jan 20 - 31, 1997	Derivatives exchange
69	Mr Paul Litteau	Jan 3 - 26, 1997	Derivative Exchange
70	Mr David Silver	Jan 13 - 23, 1997	Assistance to AMFI
71	Ms Sue Hertel	Jan 9 - Feb 8, 1997	NSDL Organizational Development
72	Mr Joseph Schenk	Jan 17 - Feb 14, 1997	Regional exchanges - clearing and settlement corporation development activities
73	Ms Rosemary McFadden	Feb 17 - Mar 5, 1997	Assistance to NSE & SEBI for Derivatives Exchange formation
74	Mr Cliff Kennedy	Feb 23 - Mar 14, 1997	Market surveillance and Stock Watch activities
75	Mr Thomas Forde	Mar 1 - 14 1997	Stock watch - Market surveillance workshops for SEBI
76	Mr Augusto Iglesias	Mar 19 - 21, 1997	Development of Debt market - Pension Funds
77	Mr Ajith L Devasurendra and Kushro Choksy	Mar 16 - 29, 1997	Debt Dealer Association Study
78	Ms Sue Hertel	Mar 10 - 28, 1997	NSDL Training work plan
79	Mr Peter Greenough	Mar 17 - April 3, 1997	Development of strategic plan for Secondary Debt market
80	Mr Frank Wilson	Mar 20 - April 12 1997	SRO programme for SEBI NSE

Sr No	Name of the consultant	Period	Activity
81	Mr Lew Mendelson	Mar 20 - April 21, 1997	Assistance to Mutual Funds
82	Mr Wally Pugh	April 10 - 25, 1997	Business continuity plan for NSE
83	Mr Richard Kemmer	April 7 - May 2, 1997	Business plan for IDFC
84	Mr Theodore C Burns	Feb 27 - May 15, 1997	Business plan for IDFC
85	Mr Tom Keyes	April 22 - May 22, 1997	Broker licensing and certification
86	Ms Sue Hertel	May 1 - 31, 1997	NSDL Management Training under work plan
87	Mr Joseph Schenk	May 12 - 31, 1997	Regional exchanges - clearing and settlement corporation development activities
88	Mr Cliff Kennedy	May 12 - 30, 1997	Development of market manipulation modules for exchanges as part of market surveillance
89	Ms Christine Bates	May 8 - June 3, 1997	Investor education programme for SEBI
90	Ms Tessie San Martin	May 22 - June 5 1997	Training and HRM for client institutions
91	Ms Kate Hathaway	June 7 - 27, 1997	Derivatives regulations for SEBI
92	Mr Bill Gorman	June 22 - July 13, 1997	OTCEI Software testing
93	Mr Wally Pugh	July 1 - 24, 1997	Business continuity plan for NSE, OTCEI and NSDL
94	Mr Dick Breen	July 8 - 24, 1997	Interim Assessment with clients and USAID
95	Mr Cliff Kennedy	July 13 - 25 1997	Market surveillance development programs for SEBI and stock exchanges
96	Mr Tom Keyes	June 17 - July 27 1997	Broker certification

Sr No	Name of the consultant	Period	Activity
97	Mr Joseph Schenk	July 4 - 31, 1997	Clearing and settlement corporation activities for BSE, DSE and ISEC
98	Mr Lew Mendelson	July 7 - August 10, 1997	Assistance to AMFI
99	Mr Bill Gorman	July 22 - August 15, 1997	OTCEI - software testing, and clearing and settlement activities for FISE, and BSE
100	David Strandberg	August 6 - 17, 1997	Market surveillance training program for SEBI officials
101	Ms Sue Hertel	July 14 - August 18, 1997	NSDL Management training through documentation of procedures
102	Ms Zoanne Nelson	August 8 - 20, 1997	Market surveillance training program for SEBI officials
103	Mr Frank Wilson	August 11 - 28 1997	Market surveillance training program for SEBI officials
104	Ms Kate Hathaway	August 16 - September 10, 1997	Derivatives Exchange regulation activities for SEBI
105	Mr Michael Sommer	August 13 - September 13, 1997	Disclosure norms for issuers
106	Ms Tessie San Martin	September 10 - 26, 1997	Training assistance to SEBI
107	Mr Cliff Kennedy	September 4 - 29 1997	Market surveillance and Stockwatch for regulator

## **2 Deliverables Submitted**

## APPENDIX D 2

### Deliverables Submitted

Sr No	Consultant	Title	Date
001	Mr Howard Schuman	Training Needs Assessment Report	June 20, 1995
002	Mr John Ruckrich	NCDS Request for Information - Stock Holding Corporation of India Ltd	July 7, 1995
003	Mr Walter Pugh	Review of NSE data Security and Business Continuity Planning - NSE T O # 003	October 18, 1995
004	Mr Frank Wilson	Review of rules and regulations of National Stock Exchange and its status as a self regulatory organization - NSE T O # 003	October 30, 1995
005	Mr Ranjit Advani	Back Office Systems Review - NSE T O # 003	November 15, 1995
006	Mr Cliff Kennedy	Review of the Enforcement Plan of the Securities Exchange Board of India - SEBI T O # 004	November 28, 1995
007	Mr Terrance O'Malley	Enforcement Programme Assistance - SEBI T O # 004	January 15, 1996
008	Mr Stephen Brown	A review of the Operational Impediments of the Debt Market in India - NSE T O # 003	January 15, 1996
009	Mr Thomas Keyes	Design and Implementation of Licensing, Certification and Testing Program for persons joining capital market intermediaries	January 15, 1996
010	Mr Thomas Keyes	Design and Implementation of Licensing, Certification and Testing Program for persons joining capital market intermediaries	February 15, 1996
011	Dr William Barclay	Feasibility Study of a Derivatives Exchange in India - NSE T O # 003	March 18, 1996
012	Mr Walter Pugh	OTCEI Information Systems Risk Review	April 1996
013	Mr Thomas Keyes	Certification and Testing of Market Intermediaries	May 16, 1996

Sr No	Consultant	Title	Date
014	Mr David Tsoi	Automated Depository System -Technical Evaluation Report	May 25, 1996
015	Mr Rajat Saxena	Research paper on Retail Debt Marketing in India	May 31, 1996
016	PW/FIRE	SEBI Regulation for Depository and Participants	July 5, 1996
017	Ms Susan Hertal	Organizational Structure Plan for NSDL	July 20, 1996
018	Mr Walter Pugh	Data Centre Operations Manual for NSE	Aug 1996
019	Mr Walter Pugh	Business Continuing Plan -Draft Report Stage I	Sept 6, 1996
020	Mr Walter Pugh	Review of Data Security and Business continuity planning for SHCIL	Sept 12, 1996
021	Mr Lewis J Mendelson	A Comprehensive Strategic Plan for AMFI	Sept 20, 1996
022	Ms Susan Hertal	Work flows and Job Description under the Organizational Plan for NSDL	Sept 30, 1996
023	Mr Thomas Keyes & Mr Paul Lilteau	An Orientation Programme on the US Model for Regulation And Registration of Retail Capital Market Intermediaries for SEBI	Sept 1996
024	Mr Walter Pugh	Business Continuity Plan Final Report Stage I	Oct 9, 1996
025	Mr Tom Keyes	Registration and Regulation of Retail Capital Market Intermediaries, the Sub-brokers for SEBI	Oct 15, 1996
026	Mr Frank Wolf	Depository cost study - Final Report The stock Exchange, Mumbai	Oct 21, 1996
027	Mr Tom Keyes & Mr Paul Lilteau	An orientation Program on International Capital Markets for participants from the ministry of Finance, SEBI & The stock Exchange, Mumbai	Nov 30 1996

Sr No	Consultant	Title	Date
028	Ms Susan Hertel	Follow up on the organizational structure plan for NSDL	Nov 1996
029	Mr Frank Wolf	Depository and Clearing Corporation Cost Study The Delhi Stock Exchange Association Ltd	Dec 2, 1996
030	Mr Walter Pugh	Business Continuity Plan Draft report stage Two	Dec 1996
031	Mr Bill Gorman	Inter -connected Market System Feasibility Report	January 21, 1997
032	Mr Lew Mendelson	Assistance to Mutual Funds - Review of comprehensive Strategic Plan and Investor Awareness campaign	February 24, 1997
033	Joseph Schenk	World Securities market Clearing/ Settlement Proposal for Stock Exchange, Mumbai	February 1997
034	Mr Wally Pugh	Business Continuity plan - Final report on Stage One (Telecom)	February 1997
035	Mr Paul Litteau	Review of the establishment of Derivatives Exchange in India	March 14, 1997
036	Mr Paul Litteau	Review of the Establishment of Derivatives Exchange in India	March 14, 1997
037	Ms Sue Hertel	Review of Organizational Development of NSDL	March 1997
038	Mr Lew Mendelson	Assistance to Mutual Funds	April 7, 1997
039	Mr Paul Litteau	Review of Regulations for Derivatives Exchange in India	April 7, 1997
040	Mr Tom Keyes	Registration and Regulation of Retail capital market Intermediaries for Securities and Exchange Board of India - April 1997	April 15, 1997
041	Mr Theodore Burns and Mr Richard J Kemmer	Draft Business Plan for Infrastructure Development Finance Company Limited	April 25, 1997
042	Ms Sue Hertel	Work plan for continued assistance to NSDL	April 1997

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Sr No	Consultant	Title	Date
043	Mr Harry Melamade	Assistance to Securities and Exchange Board of India - Report on Financial Responsibility Framework	April 1997
044	Mr David Silver	Assistance to Mutual Funds - Improving Products and Services, Strengthening the regulatory Framework and AMFI	April 1997
045	Dr Tessie San Martin	Training under the FIRE Project	May 6, 1997
046	Mr Tom Keyes	Registration and Regulation of Retail capital market Intermediaries for Securities and Exchange Board of India - May 1997	May 20, 1997
047	Mr Tom Keyes	Certification and Testing of Capital Market Intermediaries for Securities and Exchange Board of India - May 1997	May 1997
048	Mr Wally Pugh	Pilot study of control procedures for NSDL	June 1997
049	Ms Sue Hertel	Management & Staff training through development of procedural manuals for NSDL	June 10, 1997
050	Mr Lew Mendelson	Assistance to Mutual Funds - Review of comprehensive strategic plan & Investor Awareness campaign	July 22, 1997
051	Mr William Barclay	Index Derivatives Trading and the Indian Equity Market Impact, Regulation and Control Design	July 31, 1997
052	Mr Walter Pugh	Business Continuity Plan - Over The Counter Exchange of India - Report on Stage Two	August 5, 1997
053	Mr Walter Pugh	Management Information Systems (MIS) for Data Processing Operations - OTCEI - Report on Phase 1	August 5, 1997
054	Mr Cliff Kennedy	Investigation Module for market manipulation - NSE	August 13, 1997
055	Mr Cliff Kennedy	Investigation Module for market manipulation - BSE	August 13, 1997

