

PD-ABP-314

94503

**Third Annual Work Plan
11/1/96 - 4/30/98 (18 months)**

**Financial Institutions Reforms and
Expansion (FIRE) Project**

April 24, 1997

**Financial Institutions Reform and Expansion (FIRE) Project
US Agency for International Development (USAID/India)
Contract #386-0531-C-00-5010-00
Project #386-0531-3-30069**

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June 6, 1997

Mr. Dennis Grubb
Price Waterhouse-FIRE Project
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Dear Mr. Grubb:

USAID approves the Price Waterhouse-FIRE Third Annual Workplan projecting inputs, activities and outputs for the period 11/1/96 - 4/30/98 revised and submitted by the Price Waterhouse on April 24, 1997. This workplan has also been duly incorporated in the USAID - Price Waterhouse contract by an amendment dated May 14, 1997. A copy of this amendment is attached for your information.

Sincerely,

Peter Thormann
Director
Office of Economic Growth

Attach: a/s

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ABSTRACT

The Period III Annual Work plan, covering the period of November 1, 1996 to April 30, 1998 contains the following features:

1. A carry forward provision for continuing activities with client organizations planned for the life of the project and activities not completed in Period II which covers November 15, 1995 to October 31, 1996.
2. Outputs are increasing rapidly and the burn rate of expenditure is also increasing slowly. The level of effort (LOE) activity is at the rate of three to four consultancies per month supplemented by at least 1020 person weeks of local training.

This third annual Work plan also includes three new areas of expanded activities:

1. Programs for market intermediaries and the investing public,
2. Research Programs with client institutions, and
3. Conduct of a one to two day workshops and seminars by each short term expatriate consultant working with a client institution.

The projected levels of effort for each task presented in this Work plan are based on our best judgement of the scope work as we understand them today from meetings with the client organizations. As mentioned in the earlier work plan, these estimates can change as new information becomes available and the nature of the assignments change.

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October 30, 1996

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ACRONYMS

AIFAI	All India Federation of Investor Association
AMBI	Association of Merchant Bankers of India
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
CME	Chicago Mercantile Exchange
CMIE	Center for Monitoring Indian Economy
DA	Development Associates
FII	Foreign Institutional Investor
ICAI	Institute of Chartered Accountants of India
ICFAI	Institute of Chartered Financial Analysts of India
ICRA	Investment Credit and Research Agency
ICSI	Institute of Company Secretaries of India
IFMR	Institute for Financial Management and Research
IGS	Investor Guidance Society
IIM	Indian Institute of Management
NCDS	National Clearing and Depository System
NRI	Non Resident Indian
NSE	National Stock Exchange
NYIF	New York Institute of Finance
OTCEI	Over the Counter Exchange of India
SEBI	Securities and Exchange Board of India
SEC	US Securities and Exchange Commission
SHCIL	Stock Holding Corporation of India Ltd.
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 FIRE project was awarded on November 15 and signed by both parties in Washington D.C. on November 21, 1994. PW presented USAID with the first Annual Work plan dated March 3, 1995 and the Second Annual Work plan dated September 15, 1995. This is the Third annual work plan for the 18 month period November 1, 1996 to April 30, 1998 and builds on the activities planned and implemented in the first and second annual work plans.

A. Implementation Schedule

The project implementation gained full momentum during the second year and year three should be up to projected activity levels both in the areas of technical assistance and training.

B. Changes in Program Assumptions

1. Cost Assumptions

The assumptions made with respect to costs for the third annual work plan are based on the cost history of project activities for during the first and second year.

2. Activities relating to the Depository and clearing Corporations

a. Depositories

An important change in the environment is that the cabinet has approved an Ordinance in September 1995 followed by the order invoking legislation to enable the establishment of a depository. Until the ordinance was signed by the President, SHCIL depository activities were delayed. Following the legislation, the SEBI Depository regulations was released during May 1996. On account of external factors, SHCIL, with whom FIRE Project was involved, dropped the depository related activities. In the interim, National Securities Depository Limited (NSDL), promoted by IDBI, UTI and NSE started the depository activities in February 1996. Price Waterhouse FIRE Project was requested by NSDL to carry on the technical assistance.