Sr No	Consultant	Title	Date
056	Mr Cliff Kennedy	Investigation Module for market manipulation - OTCEI	August 13, 1997
057	Mr Kush Chokshy & Mr A Devasurendra	Proposal for the establishment of a Debt Dealers Association in India	August 14, 1997
058	Mr Lew Mendelson	Association of Mutual Funds in India (AMFI) Model Compliance Manual	August 14, 1997
059	Mr Bill Gorman	Over The Counter Exchange of India (OTCEI) - Testing the ASSETS 8 0 Trading System - Test Results and recommendations	August 18, 1997
060	Ms Zoanne Nelson	Report on the Market Surveillance Workshop	August 20, 1997
061	Ms Susan Hertel	Development of operating procedures, manuals for National Securities Depository Limited (NSDL) - Departments of Participant Interface, Issuer Interface, Registrar Operations and Business Partner Inspection	August 30, 1997
062	Ms Susan Hertel	Review of the Cash Settlement Process and proposed securities depository for the Stock Exchange, Mumbai (BSE)	September 1, 1997
063	Mr Joseph Schenk	Review of Clearing and Settlement Procedures at the Delhi Stock Exchange	September 29, 1997
064	Mr Peter Grennough	Strategy for Development of the Secondary Debt market in India	October 6, 1997

## **APPENDIX E**

### **SUMMARY OF US BASED PARTICIPANT TRAINING**

- 1. Projected Participant Training**
- 2. Completed Participant Training To Date**

## **1 Projected Participant Training**

APPENDIX E 1

PROJECTED PARTICIPANT TRAINING  
(NOVEMBER 1997 - AUGUST 1998)

No of Persons	Home Organization	U S Internship Organization	Program Length (weeks)	Total Training	Timing	Course/Internship
16	SEBI/ Exchanges	Baruch/ Greenough	3	48pw	October- November 1997	<i>Capital Markets II</i>
2	SEBI/Reg Exchanges	SEC	3	6pw	November 1997	<i>SEC</i>
5	SEBI MOL Dhanuka Comm	Baruch/ Greenough	2	10pw	November 1997	<i>Securities Laws in the US</i>
2	NSDL	DTC	2	4pw	November 1997	<i>Clearing and Settlement</i>
4	OTCEI	NSCC	2	8pw	December 1997	<i>Clearing Corporation</i>
4	OTCEI	NYSE NASD	2	8pw	December 1997	<i>Trading in Unlisted Securities</i>
4	OTCEI	NYSE NASD or Asian Exchanges	2	8pw	December 1997	<i>Marketing Exchange Products</i>
8	SEBI/ Exchanges	NASD NYSE	2	16pw	March 1998	<i>Stock Watch System Implementation Training</i>
6	SEBI/NSE	CBOE	8	48pw	April 1998	<i>Regulation and Oversight of Derivatives Trading</i>
51	<b>Total</b>			<b>156</b>		

## **2 Completed Participant Training To Date**

## APPENDIX E 2

### COMPLETED PARTICIPANT TRAINING TO DATE

No of Persons	Home Organization	U S Internship Organization	Program Length	Total Training	Timing	Course/Internship
2	NSE	NASD	5 wk	10wk	Oct/Nov 1995	NYIF <i>US Money and Capital Markets</i>
4	SEBI/NSE	SEC	2 wk	8wk	November 1995	SEC <i>Enforcement Course</i> SEC internships
2	NSE	NASD	2wk	4wk	December 1995	NYIF <i>Global Security Services</i> clearing corporation internships
1	NSE	CBOE/CME	2wk	2wk	December 1995	NYIF <i>Derivatives Strategies Valuation and Trading</i>
3	SEBI	SEC	3wk	9wk	April/May 1996	SEC SEC internships
1	SEBI	NYSE	1wk	1wk	May 1996	New York internship/ Greenough
1	SEBI	NYSE	1wk	1wk	April/May 1996	Chairman Study Tour of New York Stock Exchange
1	NSE	SIAC NSCC DTC	2days	4pw	April 1996	Meetings with SIAC NSCC DTC
1	NSE	SIAC NSCC DTC	1wk	1pw	April/May 1996	Chicago Internship at CBOE CME
3	NSE	SIAC NSCC Merrill Lynch	2wk	6pw	May 1996	Baruch College <i>Settlement and Clearing</i>
2	NSE	Greenough & Co	3wk	6wk	July 1996	<i>PW Information Systems Risk Management Course</i>
1	OTCEI	SEC & Greenough & Co	3wk	3wk	July 1996	<i>PW Information Systems Risk Management Course</i>
4	SEBI	CBOE CME	2 wk	8 wk	October 17 November 1 1996	CFTC Training Program on Futures and Options followed by a 2 day internship NYIF's U S Capital Markets Seminar
5	MOF BSE SEBI	Morgan Stanley DTC NYSE CBOE London Stock Exchange	2 wk	10 wk	October 21 31 1996	Study Tour of New York Chicago and London led by Mr Partosh Sharma assisted by Greenough & Keyes

16	SEBI BSE CSE	DTC SIAC Merrill Lynch	3 wk	48 wk	October 28- November 15 1996	Baruch College Training Program on Capital Markets Greenough & Co
4	SEBI	DTC SEC NYSE	2 wk	8 wk	November 4-15 1996	SEC III Institute on Enforcement Greenough & Co Internship
1	NSDL (Doshi)	DTC ML Citibank	3 days	6 wk	April 1997	DTC Internship
2	SEBI (Kakkar Kapur)	SEC	2 wk	4 wk	April 14- May 2 1997	SEC IV Institute
6	Mutual Funds	ICI NASD NYSE ML C Schwabb	3 wk	18 wk	May 12 30 1997	ICI Conference Greenough & Co Internship
Total				148		

## **APPENDIX F**

### **SUMMARY OF IN-COUNTRY TRAINING**

- 1. Projected In-country Training**
- 2. Completed In-country Training To Date**

# APPENDIX F 1

## PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
<b>I Depositories/ Clearing Corporations</b>					
15	NSDL	1 day	3pw	November 1997	Developing a Human Resources Department Tessie San Martin/Sue Hertel
15	NSDL	1 day	3pw	November 1997	Developing & Maintaining Formal Procedures Documentation Sue Hertel
80	OTCEI and Regional Exchanges	1 day at 4 centers	16pw	November-December 1997	Clearing & Settlement process Sue Hertel
15	NSDL	1 day	3pw	November 1997	Identifying Critical Indicators for Management Reports Sue Hertel
15	NSDL	1 day	3pw	January 1998	Setting Performance Standards and Measuring Production Sue Hertel
200	NSDL/ SEBI/ Exchanges	1 day	40pw	March 1998	Protection of customer Records & Accounts Litteau
<b>II A SRO Activities</b>					
100	Exchange officials prof Institution	2 days at 8 centers	40pw	February 1998	SRO concept Market surveillance Enforcement & Stock watch concept (Market Manipulation Front Running) Frank Wilson Cliff Kennedy
<b>II B Broker Certification and Registration</b>					
100	SEBI CII NSE OTC Market Intermediaries	2 days	40pw	February 1998	Registration and Investor Protection Tom Keyes/Paul Litteau
100	NSE REx	2 days	40pw	March April 1998	Testing Workshop Tom Keyes/Paul Litteau
250	Sub Brokers Exchanges	1 day at 5 centers	50pw	March-April 1998	Testing Administration Seminar Tom Keyes/Paritosh Sharma

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
250	Exchanges SEBI Market Intermediaries	1 day at 5 centers	50 pw	June 1998	Indian Capital Markets 2005 Research Outcomes and Agenda for Action Paritosh Sharma, Tom Keyes Tessie San Martin
<b>II C Investor Disclosure</b>					
80	SEBI Exchanges	2 days	32pw	December 1997	Enforcing Disclosure Practices Michael Sommer
300	ICAI ICFAI	2 days at 4 centers	120pw	January February 1998	Disclosure Rules and Uniform Disclosure Practices Michael Sommer
200	Regional Exchanges	1 day at 4 centers	40pw	June-August 1998	Designing Investor Information centers Tessie San Martin
<b>III Debt market development</b>					
200	Market Intermediaries	2 day	80pw	April 1998	Promoting Debt Market Growth Policy Agenda Peter Greenough
<b>IV Enforcement &amp; Market Surveillance</b>					
40	SEBI/ Exchanges	3 days	24pw	November 1997	Market Regulation Surveillance Workshop Ann Marie Simmes/Stephen Simmes
60	SEBI/ Regional Exchanges	1 days at 4 centers	12pw	November 1997	Market Surveillance Workshop Ann Marie Simmes/Stephen Simmes
50	SEBI/CBI/ Law Enforcement Agencies	3 days at 2 centers	60pw	February March 1998	Enforcement of Capital Markets Laws (with UTI-ICM) Cliff Kennedy
60	NSE BSE OTCEI and Regional Exchanges	1 day at 6 centers	12pw	May 1998	Investigation for Market Manipulation and Oher Violations Cliff Kennedy Frank Wilson
<b>V Investor Base/ Mutual Funds</b>					
100	AMFI/ICAI Mutual Funds Accountants and Auditors	2 days	40 pw	November 1997	International Mutual Funds/Auditing Standards Raj Dadoo
30	AMFI Directors and Committee	1 day	6pw	November 1997	The Role of AMFI and Leadership Issues Lew Mendelson Prasad

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
300	Investors	1 days at 6 centers	60pw	November December 1997	Investing in Mutual Funds Lew Mendelson Prasad
20	SEBI	1 day	4 pw	December 1997	Investigating Violations of Mutual Funds Regulations Anjali Kamat, Lew Mendelson
20	SEBI Bombay and Regional	2 days	8 pw	December 1997	Inspecting a Mutual Fund Anjali Kamat, Lew Mendelson
100	AMFI AMC Officers Directors Staff	1 day at 4 centers	20pw	Jan - Feb 1998	Best Practices (Code of Ethics Compliance and Operations Advertising Guidelines Valuation Guidelines Lew Mendelson Prasad
50	AMFI Trustees	1 day	10pw	February 1998	Fiduciary Duties Protecting Unit Holder's Interest Lew Mendelson Prasad
100	AMFI Selling Agents	2 days	40 pw	February- March 1998	Selling Mutual Funds/Ethical Selling Practices and Qualification Standards Lew Mendelson Prasad
50	AMFI Trustees	1 day	10pw	March 1998	Operating Effectively Under SEBI Regulations and the Laws Lew Mendelson Prasad
20	SEBI Bombay and Regional	2 days	8 pw	May 1998	Special Topics Advertising Guidelines and Guarantee Funds Lew Mendelson Prasad
100	AMFI/ICAI Mutual Funds Accountants and Auditors	2 days	40 pw	June 1998	Special Topics Valuation and Reserves Against Guarantees Lew Mendelson Prasad
<b>VI Futures/Options Exchange</b>					
200	SEBI NSE Exchanges Brokers	2 days in 2 centers	80 pw	February 1998	Regulation and Oversight of Derivatives Trading Cliff Kennedy
30	MOF/ SEBI Exchanges	2 days	12 pw	June 1998	Derivatives Trading Operational Issues Kate Hathaway
<b>VII Others</b>					
200	AMBI	2 days	40 pw	March 1998	Restructuring the Merchant Banking Industry in India Tessie San Martin
3310	<b>Total</b>		<b>1046</b>		

<b>Month</b>	<b>Events</b>	<b>Person Weeks</b>
November 1997	15	129
December 1997	8	82
January 1998	5	73
February 1998	17	270
March 1998	8	220
April 1998	4	110
May 1998	7	20
June 1998	7	102
July 1998	2	20
August 1998	2	20
<b>Total</b>	<b>75</b>	<b>1046</b>

## APPENDIX F 2

### COMPLETED IN-COUNTRY TRAINING TO DATE

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
25	SEBI NSE Intermediaries	2 days	10pw	May 1995	<i>Derivatives Programme</i> Soni
35	SEBI	3 days	21 pw	August 1995	<i>Organizational Development for SEBI</i> Schumann et al
51	IMC Stock Market	½ day	5pw	December 1995	<i>Depository</i> Grubb
5	UTI Inst of Capital Markets	1 day	1pw	December 1995	<i>Licensing and Certification</i> Tom Keyes
8	SEBI Licensing Com	1 day	2pw	December 1995	<i>Licensing and Certification</i> Tom Keyes
184	AMF Fin Services Convention	½ day	18pw	January 1996	<i>Depository Development I</i> Grubb
76	Rotary	½ day	7pw	January 1996	<i>The Share Market Bank</i> Grubb
8	SEBI	½ day	1pw	January 1996	<i>Enforcement Procedures</i> Terrance O Malley
11	USAID ADB Delhi Stock Exchange	½ day	1pw	January 1996	<i>Financial Futures and Options</i> Dr William Barclay
70	NSE SEBI Banks Brokers	1 day	14pw	February 1996	<i>Financial Futures and Options</i> Dr William Barclay
25	Custodians	½ day	2pw	February 1996	<i>Depository</i> William Dentzer
12	ICICI	½ day	1pw	February 1996	<i>Depository</i> William Dentzer
18	Brokers and Custodians (Jardine DSP BSE)	½ day	2pw	February 1996	<i>Depository</i> William Dentzer
50	Conference Board	½ day	5pw	February 1996	<i>Depository</i> William Dentzer
16	OTCEI	½ day	2pw	February 1996	<i>Data Security</i> Wally Pugh
10	SHCIL	½ day	1pw	February 1996	<i>Data Security</i> Wally Pugh

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
31	SEBI Regional Exchanges	1 day	6pw	March 1996	<i>Securities Enforcement Market Surveillance and Self Regulation</i> Cliff Kennedy
10	SEBI Regional Offices Madras	1 day	2w	April 1996	<i>Securities Enforcement Market Surveillance and Self Regulation</i> Cliff Kennedy
5	SEBI	1 day	1pw	April 1996	<i>Self Regulatory Organizations Rules and Regulations</i> Frank Wilson
148	NSE Members	1 day/each	30pw	April 1996	<i>Self Regulatory Organizations Rules and Regulations</i> Frank Wilson
5	OTCEI	1 day	1pw	April 1996	<i>Self Regulatory Organizations Rules and Regulations</i> Frank Wilson
41	NSE OTC	1 day	8pw	April 1996	<i>Information Security Awareness Training</i> Wally Pugh & Citibank
26	NSE OTC	1 day	5pw	April 1996	<i>Data Security Training</i> Wally Pugh & Citibank
75	Madras Sub-Brokers	1 day	15pw	April 1996	<i>Sub Broker Workshop</i> Tom Keyes
70	Individual Madras Investors	1 day	14pw	April 1996	<i>Investor Education Workshop</i> Tom Keves
50	Madras Exchange/ Brokers	1 day	10pw	April 1996	<i>Investor Education and Structural Changes</i> Tom Keves
5	OTC	1 day	1pw	April 1996	<i>Depository Workshop</i> Wally Pugh
4	SEBI	1 day	1pw	April 1996	<i>Self Regulation, In the Securities Industry</i> Cliff Kennedy
14	SEBI Regional Office Delhi	1 day	3pw	May 1996	<i>Securities Enforcement and Self Regulation</i> Cliff Kennedy
18	SEBI Delhi	½ day	2pw	May 1996	<i>SRO/Enforcement &amp; Market Surveillance</i> Cliff Kennedy
10	NSE Participants	½ day	1pw	May 1996	<i>Rules and Regulations for Depository</i> John Ruckrich and Jan Slinn

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
85	Invest India Stock Exchanges Summit Participants	½ day	8pw	May 1996	<i>Global</i> Dennis Grubb
90	Invest India Stock Exchanges Summit Participants	½ day	9pw	May 1996	<i>Expectations of Depositories</i> Dennis Grubb
50	Calcutta	1 day	10pw	May 1996	<i>Sub Broker Workshop</i> Dennis Grubb/Partosh Sharma
70	Calcutta	1 day	14pw	May 1996	<i>Individual Investor</i> Dennis Grubb/Partosh Sharma
125	NSE	1 day	25pw	May 1996	<i>Data Security Training</i> Citibank
10	Delhi Stock Exchange	1 day	2pw	May 1996	<i>Regional Exchange Operations</i> Kennedy and Grubb
15	NSDL	1 day	3pw	June 1996	<i>Organizational Development &amp; Human Resources planning for NSDL staff</i> Susan Hertel
12	NSDL	1 day	2 4pw	July 1996	<i>NSDL Organizational Structure Programme</i>
110	NSDL	1 day	22pw	July 1996	<i>Depository awareness programme for market participant custodian and market players</i>
483 at 4 centers	NSE	1 days each	87 6pw	July 1996	<i>Futures and Options awareness programme for market participants</i> Bombay & Delhi
20	SEBI	2days	4pw	July 1996	<i>Auditors General Officials on development surveillance and enforcement in the capital markets</i>
39 at 2 centers	AMFI Bombay	1/2 day each	3 9pw	Aug 1996	<i>AMFI Education Seminar</i> Lew Mendelson
500	NSE	1day	100pw	Aug 1996	<i>Derivatives Orientation programme for market participants</i> Madras Calcutta Ahmedabad & Bombay
414 at 6 centers	NSDL	1day each	82 8pw	August 1996	<i>NSDL Depository Workshop(awareness programme)</i>
6	SHCIL	1dav	1 2pw	August 1996	<i>Information system/back office &amp; BCP</i> Walter Pugh

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
2	NSDL	1 day	0 4pw	August 1996	<i>Communication and Workflow for NSDL staff</i>
25	SEBI	1 day	5pw	August 1996	<i>Enforcement and regulatory Workshop</i>
29	SEBI	1 day	5 8pw	August 1996	<i>Induction Program for new recruits on enforcement and regulation</i>
200	Lala Institute for management studies	1/3 day	13 3pw	September 1996	<i>Developments in the Capital Markets</i> Dennis Grubb
705 at 4 centers	SEBI/Broker Certification	1/2 day each	70 5pw	September 1996	<i>Sub-broker Workshop</i> <i>Bombay &amp; Delhi</i> Tom Keves
100	NSDL	1 day	10pw	September 1996	<i>Law relating to Depositories</i> Jan Aalbrechtse Slinn
7	OTCEI	1 day	1 4pw	September 1996	<i>Information system/back office &amp; BCP</i> Walter Pugh
70 at 2 centers	SEBI	2 days each	28pw	September 1996	<i>Enforcement and regulatory workshop</i>
35 each	Investment Bankers	2 days	28pw	October 1996	Derivatives Trading
25	Investment Bankers	1 day	5pw	October 1996	SEBI officials
25	Management students	1/2 day	2 5pw	October 1996	Emerging capital market scenario
125	Individual Investors	1/2 day	12 5pw	October 1996	Recent developments in the capital market
35	UTI training participants	1/2 day	3 5pw	October 1996	Futures and Options trading
250	ASAF/ICFAI	0 5	25	December 3 1996	<i>Infrastructure Development</i> Dennis Grubb
200	Institute of International Consultants	0 5	20	December 7 1996	<i>International Consulting Capital Market</i> Dennis Grubb
1330	Regional Tour	1 day	266	January 20 1997	<i>Future of the sub broker</i> Tom Keves/Paritosh Sharma
300	Mumbai Investors	0 5	30	January 15 1997	<i>Individual Investor Awareness</i> Susan Hertel/Kim Shaak

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
248	MoF & Market Participants	1 day & ½ day	408	January 16-21 1997	<i>Role of Mutual Funds</i> David Silver/Lewis Mendelson
30	Fed of Stock Exchanges	1/2 day each	3	January 21 1997	<i>Interconnectivity of Exchanges</i> Bill Gorman
25	SEBI NSE BSE OTCEI	2 days	10	January 23-24 1997	<i>Broker Dealer Financial Responsibility</i> Litteau/Melamed
250	ICFAI Conference	0.5	25	January 28 1997	<i>Investor Education</i> Dennis Grubb
20	International Comm Management Conference	0.5	2	March 4 1997	<i>Securing Financial Investment</i> McFadden
41	OTCEI BSE	1/2 day each	52	March 8-11 1997	<i>Market Surveillance</i> Ford/Kennedy
5	AMFI	0.5	0.5	March 13-June 4 1997	<i>Mutual Fund Training</i> Tesse San Martin/Prasad
6	NSDL	0.5	0.6	March 21 1997	<i>Introduction to Comp Surveillance</i> Susan Hertel
20	Institute of Management	0.5	2	March 28 1997	<i>Depository System</i> Sankar
20	SEBI	0.5	2	April 1997	<i>Stock Watch</i> Wilson
30	AMFI	1/2 day each	3	April 1997	<i>Mutual Funds Industry</i> Lewis Mendelson / RNK Prasad
5	SCHIL	0.5	0.5	May 9 1997	<i>Product Definition</i> Hertel
5	NSDL	0.5	0.5	May 13 1997	<i>Intro Writing Procedures</i> Hertel
5	NSDL	0.5	0.5	May 20 1997	<i>Function ID for Pro Writ</i> Hertel
3	BSE	0.5	0.5	May 22 1997	<i>Cash Settlement</i> Hertel
25	BSE/OTCEI	1/2 day each	18	May 1997	<i>Clearing Corp Seminar</i> Susan Hertel/Joe Schenk
100	Stock Exchange Summit II	0.5	10	May 27 1997	<i>Competition between Exchanges</i> Dennis Grubb/NYSE