As the Depository ordinance provided a multiple depositories model, other institutions interested in starting depositories sought FIRE Project assistance for their venture. FIRE Project has already undertaken a cost study on behalf Bombay Stock Exchange. Similar activities are in the pipeline for the Delhi Stock Exchange during the third work plan period.

These cost studies will help the stock exchanges in finalizing their strategies with regard to the setting up of a depository or joining with the existing one. The assistance to NSDL will be for their integration with the Registrars and Transfer Agents in the depository activities.

b. *Clearing Corporations*

SEBI has mandated that all stock exchanges must set up clearing corporations that provide trade guarantees. PW will assist BSE in the design of a clearing corporation and trade guarantee fund.

3. *Stock watch*

As a result of the US Capital market study tour sponsored by FIRE Project, SEBI Chairman, Mr. Mehta showed keen interest on the stock watch concept and its introduction in India has become a SEBI priority. Therefore, various activities related to the stock watch concept will be given thrust in the third work plan. A series of seminars and workshops are planned along with the technical assistance for the major stock exchanges.

4. *Self Regulatory Organization concept for the market players*

Another concept that is being actively promoted by SEBI, as regulator in the Indian Capital Markets is the self regulation by the market players. To contribute in this direction, FIRE Project has formulated number of activities for the stock exchanges, market intermediaries and other professional associations like AMFI and AMBI during the third year.

5. *Assistance to OTCEI*

As a result of the Dave Committee report on OTCEI, PW FIRE has proposed a major thrust to OTCEI in 1997 to provide technical assistance in line with the recommendations of Dave report.

These technical assistance activities will be relating to the review of existing mechanisms related to back office, surveillance, depository activities, and development of strategy and business continuity plans. The assistance will also be provided for developing a market for debt trade and its system, creating a standard operating procedures manual, and formulating Clearing Corporation and Settlement procedures.

II. PROPOSED PROJECT ACTIVITIES AND INPUTS/OUTPUTS

The third year projected budget is presented in Appendix A.

A. Work plan Activities and Tasks

The Third Work plan is organized according to the principle objectives which support the following six specific areas of operation in the capital market:

- Depository and clearing corporation activities,
- Activities relating to self regulatory organizations, broker certification, and investor information centers,
- Debt market development activities,
- Enforcement and market surveillance activities,
- Futures and options, and
- Improving the mutual fund environment.

The specific objectives reflected in this Work plan are:

- 1) Strengthen the capacity of SEBI, and enhance its regulatory capacity.
- 2) Support the smooth functioning of depositories in the multiple depository environment.
- 3) Develop reforms providing greater transparency and efficiency to systems for trading debt and equity securities (assist the NSE, OTCEI, derivatives exchange and regional stock exchanges).
- 4) Develop training institutions in India to serve as permanent resources for the training and development of market intermediaries.
- 5) Implement a research and dissemination program to support policy development in the future.
- 6) Debt market development.

B. Summary of Planned Inputs

The various activities planned for the third year will involve approximately 420 person weeks of expatriate consultancies over the year (502 person weeks over 18 months) and 712 person weeks of PW/I local consultants (835 weeks over 18 months). These consultancies will be combined with a substantial training program which supports the objectives in FIRE program. Appendix B presents series of schedules detailing the following:

- Input of total US consultants level of effort in person weeks;
- Input of expatriate consultants' level of effort devoted to training activities in person weeks;
- Input of total Indian consultants in person weeks;
- PERT chart of activities in progress during the third annual work plan;
- Projected activities by US Consultant during the Third Year Work plan period November 1996 - April 1998.

A number of participant training opportunities are planned which will provide training and internship opportunities in U.S. capital markets institutions. Appendix C presents the summary of participant training November 1996 - April 1998.

In addition, training seminars, workshops and conferences are planned to be offered at various locations within India to support the objectives of the key Indian capital market institutions (SEBI, NSDL, NSE, OTCEI, AMFI and SHCIL) during the same period. Appendix D summarizes in-country training November 1996 - April 1998.

The proposed training will widen the scope of past two year training activities in the third and following year to include policy dialogue, research and dissemination objectives.

C. Summary of Planned Outputs

The activities of this third year will produce several concrete deliverables in both the regulatory and operational segments of the program. These include:

1. Training assessments with participating institutions, such as SEBI, NSE, OTCEI to develop the long-term training programs initiated in year I and II.
- **Period III activities will focus on FIRE Project Training Coordinator planning and executing programs with clients.**

2. The implementation of a national broker certification program, supported by a certification and licensing process and appropriate training and examination infrastructure. Projected roll-out began in year II will continue in year III.
 - **Period III activity will be focused on SEBI mandating a program of testing and certification.**
3. The design of an Investor Information Center.
 - **Period III activity will be a strategic planning effort with roll out in early 1997.**
4. Adoption of rules relating to depositories completed in year II.
 - **Period III activity is planned for the creation of byelaws for the depositories and participant agreements for the last quarter of 1996.**
5. A report on the inter/ intra depository funds transfer design and course of action.
 - **Period III activity will focus on providing operational technical assistance that builds on assistance provided to NSDL in drafting the depository RFI and assisting with development of HR plans and defining process work flows.**
6. Policy and operational reports to assist SEBI and other potential Self-Regulating Organizations (SROs) to implement an SRO strategy.
 - **Period III activity will key off of the NSE SRO report dated October 30, 1995.**
7. A report outlining an enforcement plan of action for SEBI, NSE, OTCEI and regional exchanges.
 - **Period III activity keys off of the October 30, 1995 NSE SRO report and the work conducted at SEBI in enforcement.**
8. Basic conceptual framework and policy studies for consideration of derivatives as legitimate products to be offered in the Indian markets.
 - **Period III activity keys off of the March 18, 1996 CBOE report.**
9. Feasibility study of a consolidated tape for exchange reporting and development of National Stock Market System.
 - **Period III activity will work with regional exchanges to ascertain feasibility of inter-connectivity.**

10. A report on clearing corporation activities among the regional exchanges outside of Bombay.
 - **Period III activity will assist major regional exchanges in developing clearing corporation business plans.**
11. A report outlining a research and dissemination strategy.
 - **Period III activity will initiate at least six research projects.**
12. Deliver international and local training events.
 - **Period III activity plans about 324 persons weeks of participant training in the U.S. and 1020 person weeks of local training.**

D. Activity and Approval Procedures to Implement the Program

The Period III Work plan the major FIRE activities planned for the upcoming year in general terms. As each task is undertaken, PW will propose specific consultants and provide USAID with a detailed scope of work.

E. Special Conditions

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

- a. All short-term and long term personnel placements shall be approved in advance by the Project Officer.
- b. 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.
- c. All international travel shall be approved by the Project Officer.
- d. 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.
- e. 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 work plan itself as incorporated into the contract itself, the contractor shall obtain all other approvals required by contract.

- f. Any change or revision to a work plan 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.

- g. The establishment of a budget for a Work plan year at the time of incorporation of Work plan into the Contract shall also result in a modification of Section B "Itemized Budget."

III. TECHNICAL MODULE

The Technical Module will comprise the activities carried out under the contract for short-term consultancies (local and expatriate) and the direct costs of training activities. Specific activities envisioned under the Technical Module are detailed below and classified under the specific areas of operation stated earlier.

A brief description of the activities undertaken during the earlier work plans for each of these areas are mentioned. The list showing the activities undertaken by the US consultants during the first and second work plan period along with the output in the form of reports by these consultants for the earlier work plan periods are in Appendix B.

The estimated input of LOE of short term visiting US and Indian consultants for the various activities in person weeks and the in country training activities are given below. The detailed break up for these activities are given in Appendix B and Appendix D.