No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
125	CRISIL Stock Exchange Summit	1/2 day each	12.5	May 27-28 1997	<i>International Capital Raising</i> Grubb/NYSE
23	OTCEI	0.5	2.3	June 4 1997	<i>HRD and Training</i> Tessie San martin & Sue Hertel
1	AMFI	0.5	0.25	June 4 1997	<i>Mutual Funds training</i> Tessie San martin & Prasad
8	NSDL	0.5	1.6	June 5 1997	<i>HRD and Training</i> Tessie San martin & Sue Hertel
30	BSE	0.5	3	June 25 1997	<i>Securities markets</i> Thomas Keyes & Partosh
36	SEBI & Reg Exchanges	2	14.4	August 13-14 1997	<i>Stock Watch System</i> Nelson/ Wilson/ Strandberg
Total			1236.75		

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**APPENDIX G**

**OUTCOME AT THE END OF THE PLAN**



**Appendix G Outcome at the End of the Workplan IV**

**A Area 1 Post Trade Clearance and Settlement (Clearing Corporations/  
Depository/ Stock Lending )**

*I Activities Completed in Periods I, II and III*

*a Depositories*

- Price Waterhouse FIRE Project (PW) facilitated the introduction of the depositories legislation "Depositories Bill 1996"
- PW assisted NSDL in depository start up, operations, and public education and awareness activities
- PW undertook depository cost studies for the Bombay Stock Exchange (BSE) and the Delhi Stock Exchange (DSE)

**Deliverables Submitted**

- 1 NCDS Request for Information - Stock Holding Corporation of India Ltd , Mr John Ruckrich, July 7, 1995
- 2 Automated Depository System -Technical Evaluation Report, Mr David Tsoi, May 25, 1996
- 3 Organizational Structure Plan for NSDL Ms Susan Hertel, July 20, 1996
- 4 Work Flows and Job Descriptions Under the Organizational Plan for NSDL, Ms Susan Hertel September 30, 1996
- 5 Depository Cost Study - The Stock Exchange, Mumbai, Mr Frank Wolf, October 21, 1996
- 6 Follow Up On the Organizational Structure Plan for NSDL, Ms Susan Hertel, November 1996
- 7 Depository and Clearing Corporation Cost Study, The Delhi Stock Exchange Mr Frank Wolf, December 2, 1996
- 8 Review of Organizational Development of NSDL, Ms Sue Hertel, March 1997
- 9 Work Plan for Continued Assistance to NSDL Ms Sue Hertel, April 1997

- 10 Management & Staff Training Through Development of Procedural Manuals for NSDL, Ms Sue Hertel, June 10, 1997
- 11 Pilot Study of Control Procedures for NSDL, Mr Wally Pugh, June 1997
- 12 Development of Operating Procedures, Manuals for National Securities Depository Limited (NSDL) - Departments of Participant Interface, Issuer Interface, Registrar Operations and Business Partner Inspection, Ms Susan Hertel, August 30, 1997
- 13 Development of Operating Procedures Manuals for NSDL Departments of Clearing Corporation Interface, Corporate Communications-Marketing & Corporate Planning and Risk Management, Ms Susan Hertel, October 30, 1997
- 14 Establishment of a Continuing Training Program within the Human Resources Department of National Securities Depository Limited, Ms Sue Hertel, November 20, 1997

COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
51	IMC Stock Market	½ day	5pw	December 1995	Depository Grubb
184	AMF Fin Services Convention	½ day	18pw	January 1996	Depository Development Grubb
76	Rotary	½ day	7pw	January 1996	The Share Market Bank Grubb
25	Custodians	½ day	2pw	February 1996	Depository William Dentzer
12	ICICI	½ day	1pw	February 1996	Depository William Dentzer
18	Brokers and Custodians	½ day	2pw	February 1996	Depository William Dentzer
50	Conference Board	½ day	5pw	February 1996	Depository William Dentzer
5	OTCEI	1 day	1pw	April 1996	Depository Workshop Wally Pugh
10	NSE Participants	½ day	1pw	May 1996	Rules and Regulations for Depository John Ruckrich and Jan Slinn
90	Invest India Stock Exchanges Summit	½ day	9pw	May 1996	Expectations of Depositories Dennis Grubb

COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
15	NSDL	1 day	3pw	June 1996	Organizational Development & Human Resources Planning for NSDL Staff Susan Hertel
110	NSDL	1 day	22pw	July 1996	Depository Awareness Programme for Market Participants Custodian and Market Players
12	NSDL	1 day	2 4pw	July 1996	NSDL Organizational Structure Programme
2	NSDL	1 day	0 4pw	August 1996	Communication and Workflow for NSDL Staff
414	NSDL at 6 centers	1 day each	82 8pw	August 1996	NSDL Depository Workshop (Awareness Programme)
100	NSDL	1 day	10pw	September 1996	Law Relating to Depositories Jan Aalbregetse Slinn
6	NSDL	0 5	0 6	March 21 1997	Introduction to Comp Surveillance Susan Hertel
20	Institute of Management	0 5	2	March 28 1997	Depository System Sankar
5	NSDL	0 5	0 5	May 13 1997	Introduction to Writing Procedures Manuals Susan Hertel
5	NSDL	0 5	0 5	May 20 1997	Function ID for Pro Writ Susan Hertel
8	NSDL	0 5	1 6	June 5 1997	HRD and Training Tessie San Martin & Susan Hertel
1218	Total		176 8		

COMPLETED US BASED PARTICIPANT TRAINING TILL OCT 97						
No of Persons	Home Organization	U S Internship Organization	Program Length	Total Training	Timing	Course/Internship
1	NSDL	DTC ML Citibank	3 days	6 wk	April 1997	DTC Internship
1	Total		3			

*b Clearing Corporations*

- PW has assisted BSE in modernizing its clearing corporation by advising on a the tax and legal issues in establishing a trade guarantee fund,
- PW assisted BSE in streamlining clearing house procedures

**Deliverables Submitted**

- 1 Review of NSE Data Security and Business Continuity Planning - NSE, Mr Walter Pugh, October 18, 1995
- 2 Back Office Systems Review - NSE, Mr Ranjit Advani, November 15, 1995
- 3 Data Center Operations Manual for NSE, Mr Walter Pugh, August 1996
- 4 Business Continuing Plan (NSE) -Draft Report Stage I, Mr Walter Pugh, September 6, 1996
- 5 Review of Data Security and Business Continuity Planning for SHCIL, Mr Walter Pugh, September 12, 1996
- 6 Business Continuity Plan - NSE Final Report Stage I, Mr Walter Pugh, October 9, 1996
- 7 Business Continuity Plan (NSE) - Draft Report Stage Two, Mr Walter Pugh, December 1996
- 8 Business Continuity Plan (NSE) - Final report on Stage One (Telecom), Mr Wally Pugh, February 1997
- 9 World Securities Market Clearing/ Settlement Proposal for The Stock Exchange, Mumbai, Joseph Schenk, February 1997
- 10 Review of the Cash Settlement Process and Proposed Securities Depository for The Stock Exchange Mumbai (BSE), Ms Susan Hertel, September 1, 1997
- 11 Review of Clearing and Settlement Procedures at the Delhi Stock Exchange, Mr Joseph Schenk, September 29, 1997

COMPLETED IN COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
10	SHCIL	½ day	1pw	February 1996	Data Security Wally Pugh
16	OTCEI	½ day	2pw	February 1996	Data Security Wally Pugh
41	NSE OTC	1 day	8pw	April 1996	Information Security Awareness Training Wally Pugh & Citibank
26	NSE OTC	1 day	5pw	April 1996	Data Security Training Wally Pugh & Citibank

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COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
125	NSE	1 day	25pw	May 1996	Data Security Training Citibank
85	Invest India Stock Exchanges Summit Participants	½ day	8pw	May 1996	Global Exchanges Dennis Grubb
6	SHCIL	1day	1 2pw	August 1996	Information Systems/Back Office & Business Continuity Plan Walter Pugh
7	OTCEI	1day	1 4pw	September 1996	Information Systems/Back Office & Business Continuity Plan Walter Pugh
5	SCHIL	0 5	0 5	May 9 1997	Product Definition Susan Hertel
3	BSE	0 5	0 5	May 22 1997	Cash Settlement Susan Hertel
125	CRISIL Stock Exchange Summit	½ day each	12 5	May 27 28 1997	International Capital Raising Grubb/NYSE
25	BSE/OTCEI	½ day each	1 8	May 1997	Clearing Corp Seminar Susan Hertel/Joe Schenk
474	Total		66 9		

COMPLETED US BASFD PARTICIPANT TRAINING TILL OCTOBER 1997						
No of Persons	Home Organization	U S Internship Organization	Program Length	Total Training	Timing	Course/Internship
2	NSE	NASD	5 wk	10wk	Oct/Nov 1995	US Money and Capital Markets NYIF
2	NSE	NASD	2wk	4wk	December 1995	Global Security Services clearing corporation internships NYIF
1	NSE	SIAC NSCC DTC	2days	4pw	April 1996	Meetings with SIAC NSCC DTC
3	NSE	SIAC NSCC Merrill Lynch	2wk	6pw	May 1996	Baruch College Settlement and Clearing
5	MOF BSE SEBI	Morgan Stanley DTC NYSE CBOE London Stock Exchange	2 wk	10 wk	October 21 31 1996	Study Tour of New York Chicago and London led by Mr Paritosh Sharma assisted by Greenough & Keves
13	Total			30 4		

c Stock Lending

- PW is assisted Stock Holding Corporation of India Ltd (SHCIL) in drafting a

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concept paper for a stock lending service

2 *Activities Proposed in Period IV*

a *Reduction of Faked and Forged Certificates*

- PW is drafting a paper for which outlines recommended steps that can be taken to reduce fake and forged certificates circulating in the market

b *Clearing Corporations*

1 BSE

- PW provided assistance to the BSE clearing house in the following areas
  - 1 Interface of BSE clearing house with NSDL depository,
  - 2 Streamlining of current paper handling processes,
  - 3 Movement to T+5 rolling settlement for selected scrips, and
  - 4 Same day funds availability for trade settlement and margin calls

ii Over the Counter Exchange of India

- PW advised the Over the Counter Exchange of India (OTCEI) on the design and implementation of training programs to be funded through a grant OTCEI received from the World Bank

iii Other Regional Exchanges

- PW provided clearing corporation assistance to regional exchanges approved by SEBI in interfacing exchange clearing corporations or clearing houses with NSDL

c *Depository*

1 NSDL

- PW assisted NSDL in becoming a fully functioning depository to service the Indian stock market
- PW assisted in training management on developing and maintaining a formal procedure documentation program
- PW worked with the NSDL management team to create management tools through periodic reports