Activity	Level of Effort			In country Training	
	US consultants	of which, for training	Indian Consultants	No. of activities	Output in per. weeks
I. Depository and clearing corp. activities	147	36.6	464	33	233
of which, clearing Corporation activities for regional exchanges	62	15.2	243	20	100
of which, depository related activities	85	21.4	221	13	133
II. SRO, Broker certification & Investor Information Center	76	15.4	127	30	297
III. Debt market activities	68	21.8	74	15	195
IV. Enforcement and market surveillance	81	12	31	15	45
V. Futures and Options Exchange	47	27	80	19	165
VI. Mutual Fund	56	8.6	27	9	75
(VII. Others)	27	2	32	2	10
Total	502	123.4	835	123	1020

A. Depository and Clearing Corporation activities

1. Depository activities

The objective of the depository activity is to provide assistance that will enhance the operational environment sufficiently to produce a modern, efficient and transparent securities market that has appropriate risk containment measures built in. The operational component will be linked with and supported by the development of the regulatory structure discussed hereafter. Upon completion of the project, the depositories should be operational and an important infrastructure component necessary for a national market system and a derivatives exchange, will have been put in place.

The specific activities in this area with NSDL related to the development of a program for the selection of the system, drafting of rules and regulations for the Depository and the Participants, development of a business plan for the depository, development of an organizational plan, human resources allocation and staffing plan, job descriptions, education of investors and members of the financial community. PW also performed a depository cost study for the BSE who is considering establishing a depository.

The other areas which are covered in this activity refers to the review of back office operations, systems and work flow analysis, data security, and business continuity and disaster recovery planning for the capital market organizations¹.

2. Clearing Corporation Activities

The efforts of the regional exchanges to set up clearing and settlement organizations will be supported by the project.

3. Activities in Period I and II

i. Depository, clearing and settlement related activities

FIRE Project coordinated with the Ministry of Finance and SEBI to facilitate the introduction of the depositories legislation; with SEBI relating to the creation and regulatory aspects of the Depositories; and with NSDL to assist in depository start up.

In 1995, depository consultant John Ruckrich worked with SHCIL to draft a Request for Information (RFI) distributed to potential depository software vendors. Six vendors responded and Mr. Ruckrich assisted SHCIL in reviewing and evaluating the responses and short listing three vendors. When NSDL took over depository development from SHCIL in

¹ PW maintains that a single central depository would be the most effective and cost efficient alternative given the model being followed by the Indians. However, the Depository Ordinance and the SEBI regulations specifically allow for a multiple depository environment.

February 1996, they utilized the responses to the RFP that SHCIL had collected in order to short list a vendor with PW technical assistance input.

The activities for NSDL included assistance in the drafting of depository rules and bye-laws, advice on the organizational plan, human resource staffing, and definitions of job descriptions, advice on developing depository systems procedures and participants' operational procedures.

Activities for setting up clearing and settlement corporations with the regional exchanges and the depository ventures of BSE were initiated during the second half of 1996 through cost studies.

Two independent study tours were organized as a part of the depository activity during the second year:

- NSE, the promoters of NSDL, was assisted by the PW FIRE Project consultants, Mr. John Ruckrich and Mr. David Tsoi for the assessment of the software supplied by the short listed vendors in Belgium, Switzerland and Australia.
- SEBI officials were sponsored for assessing the regulatory environment of the regional depositories in the South East Asia and Australia. The team was guided by the PW FIRE Project depository specialist, Mr. Bill Gorman.

Public awareness activities before the planned launch of the depository began in August/September 1996. In the first phase the participants and institutional investors, brokers and custodians were given a series of workshops in major cities about the depository.

ii. Data Security and Business Continuity Planning

PW FIRE Project consultant, Mr. Walter Pugh, performed a data security and business continuity planning review of NSE, SHCIL and OTCEI and submitted reports which identify the need for a disaster recovery and business continuity plans in case of fire, power failure or industrial or terrorist sabotage in these organizations.

iii. Review of Exchange Back Office Systems

PW FIRE Project consultant, Mr. Ranjit Advani, performed a review of NSE's back office systems. Given the rapid growth in the trading volume of equity securities, NSE has found it necessary to review their back office operations in anticipation of making a major investment in new systems. The report on Mr. Advani's findings and recommendations was prepared for NSE management.