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- Training sessions were held on how to identify critical indicators, on how to collect relevant data, format meaningful reports, and establish the timeliness and dissemination of the reports
- PW reviewed NSDL management reports and incorporating data from these reports into new reports or expanding on existing data
- PW conducted training sessions for the NSDL management team on how to set performance standards and measure production
- PW provided technical assistance and training to NSDL in Development of Human Resources Department
- PW expansion of Depository Services Assistance provided to NSDL as the depository volumes increased and services are added

11 BSE

- PW assisted BSE clearing house interface with NSDL

*d* Stock Lending

- PW assisted SCHIL in developing its stock lending capability including the finalization of the concept paper and development of lending procedures

PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
15	NSDL	1 day	3pw	November 1997	<i>Developing a Human Resources Department</i> Tessie San Martin/Sue Hertel
15	NSDL	1 day	3pw	November 1997	<i>Developing &amp; Maintaining Formal Procedures Documentation</i> Sue Hertel
80	OTCEI and Regional Exchanges	1 day at 4 centers	16pw	November-December 1997	<i>Clearing &amp; Settlement Process</i> Susan Hertel
15	NSDL	1 day	3pw	November 1997	<i>Identifying Critical Indicators for Management Reports</i> Susan Hertel
15	NSDL	1 day	3pw	January 1998	<i>Setting Performance Standards and Measuring Production</i> Susan Hertel

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PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1997 AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
200	NSDL/ SEBI/ Exchanges	1 day	40pw	March 1998	Protection of Customer Records & Accounts Paul Litteau
340	Total		68		

PROJECTED PARTICIPANT TRAINING (NOVEMBER 1997 AUGUST 1998)						
No of Persons	Home Organization	U S Internship Organization	Program Length (weeks)	Total Training	Timing	Course/Internship
2	NSDL	DTC	2	4pw	November 1997	Clearing and Settlement
2	Total		2			

**B Area 2 Strengthening the Regulatory Framework (SROs, Broker Licensing, Testing and Certification, Information Disclosure, and Reviewing Indian Securities Laws)**

*1 Development and Strengthening of Self Regulatory Organizations*

*a Activities in Periods I II & III*

*1 NSE*

- PW reviewed NSE rules and regulations and made recommendations on changes in bylaws, rules, regulations and structure to be a more effective SRO

**Deliverable Submitted**

- 1 Review of Rules and Regulations of National Stock Exchange and its status as a Self Regulatory Organization Mr Frank Wilson, October 30, 1995

*11 RAIN*

- PW assisted RAIN in the drafting a procedures manual for registrars, which will be the first step in the process of creating uniform rules, operating procedures and a code of conduct

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COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
4	SEBI	1 day	1pw	April 1996	Self Regulation In the Securities Industry Cliff Kennedy
5	SEBI	1 day	1pw	April 1996	SRO Rules and Regulations Frank Wilson
148	NSE Members	1 day/each	30pw	April 1996	SRO Rules and Regulations Frank Wilson
5	OTCEI	1 day	1pw	April 1996	SRO Rules and Regulations Frank Wilson
18	SEBI Delhi	½ day	2pw	May 1996	SRO/ Enforcement & Market Surveillance Cliff Kennedy
180	Total		35		

*b Activities Proposed in Period IV*

i SEBI

- PW proposed regulation for SROs based on the US model to be presented to SEBI for possible adoption

ii NSE

- PW gave SRO development assistance to NSE on the formalization of bylaws and rules

iii Registrars Association of India

- PW will complete the procedures manual for RAIN. Once that has been completed, PW will assess with SEBI if there are other areas of appropriate assistance

PROJECTED IN COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
100	Exchange officials prof Institution	2 days at 8 centers	40pw	February 1998	SRO Concept, Market Surveillance, Enforcement & Stockwatch Concept (Market Manipulation, Front Running) Frank Wilson, Cliff Kennedy
100	Total		40		

2 *Broker Licensing, Testing and Certification Program*

*a Activities Completed in Periods I, II & III*

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PW undertook the following

- Provided significant input to SEBI on the issues involved in registration and regulation of retail capital market intermediaries and the testing and certification of these intermediaries
- Identified the specific groups of brokers (e.g. main members of the stock exchanges, their associates, and third tier of intermediaries) who interact directly with the investing public and the role played by these groups,
- Developed a model syllabus based on minimum criteria and level of knowledge relevant to these groups,
- Proposed a model examination process including a question bank for these groups, test administration procedures, and
- Identified other intermediaries, such as merchant bank personnel, investment advisers, and asset managers who should also be registered in a SEBI database

#### **Deliverables Submitted**

- 1 Design and Implementation of Licensing, Certification and Testing Program for Persons Joining Capital Market Intermediaries, Mr Thomas Keyes, January 15, 1996
- 2 Design and Implementation of Licensing, Certification and Testing Program for Persons Joining Capital Market Intermediaries, Mr Thomas Keyes, February 15, 1996
- 3 Certification and Testing of Market Intermediaries, Mr Thomas Keyes, May 16, 1996
- 4 An Orientation Programme on the US Model for Regulation And Registration of Retail Capital Market Intermediaries for SEBI, Mr Thomas Keyes & Mr Paul Litteau, September 1996
- 5 Registration and Regulation of Retail Capital Market Intermediaries, the Sub-Brokers for SEBI, Mr Tom Keyes, October 15, 1996
- 6 An Orientation Program on International Capital Markets for Participants from the Ministry of Finance, SEBI & The Stock Exchange, Mumbai, Mr Tom Keyes & Mr Paul Litteau, November 30 1996
- 7 Registration and Regulation of Retail Capital Market Intermediaries for Securities

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and Exchange Board of India, Mr Tom Keyes, April 15, 1997

- 8 Assistance to Securities and Exchange Board of India - Report on Financial Responsibility Framework, Mr Harry Melamad, April 1997
- 9 Registration and Regulation of Retail Capital Market Intermediaries for Securities and Exchange Board of India, Mr Tom Keyes, May 20, 1997
- 10 Certification and Testing of Capital Market Intermediaries for Securities and Exchange Board of India, Mr Tom Keyes, May 1997

COMPLETED IN COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
8	SEBI Licensing Com	1 day	2pw	December 1995	Licensing and Certification Tom Keyes
5	UTI Inst of Capital Markets	1 day	1pw	December 1995	Licensing and Certification Tom Keyes
75	Madras Sub Brokers	1day	15pw	April 1996	Sub Broker Workshop Tom Keyes
50	Calcutta	1 day	10pw	May 1996	Sub Broker Workshop Dennis Grubb/Paritosh Sharma
705 at 4 centers	SEBI/Broker Certification	½ day each	70 5pw	September 1996	Sub Broker Workshop Bombay & Delhi Tom Keyes
125	Individual investors	½ day	12 5pw	October 1996	Recent developments in the capital market Tom Keyes
1330	Regional Tour	1 day	266	January 2 20 1997	Future of the sub broker Tom Keyes/Paritosh Sharma
25	SEBI NSE BSE OTCEI	2 days	10	January 23-24 1997	Broker Dealer Financial Responsibility Paul Litteau/ Harry Melamad
30	BSE	0.5	3	June 25 1997	Securities markets Thomas Keyes & Paritosh Sharma
2215	<b>Total</b>		<b>362</b>		

*b Activities Proposed in Period IV*

- PW proposes to support SEBI registration databases of industry intermediaries such as merchant banks investment advisers and asset managers,
- Present a deliverable paper to include a liquid net capital rule, record keeping rules, ethical standards/code of conduct, disciplinary and dispute resolution procedures and alternate regulation approaches for these retail intermediaries,

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- Assist forums on registration and investor protection in conjunction with an Indian Associations such as, the Confederation of Indian Industry, Tamil Nadu Investor Association,
- Assist in enhancing SEBI regulation to provide for registration of other intermediaries such as investment advisers that do not hold customer cash or securities, and
- Present a deliverable which will be proposed methods for dispute resolution, arbitration, handling of broker insolvency, determination of appropriate selling practices and operations, and regulation of private placements

PROJECTED IN COUNTRY TRAINING (NOVEMBER 1997 AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
100	SEBI CII NSE OTC Market Intermediaries	2 days	40pw	February 1998	Registration and Investor Protection Tom Keyes/Paul Litteau
100	NSE REx	2 days	40pw	March April 1998	Testing Workshop Tom Keyes/Paul Litteau
250	Sub Brokers Exchanges	1 day at 5 centers	50pw	March April 1998	Testing Administration Seminar Tom Keyes/Paritosh Sharma
250	Exchanges SEBI Market Intermediaries	1 day at 5 centers	50pw	June 1998	Indian Capital Markets 2005 Research Outcomes and Agenda for Action Paritosh Sharma, Tom Keyes Tessie Martin
700	Total		180		

### 3 Information Disclosure

#### a Activities in Periods I, II & II

- PW conducted a series of seminars for individual investors in 13 major cities and feed back was obtained to assess the present status of information available to investors

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## Deliverables Submitted

- 1 Issuer & Regulatory Controls on Securities Transactions by Insiders, Mr Micheal Sommer, October 6, 1997
- 2 Draft Outline for Workshop & Primer - How to Investigate & Prove an Insider Trading Case, Mr David Strandberg, October 21, 1997

COMPLETED IN COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
70	Individual Madras Investors	1 day	14pw	April 1996	Investor Education Worksnop Tom Keyes
50	Madras Exchange/ Brokers	1 day	10pw	April 1996	Investor Education and Structural Changes Tom Keyes
70	Calcutta	1 day	14pw	May 1996	Individual Investor Dennis Grubb/Paritosh Sharma
250	ICFAI Conference	0.5	25	January 28 1997	Investor Education Dennis Grubb
440	Total		63		

### *b Activities Proposed in Period IV*

PW propose to

- identify information required by the regulator from issuers, management officials and other “insiders”,
- recommend frequency of reporting obligations,
- recommend central filing at SEBI or some other centralized location for initial disclosure (prospectuses for public offering) and ongoing disclosure (annual and interim financial statements and current reports for material information and press releases),
- propose a methodology for making information available to Indian investors,
- propose an organizational structure for the group or department within the SEBI (or

other organization) that will be responsible for monitoring all filings to ensure the timeliness, accuracy and adequacy of company filings made under the reporting obligations,

- outline and help in implementing a training program for SEBI staff that develops and deepens the staff monitoring skills required to effectively enforce disclosure requirements being recommended
- work with key professional institutions, such as the Institute of Chartered Accountants of India (ICAI) and the Institute of Chartered Financial Analysts of India (ICFAI), to develop courses on disclosure rules, as part of a broader effort to promote wider adoption and dissemination of uniform disclosure practices among the financial community

PROJECTED IN COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
80	SEBI Exchanges	2 days	32pw	December 1997	<i>Enforcing Disclosure Practices</i> Michael Sommer
300	ICAI ICFAI	2 days at 4 centers	120pw	January February 1998	<i>Disclosure Rules and Uniform Disclosure Practices</i> Michael Sommer
200	Regional Exchanges	1 day at 4 centers	40pw	June August 1998	<i>Designing Investor Information centers</i> Tessie San Martin
580	Total		192		

#### 4 *Review of Indian Securities Laws*

- PW experts provided written comments to the Committee specifically addressing a number of subjects and deficiencies in the existing law
- PW experts have participated in meetings of the Committee and met with individual members of the Committee to discuss written comments
- PW provided a draft comprehensive securities law for the Committee's review
- PW designed and carried out appropriate training for the key policy makers with focus on providing both principles and concepts of securities regulation

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**Deliverables submitted**

- 1 India Securities Law Strategy, Mr Cliff Kennedy, November 17, 1997

**C Area 3 Market Enforcement, Oversight and Surveillance**

*1 Market Enforcement and Oversight*

*a Activities in Period I, II & III*

- Mr Cliff Kennedy prepared for SEBI a "Review of the Enforcement Plan of the Securities Exchange Board of India" in November 1995
- Mr Terrance O'Malley did a detailed study of the SEBI enforcement activities and submitted a report titled "Enforcement Program Assistance" to SEBI in January 1996
- Mr Kennedy worked with SEBI on multiple occasions to review existing regulations content and make recommendations based on foreign models, particularly the U S
- PW made recommendations to SEBI on-going cases of market manipulation and insider trading on how to successfully investigate and prosecute such cases
- A number of seminars were conducted for the regulators and the enforcement personnel attached to the stock exchanges
- Mr David Strandberg has worked with SEBI enforcement and surveillance staff on ongoing investigations, development of institutional capabilities to conduct investigations
- Mr Strandberg and Mr Michael Sommer delivered a paper on issuer and regulatory controls on securities transactions by company insiders (officers, directors, etc )

**Deliverables Submitted**

- 1 Review of the Enforcement Plan of the Securities Exchange Board of India - SEBI, Mr Cliff Kennedy, November 28, 1995
- 2 Enforcement Programme Assistance - SEBI, Mr Terrance O'Malley, January 15, 1996
- 3 SEBI Regulation for Depository and Participants, PW/FIRE, July 5, 1996

COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
35	SEBI	3 days	21 pw	August 1995	Organizational Development for SEBI Howard Schumann Dick Breen Dennis Grubb
25	SEBI	1 day	5pw	August 1996	Enforcement and regulatory Workshop
70	SEBI at 2 centers	2 days each	28pw	September 1996	Enforcement and regulatory workshop
29	SEBI	1 day	5 8pw	August 1996	Induction Program for new recruits on enforcement and Regulation
10	SEBI Regional Offices Madras	1 day	2w	April 1996	Securities Enforcement Market Surveillance and Self Regulation Cliff Kennedy
14	SEBI Regional Office Delhi	1 day	3pw	May 1996	Securities Enforcement and Self Regulation Cliff Kennedy
31	SEBI Regional Exchanges	1 day	6pw	March 1996	Securities Enforcement Market Surveillance and Self Regulation Cliff Kennedy
8	SEBI	½ day	1pw	January 1996	Enforcement Procedures Terrance O Malley
222	Total		71 8		

COMPLETED US BASED PARTICIPANT TRAINING TILL OCTOBER 1997						
No of Persons	Home Organization	US Internship Organization	Program Length	Total Training	Timing	Course/Internship
1	SEBI	NYSE	1wk	1wk	May 1996	New York internship Greenough
3	SEBI	SEC	3wk	9wk	April/May 1996	SEC internships
2	SEBI	SEC	2 wk	4 wk	April 1997	SEC IV Institute
16	SEBI BSE CSE	DTC SIAC Merrill Lynch	3 wk	48 wk	October 28- November 15 1996	Baruch College Training Program on Capital Markets Greenough & Co
4	SEBI/NSE	SEC	2 wk	8wk	November 1995	SEC Enforcement Course SEC internships
4	SEBI	DTC SEC NYSE	2 wk	8 wk	November 4 15 1996	SEC III Institute on Enforcement Greenough & Co
29	Total		12			

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*b Activities Proposed in Period IV*

PW proposes to

- assist SEBI with the investigation and prosecution of ongoing cases
- design programs to strengthen and rationalize SEBI's investigative and enforcement capability, improve legislation, establish enforcement priorities, and improve internal organizational structures that build on PW efforts to date
- submit a paper on how to investigate an insider trader case
- work with SEBI to design a training program and developed a set of training materials, based on case studies, that will help build staff investigative and enforcement capabilities, thus contributing to the organization's capacity to continuously learn from and adapt to changing needs and priorities
- support the efforts of professional educational institutions in India to develop courses for the law enforcement community (including the economic police and tribunals) in the capital markets enforcement arena, so that these can work more effectively with SEBI

*2 Market Surveillance*

*a Activities in Periods I, II & III*

- The FIRE project sponsored study tours for ranking SEBI and Ministry of Finance officials, to the US in 1996 to study first hand the StockWatch systems and procedures utilized in the US at the New York Stock Exchange (NYSE) and the National Association of Securities Dealers (NASD)
- PW has held training seminars in market surveillance for SEBI BSE, NSE and regional exchange officials during meetings of the Intermarket Surveillance Group (ISG) in Bombay
- PW authored "Investigation Modules for Market Manipulation" for BSE, NSE and OTCEI which detailed investigation techniques for market manipulation violations
- PW delivered a two day workshop entitled "Implementing a Market Surveillance System" in August 1997 for SEBI and exchange officials from all 23 exchanges in India - the workshop included presentations by officials from the Thailand Stock Exchange the Colombo Stock Exchange and the Sri Lanka Securities and Exchange Commission

**Deliverables Submitted**

- 1 Investigation Module for Market Manipulation - NSE, Mr Cliff Kennedy, August 13, 1997
- 2 Investigation Module for Market Manipulation - BSE, Mr Cliff Kennedy, August 13, 1997
- 3 Report on the Market Surveillance Workshop, Ms Zoanne Nelson, August 20, 1997

COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
20	SEBI	2days	4pw	July 1996	Auditors General Officials on Development of Surveillance and Enforcement in the Capital Markets
25	Investment Bankers	1 day	5pw	October 1996	SEBI officials
41	OTCEI BSE	½ day each	5 2	March 8 11 1997	Market Surveillance Thomas Ford/ Cliff Kennedy
20	SEBI	0 5	2	April 1997	Stock Watch Frank Wilson
36	SEBI & Reg Exchanges	2	14 4	August 13 14 1997	Stock Watch System Zoanne Nelson/ Frank Wilson/ David Strandberg
142	Total		30 6		

COMPLETED US BASED PARTICIPANT TRAINING TILL OCTOBER 1997						
No of Persons	Home Organization	U S Internship Organization	Program Length	Total Training	Timing	Course/Internship
1	SEBI	NYSE	1wk	1wk	April/May 1996	Chairman Study Tour of New York Stock Exchange
1	Total		1			

*b Activities Proposed in Period IV*

PW proposes to

- prepare modules on developing procedures for insider trading and front running
- create a module to assist in analysis and investigation of matched orders and wash transaction violations

- produce a model operations manual for exchange StockWatch sections that incorporates all modules and other procedures and evaluate the adequacy of each exchange from the standpoint of number of personnel and understanding of the surveillance function
- develop training in the implementation of the modules and procedures and for investigation of possible detected violations
- review and provide comments on exchange inspection manuals that have been developed
- draft a Memorandum of Understanding (MOU) patterned after the US model for formalization of procedures for sharing of information between the 23 Indian exchanges for the purpose of regulatory matters, including surveillance, inspections and investigations including a model confidentiality agreement to be adopted
- sponsor two three-day workshops with presenters from NASD's StockWatch Department on investigative techniques for CEOs and surveillance staff from each exchange market
- work with SEBI and the exchanges to outline a program of continuing staff education in market surveillance

PROJECTED IN COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
40	SEBI/ Exchanges	3 days	24pw	November 1997	Market Regulation Surveillance Workshop Ann Marie Simmes/Stephen Simmes
60	SEBI/ Regional Exchanges	1 days at 4 centers	12pw	November 1997	Market Surveillance Workshop Ann Marie Simmes/Stephen Simmes
50	SEBI/CBI/ Law Enforcement Agencies	3 days at 2 centers	60pw	February - March 1998	Enforcement of Capital Markets Laws (with UTI ICM) Cliff Kennedy
60	NSE BSE OTCEI and Regional Exchanges	1 day at 6 centers	12pw	May 1998	Investigation for Market Manipulation and Other Violations Cliff Kennedy Frank Wilson
<b>210</b>	<b>Total</b>		<b>108</b>		

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PROJECTED PARTICIPANT TRAINING (NOVEMBER 1997 - AUGUST 1998)						
No of Persons	Home Organization	U.S Internship Organization	Program Length (weeks)	Total Training	Timing	Course/Internship
2	SEBI/Reg Exchanges	SEC	3	6pw	November 1997	Internship/ Training SEC
5	SEBI MOL Dhanuka Comm	Baruch/ Greenough	2	10pw	November 1997	Securities Laws in the US
16	SEBI/ Exchanges	Baruch/ Greenough	3	48pw	October November 1997	Capital Markets II
6	SEBI/NSE	CBOE	8	48pw	April 1998	Regulation and Oversight of Derrvatives Trading CBOE
8	SEBI/ Exchanges	NASD NYSE	2	16pw	March 1998	Stock Watch System Implementation Training
37	Total		18			

#### D Area 4 Debt Market

##### 1 Activities in Period I, II and III

- PW presented a report on the structural impediment to debt market development in India which identified the major constraints to debt market development (January 1996),
- PW sponsored a research paper entitled "Retail Debt marketing in India" (May 1996),
- PW assisted the Infrastructure Development Finance Corporation (IDFC) in drafting a business plan to be used to approach the World Bank, International Finance Corporation, Asian Development Bank, all India financial institutions, AIG, Government of Singapore Investment Corporation, and the Commonwealth Development Corporation for capital contributions (May 1997),
- PW worked with several private domestic and foreign banks to draft a proposal (August 1997) for a "Debt Dealers Association of India (DDAI)" a "bond club" that will facilitate secondary trading of corporate debt between its members (the industry has since created the Debt and Derivatives Dealers Association/ Fixed Income, Derivatives and Money Market Association
- PW presented a report to SEBI and market participants which outlines the proposed areas PW can address through August 14, 1998 in the following areas Legislative Regulatory, Market Practices, Infrastructure, and Awareness/Training (October 1997)