4. *Activities in Period III*

i. Depository Related Activities

The FIRE Project activities will assist in setting up an initial Phase I system of book entry transfers for institutions, including defining linkages with clearing corporation(s), participants, and registrars in the depository environment.

PW/FIRE proposes staff training and technical help in areas related to information technology, operating procedures, documentation of methodologies, and disaster recovery for these institutions and viability study for the proposed depositories in the third year. The activity can be expanded to the other clients such as major stock exchanges during this year.

The training activities will be targeted to the NSDL information systems staff in security awareness, BCP and systems management methodology. These training activities will be conducted by PW/FIRE consultants assisted by local consultants and professional institutions.

NSDL personnel will offer a series of open enrollment one day conferences, some jointly sponsored by PW/FIRE, for potential users and members of the public. NSDL and PW propose to use organizations such as Institute of Company Secretaries and the Association of Merchant Bankers to assist the effort. An informative video tape and accompanying brochures will be produced by NSDL for distribution to exchanges, brokers, NSDL branch offices, professional organizations and banks. The tape would cover such topics as the NSDL charter, depository works, role in trade clearance and settlement and how interested participants can obtain further information. The quality of the tape should be suitable for mass media presentation. NSDL will be responsible for the costs of producing the video tape and brochure. This visual programs developed will be used by the trainers from the NSDL for further activities. It is expected this stage will be undertaken during the middle of the third year.

It is also proposed to provide assistance to NSDL in preparation of a business plan for the organization, including strategic and business planning and avenues of financing. Assistance will also be provided to the NSDL in putting an efficient and effective internal SRO organizational structure in place.

For the BSE, PW proposes to assist them in drafting the statement of work to hire a depository advisor and PW will review the consultant's deliverables.

ii. Clearing and Settlement Assistance for the Regional Stock Exchanges

Other selected regional exchanges besides BSE plan to establish their own clearing and settlement corporation(s), and possibly multiple depositories to handle the growing number of trades that are being realized.

In deciding on the best course of action for fulfilling their clearing and settlement requirements, the regional exchanges require advice on cost estimates for establishing clearing corporations and depositories. They can then use this information in order to decide

on whether to build their own depository or establish a clearing corporation that interfaces with an established depository such as NSDL.

PW will prepare capital expenditure and working capital forecast reports and schedules for the selected regional exchanges such as Delhi. These studies will highlight the cost differential between starting an independent depository versus establishing a clearing corporation that would interact with an existing depository such as NSDL.

iii. Back office and business continuity plans

The third year activities will continue to concentrate on assistance to NSE, OTCEI and SHCIL in developing data security awareness and Business Continuity Planning (BCP).

PW will approach OTCEI to plan and execute training and technical assistance activities. Specific topics remain to be agreed on with the OTCEI management, but it is expected that there will be assistance in evaluating existing trading and settlement systems, communications, networking, system security and disaster management.

B. Self Regulatory Organizations, Broker Certification and Investor Information Centers related activities

The goal of this component is to assist in the building of strong regulatory organizations to enhance transparency and investor confidence in the market. In the case of SEBI, this will be accomplished through targeted intensive training and technical assistance programs as well as management systems development designed to strengthen SEBI and implement a self-regulatory mechanism especially at the main Stock Exchanges. For the exchanges, this will entail providing technical assistance and training to enhance their self-regulating capability under the over all supervision of SEBI.

1. Create and Implement Self Regulatory Organization concept

a. Activities in Period I & II

Mr. Frank Wilson, FIRE Project consultant reviewed NSE rules and regulations for the development of the SRO status and submitted a draft report recommending changes in its byelaws, rules and regulations and structure.

Mr. Lew Mendelson is working with AMFI in mutual fund self regulation

b. Continuing activities in Period III

PW will work with SEBI to draft regulations governing SROs in India. The focus will be to develop criteria which will determine those institutions which would qualify to become SROs.

SRO activities for OTCEI, AMFI, NSDL and other exchanges and market participants will be continued during the third year.