**Deliverables Submitted**

- 1 A Review of the Operational Impediments of the Debt Market in India, Mr Stephen Brown, January 15, 1996
- 2 Research Paper on Retail Debt Marketing in India, Mr Rajat Saxena, May 31, 1996
- 3 Draft Business Plan for Infrastructure Development Finance Company Limited, Mr Theodore Burns and Mr Richard J Kemmer and Mr Frank Wolf, April 25, 1997
- 4 Proposal for the Establishment of a Debt Dealers Association in India, Mr Kush Chokshy & Mr A Devasurendra, July 18, 1997
- 5 Strategy for Development of the Secondary Debt Market in India, Mr Peter Grennough, October 6, 1997

COMPLETED IN COUNTRY TRAINING TO DATE					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
250	ASAF/ICFAI	0.5	25	December 3 1996	Infrastructure Development Dennis Grubb
250	Total		25		

**2 Activities Proposed in Period IV**

PW proposes to

- determine FIRE Project assistance to IDFC which could include developing the organizational structure once the heads of each main department have been identified and hired
- work with the Fixed Income, Money Market and Derivatives Association, the group that eventually formed out of the DDAI report
- conduct technical assistance and training to debt market intermediaries in the areas of market regulation, practices, infrastructure and awareness

PROJECTED IN COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
200	Market Intermediaries	2 day	80pw	April 1998	Promoting Debt Market Growth Policy Agenda Peter Greenough
200	Total		80		

**E Area 5 Mutual Funds**

**1 Activities in Period I, II & III**

- PW has worked with the Association of Mutual Funds of India (AMFI) to develop SRO status
- Mr Lew Mendelson has provided a comprehensive strategic plan for AMFI which provided recommendations as to organization, structure and priorities, assisted in the drafting of a code of conduct, made recommendation on disclosure of affiliated transactions, advised on the creation of an investor awareness campaign, and made recommendations on advertising guidelines
- Mr David Silver, President of the Investment Company Institute (ICI) in the US, provided advice to AMFI on improving products and services and measures needed to strengthen AMFI and the mutual fund regulatory framework in January 1996
- Mr Mendelson drafted a model compliance manual, and
- PW arranged training for AMFI's leaders, representatives of SEBI and the Ministry of Finance to the US, including trips visits with ICI and the major mutual fund companies Vanguard and T Rowe Price

**Deliverables Submitted**

- 1 A Comprehensive Strategic Plan for AMFI, Mr Lewis J Mendelson, September 20, 1996
- 2 Assistance to Mutual Funds - Review of Comprehensive Strategic Plan and Investor Awareness Campaign, Mr Lew Mendelson, February 24, 1997
- 3 Assistance to Mutual Funds, Mr Lew Mendelson, April 7, 1997
- 4 Assistance to Mutual Funds - Improving Products and Services, Strengthening the regulatory Framework and AMFI, Mr David Silver, April 1997
- 5 Assistance to Mutual Funds - Review of Comprehensive Strategic Plan & Investor Awareness Campaign Mr Lew Mendelson, July 22, 1997
- 6 Association of Mutual Funds in India (AMFI) Model Compliance Manual, Mr Lew Mendelson, August 14, 1997

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COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
39 at 2 centers	AMFI Bombay	1/2 day each	3 9pw	Aug 1996	AMFI Education Seminar Lew Mendelson
248	MoF & Market Participants	1 day & 1/2 day	40 8	January 16-21 1997	Role of Mutual Funds David Silver/Lewis Mendelson
1	AMFI	0 5	0 25	June 4 1997	Mutual Funds training Tessie San martin & Prasad
30	AMFI	1/2 day each	3	April 1997	Mutual Funds Industry Lewis Mendelson / RNK Prasad
5	AMFI	0 5	0 5	March 13 June 4 1997	Mutual Fund Training Tessie San Martin/ RNK Prasad
323	Total		48 45		

COMPLETED US BASED PARTICIPANT TRAINING TILL OCTOBER 1997						
No of Persons	Home Organization	U S Internship Organization	Program Length	Total Training	Timing	Course/Internship
6	Mutual Funds	ICI NASD NYSE ML C Schwabb	3 wk	18 wk	May 12 30 1997	ICI Conference Greenough & Co Internship
6	Total		3			

## 2 Activities Proposed in Period IV

### a Complete Ongoing Projects

For the *AMFI Investor Awareness Campaign*, PW will assist in finalizing and launching the following

- 1 AMFI Sales Agents' Handbook "Selling Mutual Funds Made Easy,"
- 2 AMFI Membership Directory "Mutual Funds of India,"
- 3 CRISIL Analysis "A Second Look at Mutual Performance," and
- 4 Related investor and sales agent training programs

For the *AMFI Professional Standards Program*, PW expects to assist AMFI in completing the following

- 1 AMFI Code of Ethics,
- 2 AMFI Advertising Guidelines,

- 3 AMFI Compliance and Operations Manual, and
- 4 AMFI Valuation Guidelines

- FIRE Project can assist SEBI in making additional systemic progress on issuance of additional guidelines and interpretations by SEBI to clarify any remaining ambiguities in its regulations,
- PW can assist SEBI through regular training, enhanced enforcement capacity, and
- PW proposes to assist in internalizing the SEBI mutual fund inspection program

*b Assist SEBI In Inspection and Raising Standards*

PW proposes to

- assist SEBI and its Mutual Fund and Enforcement Departments, in strengthening the laws, rules, inspection and investigative powers and practices relating to mutual funds, including
- assist SEBI in planning and carrying out and following-up on inspections of mutual funds and asset management companies (AMCs), including maintaining qualified outside inspectors, and
- assist in raising accounting standards applicable to mutual funds

*c Strengthen AMFI's Organization and Structure*

- PW proposes to assist AMFI in preparing a business plan and budget for its next year of operations and drafting job descriptions for its key professional staff

*d Commence a Broad Based Sustained Training Program*

- PW proposes to conduct a broad based mutual fund training programs as follow-up to the recently completed Leadership Training Program in the US in April 1997

PROJECTED IN COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
100	AMFI/CAI Mutual Funds Accountants and Auditors	2 days	40 pw	November 1997	International Mutual Funds/Auditing Standards Raj Dadoo

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PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
30	AMFI Directors and Committee	1 day	6pw	November 1997	<i>The Role of AMFI and Leadership Issues</i> Lew Mendelson, Prasad
300	Investors	1 days at 6 centers	60pw	November-December 1997	<i>Investing in Mutual Funds</i> Lew Mendelson Prasad
20	SEBI	1 day	4 pw	December 1997	<i>Investigating Violations of Mutual Funds Regulations</i> Anjali Kamat, Lew Mendelson
20	SEBI Bombay and Regional Exchanges	2 days	8 pw	December 1997	<i>Inspecting a Mutual Fund</i> Anjali Kamat, Lew Mendelson
100	AMFI AMC Officers Directors Staff	1 day at 4 centers	20pw	Jan Feb 1998	<i>Best Practices (Code of Ethics Compliance and Operations Advertising Guidelines Valuation Guidelines)</i> Lew Mendelson, Prasad
50	AMFI Trustees	1 day	10pw	February 1998	<i>Fiduciary Duties Protecting Unit Holder s Interest</i> Lew Mendelson Prasad
100	AMFI Selling Agents	2 days	40 pw	February-March 1998	<i>Selling Mutual Funds/Ethical Selling Practices and Qualification Standards</i> Lew Mendelson, Prasad
50	AMFI Trustees	1 day	10pw	March 1998	<i>Operating Effectively Under SEBI Regulations and the Laws</i> Lew Mendelson Prasad
20	SEBI Bombay and Regional	2 days	8 pw	May 1998	<i>Special Topics Advertising Guidelines and Guarantee Funds</i> Lew Mendelson Prasad
100	AMFI/ICAI Mutual Funds Accountants and Auditors	2 days	40 pw	June 1998	<i>Special Topics Valuation and Reserves Against Guarantees</i> Lew Mendelson, Prasad
890	Total		246		

## F Area 6 Derivatives - Exchange Traded Futures and Options

### 1 Activities in Period I, II & III

- The Chicago Board Option Exchange (CBOE), a PW subcontractor, performed a feasibility study of a derivatives exchange in India in March 1996
- PW provided a detailed 55 point work plan in March 1997 outlining all decision making areas that must be addressed by SEBI and the LC Gupta Industry Committee on derivatives appointed by SEBI

- PW has participated extensively as a member of the L C Gupta Industry Committee on Derivatives appointed by SEBI. As committee members, PW
  - \* Made detailed comments on the May 5, 1997 Committee preliminary draft report,
  - \* Met on three subsequent occasions with Dr Gupta in Delhi to discuss the content of the final report and highlight regulatory concerns and customer protection issues that the report must realistically address
  - \* Provided the committee information about the participation of mutual funds in various jurisdictions in derivatives markets and the contract review and "approval" process used in by countries prior to permitting derivatives contracts to trade
  - \* Provided the committee with written material outlining the benefits of oversight regulation and the pitfalls of an approach referred to as the "regulator of the last resort". SEBI was provided with the same information
- CBOE prepared a study " Index Derivatives Trading and the Indian Equity Market Impact, Regulation and Contract Design" in August 1997 which analyzes the economic justification for and probable cash market impact of equity index derivative trading in India. The report assesses the likely benefits to the Indian capital market from the trading of equity index derivative products and recommends regulatory and contract design measures to maximize the benefits and minimize possible negative effects of introducing these products
- PW proposed and reached agreement with SEBI on a 12 month derivatives regulatory development workplan for the period of August 1997 - August 1998. The plan includes training, development of a regulatory framework, writing and implementing regulations, vetting rules the exchanges submit in order to qualify as a derivatives exchange, and a proposed start date for derivatives trading
- PW prepared a detailed report, based on SEBI's 12 month workplan, outlining the significant issues to address and the steps that SEBI staff need to take to permit derivatives trading to begin in India and to effectively regulate it

#### **Deliverables Submitted**

- 1 Feasibility Study of a Derivatives Exchange in India, Dr William Barclay, March 18, 1996
- 2 Review of the Establishment of Derivatives Exchange in India, Mr Paul Litteau, March 14 1997

- 3 Review of Regulations for Derivatives Exchange in India, Mr Paul Litteau, April 7, 1997
- 4 Index Derivatives Trading and the Indian Equity Market Impact, Regulation and Control Design, Mr William Barclay, July 31, 1997
- 5 International Approaches to Derivatives Market Regulations Common Global Regulatory Objectives, Ms Kate Hathaway, October 23, 1997

COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
25	SEBI NSE Intermediaries	2 days	10pw	May 1995	<i>Derivatives Programme</i> Anil Narang Sanjay Sont
11	USAID ADB Delhi Stock Exchange	½ day	1pw	January 1996	<i>Financial Futures and Options</i> Dr William Barclay
70	NSE SEBI Banks Brokers	1 day	14pw	February 1996	<i>Financial Futures and Options</i> Dr William Barclay
483 at 4 centers	NSE	1days each	87 6pw	July 1996	<i>Futures and Options Awareness Programme for Market Participants</i> Bombay & Delhi
500	NSE	1day	100pw	Aug 1996	<i>Derivatives Orientation Programme for Market Participants</i> Madras Calcutta Ahmedabad & Bombay
35	UTI training participants	½ day	3 5pw	October 1996	<i>Futures and Options trading</i>
35 each	Investment Bankers	2 days	28pw	October 1996	<i>Derivatives Trading</i>
20	International Comm Management Conference	0 5	2	March 4 1997	<i>Securing Financial Investment</i> McFadden
1179	Total		246 1		

COMPLETED US BASED PARTICIPANT TRAINING TILL OCT 97						
No of Persons	Home Organization	US Internship Organization	Program Length	Total Training	Timing	Course/Internship
1	NSE	CBOE/CME	2wk	2wk	December 1995	<i>NYIF Derivatives Strategies Valuation and Trading</i>
1	NSE	SIAC NSCC DTC	1wk	1pw	April/May 1996	<i>Chicago Internship at CBOE CME</i>

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2	NSE	Greenough & Co	3wk	6wk	July 1996	PW Information Systems Risk Management Course
1	OTCEI	SEC & Greenough & Co	3wk	3wk	July 1996	PW Information Systems Risk Management Course
4	SEBI	CBOE CME	2 wk	8 wk	October 17- November 1 1996	CFTC Training Program on Futures and Options followed by a 2 day internship NYIF's U S Capital markets Seminar
9	Total		11			

## 2 Activities Proposed in Period IV

PW is prepared to offer the following derivatives technical assistance and training as the Indian markets demonstrate they are ready

- provide a blueprint for the design and implementation of the regulatory framework based on globally accepted regulatory objectives that will stress (I) financial safety, including the integrity of clearing houses and market participants, (II) fairness, including fiduciary and related customer (investor) protection concerns, and (III) market efficiency and integrity
- assist SEBI in setting minimum best practice standards or guidelines with which self-regulators must comply in order to qualify as a derivatives exchange, trade a particular contract, etc
- assist SEBI in writing rules and regulations based on these guideline that are appropriate for the market, market participants and market culture
- provide other training, including onsite at CBOE, which will include mock trading sessions, hands-on experience in front office and back office operations, handling customer complaints and broker problems/complaints on the NSE broker help line

PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1997 AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
200	SEBI NSE Exchanges Brokers	2 days in 2 centers	80 pw	February 1998	Regulation and Oversight of Derivatives Trading Cliff Kennedy
30	MOF/ SEBI Exchanges	2 days	12 pw	June 1998	Derivatives Trading Operational Issues Kate Hathaway
230	Total		92		

**G Area 7 Other Activities (Strengthening Local Human Resource Institutions, Sponsoring Research Topics For Participating Institutions And Providing Assistance To OTCEI And Regional Exchanges)**

**1 Strengthening Local Human Resource Institutions**

**a Activities in Periods I, II and III**

- PW undertook a number of initiatives to promote and strengthen the commitment and capacity of client institutions to address their internal training needs
- PW designed and implemented a workshop/round table for senior management on the role of a human resources department in a modern capital markets institution
- PW, at the request of SEBI and the exchanges, also prepared case studies describing how the NYSE, NASD, the Chicago Stock Exchange, and the SEC organize their HR departments and internal professional CE training programs. These cases are used in discussions during these workshops. Such workshops were held at the OTCEI and the NSDL in June 1997. Workshops for SEBI and the NSE on this same topic take place in September 1997. Already, as an outcome of these workshops, several client institutions have appointed an experienced manager to oversee internal training
- PW is working with the HR managers at the OTCEI and the BSE to provide guidance and technical assistance in areas such as needs assessment, curriculum design (focusing specifically in areas such as clearing and settlement, surveillance and enforcement), and outsourcing training
- PW is providing assistance to OTCEI in the design and implementation of an expanded training program for its professional staff on a grant from the World Bank
- PW provided assistance to AMFI in the development of their capacity to provide effective and relevant training for the industry including the set up of a Training Committee

COMPLETED IN-COUNTRY TRAINING TO DATE					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
10	Delhi Stock Exchange	1 day	2pw	May 1996	Regional Exchange Operations Kennedy and Grubb

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COMPLETED IN-COUNTRY TRAINING TO DATE					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
200	Lala Institute for management studies	1/3day	13 3pw	September 1996	<i>Developments in the Capital Markets</i> Dennis Grubb
300	Mumbai Investors	0 5	30	January 15 1997	<i>Individual Investor Awareness</i> Susan Hertel/Kim Shaak
25	Management students	½ day	2 5pw	October 1996	<i>Emerging capital market scenario</i> Sankar
200	Institute of Internatonal Consultants	0 5	20	December 7 1996	<i>International Consulting Capital Market</i> Dennis Grubb
735	Total		67 8		

*b Activities Proposed in Period IV*

PW proposes to

- work with senior management at SEBI to design and begin implementation of training modules in surveillance, enforcement, and other key areas in which the organization's role is changing or expanding
- work with senior management at the NSE, OTCEI, NSDL and the BSE, including the HR Managers recently hired at these institutions, to expand and deepen their professional training curriculum, particularly in key areas such as surveillance and enforcement
- assist AMFI's training manager in design of AMFI training materials
- assist AMBI in the development and implementation of training programs

**2 Research Topics for Participating Institutions**

*a Activities in Period I & II and III*

- CBOE (Dr William Barclay) provided guidance to the NSE for the design of the "Nifty 50" index
- PW sponsored research by the Institute of Financial Management and Research

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(IFMR) on *Corporate Disclosure Practices in India*. This research is being used to support FIRE project seminars and workshops on disclosure

- PW commissioned a research study from the Indian Institute of Science in Bangalore entitled *Trading Systems and Price Discovery*. This research will explore the role of regional stock exchanges in price discovery and is linked with PW activities with the Inter-connected Stock Exchange of India (ICSE) discussed below
- PW developed an information package on the FIRE project and its research. This document is designed to familiarize interested researchers with the project's requirements, in terms of format and content of the scope of work and budget, as well as with the project's key research priorities

#### *b Activities Proposed in Period IV*

- PW will commission a nation wide study with business school on retail market intermediaries and the retail distribution structure to better understand the nature of the enforcement challenge being faced by SEBI and the SROs as the licensing and certification process is introduced
- PW will commission the development of case studies for use by SEBI and other financial intermediaries in a number of areas, including enforcement and investor education

### *3 Assistance To Other Exchanges*

- PW has provided technical assistance in the area of business continuity planning (BCP) and disaster recovery procedures for Over The Counter Exchange of India (OTCEI), NSE, NSDL
- For the Federation of Indian Stock Exchanges (FISE) in January 1996, PW conducted a study on the technical feasibility of inter-linking the trading systems of the regional stock exchanges
- For OTCEI, PW tested and evaluated their "Assets 8 0" trading software developed in house for application to trading "permitted" securities for the first time on the exchange. PW's recommendations resulted in OTCEI delaying introduction of permitted securities trading until an adequate trading system was installed. Assets 8 0 was not capable of meeting their needs
- PW prepared "Investigation Modules for Market Manipulation" for OTCEI which

detailed investigation techniques for market manipulation violations

- PW has consulted with the regional exchanges on market surveillance and oversight through presentations to the Inter-market Surveillance Group chaired by SEBI and through the August 1997 StockWatch seminar
- PW assisted OTCEI with designing a training program for staff in trade clearance and settlement which is being funded by the World Bank as discussed earlier
- PW has provided assistance to the Inter-connected Stock Exchange of India Ltd (ICSE), in preparing a business plan to present for SEBI for approval and to the regional member exchanges to garner support and participation

**Deliverables Submitted**

- 1 Training Needs Assessment Report, Mr Howard Schuman, June 20, 1995
- 2 OTCEI Information Systems Risk Review, Mr Walter Pugh, April 1996
- 3 Inter Connected Market System Feasibility Report, Mr Bill Gorman, January 21, 1997
- 4 Training under the FIRE Project, Dr Tessie San Martin, May 6, 1997
- 5 Business Continuity Plan - Over The Counter Exchange of India - Report on Stage Two, Mr Walter Pugh, August 5, 1997
- 6 Management Information Systems (MIS) for Data Processing Operations - OTCEI - Report on Phase I, Mr Walter Pugh, August 5, 1997
- 7 Investigation Module for Market Manipulation - OTCEI, Mr Cliff Kennedy, August 13, 1997
- 8 Over The Counter Exchange of India (OTCEI) - Testing the ASSETS 8 0 Trading System - Test Results and Recommendations, Mr Bill Gorman, August 18 1997
- 9 Comments on the Preliminary Project report for the Inter Connected Stock Exchange of India Mr Bill Gorman and Mr Frank Wolf, October 23 1997

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COMPLETED IN-COUNTRY TRAINING TILL OCTOBER 1997					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
23	OTCEI	0.5	2.3	June 4 1997	HRD and Training Tessie San martin & Sue Hertel
100	Stock Exchange Summit II	0.5	10	May 27 1997	Competition between Exchanges Dennis Grubb/NYSE
30	Fed of Stock Exchanges	½ day each	3	January 21 1997	Interconnectivity of Exchanges Bill Gorman
153	Total		15.3		

*b Activities Proposed in Period IV*

- PW provided assistance to ICSE to complete a business plan for an inter-connected market system of 12-14 regional exchanges
- PW offered technical assistance to the regional exchanges of CSE, DSE and MSE to modernize their clearing corporations to be able to hook into NSDL for depository settlement of trades

PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1997 - AUGUST 1998)					
No of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
200	AMBI	2 days	40 pw	March 1998	Restructuring the Merchant Banking Industry in India Tessie San Martin
200	Total		40		

PROJECTED PARTICIPANT TRAINING (NOVEMBER 1997 - AUGUST 1998)						
No of Persons	Home Organization	U.S Internship Organization	Program Length (weeks)	Total Training	Timing	Course/Internship
4	OTCEI	NYSE NASD or Asian Exchanges	2	8pw	December 1997	Marketing Exchange Products
4	OTCEI	NYSE NASD	2	8pw	December 1997	Trading in Unlisted Securities
4	OTCEI	NSCC	2	8pw	December 1997	Clearing Corporation
12	Total		6			

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