2. Design and Implementation of Broker Licensing, Testing and Certification Program

Certification programme for the market intermediaries is a priority area for SEBI. The main steps and methodology involved in this activity are :

- Identify 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;
- Identify the role played by these groups;
- Develop a model syllabus based on minimum criteria and level of knowledge relevant to these groups;
- Prepare a model examination process, including a question bank for these groups, test administration procedures;
- Create an awareness for these examinations, specifically relaying the importance of such a program in supporting market development and guaranteeing market integrity;
- Identify the areas where this curricula can be added to the existing academic activities; and
- Inter-link these academic institutions with the capital market structure, so that a permanent examination process and certification procedures can be installed.

a. Activities in Period I & II

Mr. Thomas Keyes, PW consultant, conducted a series of workshops for the sub brokers and based on the feed back recommended a set of procedures and norms for the registration and regulation of retail capital market intermediaries and submitted the report to SEBI. A model syllabus was developed for these intermediaries and submitted to SEBI for approval.

Mr. Gahrotra, Executive Director, SEBI was given a tailor-made orientation programme in the US on the regulation and registration of retail capital market intermediaries jointly by Mr. Keyes and Mr. Paul Litteau, another PW consultant.

b. Continuing activities in Period III

PW proposes to develop the examination system based on the professional standards for brokers agreed in the stage covered above. Included will be creation of the question bank, test

administration, analyzing the performance, redefining the standards and initiation of the process.

Preparation of the broker community for the examination process is an important element. Considering India's diverse regional distribution population, existing academic institutions will be needed to present courses designed to prepare candidates for the examination. The next step, "Design and Implement Core Curriculum and Training Program for Broker Candidates Preparing for the Examination", will recommend a core curriculum and a suggested round of training programs to prepare candidates to take the competency examination. The program will include the international standards followed in training preparation centers.

3. Design and Implement an Investor Information Center

The development and growth of capital market requires the participation of well informed investors. In India today, this information is either not available to retail investors or not available on timely basis. The result of lack of information is low investor confidence and contribution to the backlog of complaints at SEBI. Material information from each Issuer must be made available in a manner that is timely and accurate, and within reach of investors. The identification of information to be required from the Issuers, and preparation of a technology plan to carry out this activity will be started during the third year and carried over into the subsequent year.

A suggested model includes the establishment of a center at SEBI similar to the EDGAR facility of the U.S. SEC, which disseminates filings such as prospectus, quarterly and annual reports and information about material events reported by issuers to the public and assists value added vendor enhancement product designs. This kind of information is required for regulatory management and by the investing public. The storage and retrieval of information will be an crucial challenge for this project and may require imaging and other technology. The project plan will prepare cost and operation options of such technology to assist the end users in implementing such centers or programs.

The stages that are identified in this activity are as below:

- Identify information required from Issuers;
- Recommend frequency of reporting;
- Assist in the creation of the methodology for storing this information and the appropriate retrieval capabilities;
- Identify the availability of suitable technology in various centers and identifying the possibilities of inter linking these centers; and

- Perform the feasibility study and cost analysis for these activities and operation processes involved in the setting up the service.

Considering the wide geographical distribution, lack of an information dissemination facilities amongst the various regional stock exchanges, there is a need to develop/ create an uniformity amongst the exchanges in gathering, analyzing and reporting the available data. The recent directives from SEBI to automate the trading activities to augment the transparency of the capital market will indirectly facilitate the transfer of data from these stock exchanges to the proposed investor centers in a cost effective manner. The initial thrust will be to identify and interact with the various investor associations already in existence.

a. Activities in Period I & II

A series of seminars were conducted for individual investors during the second year in the major cities and feed back was obtained to assess the present status. The availability of information with the stock exchanges and its utilization by the investors was also reviewed.

b. Continuing activities in Period III

The third year activities will be mainly to assess the feasible technology, inter-linking the existing investor centres in the stock exchanges and the SEBI and creating a model center in the SEBI for dissemination of the information.

C. Debt Market Development Activities

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 overall 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.

a. Activities in Period I & II

PW presented a report to NSE in January 1996 which identified the major constraints to debt market development. Findings and recommendations presented in this report will be used to develop industry discussion papers to be used in debt workshops. PW/FIRE will work to involve the RBI as much as possible in these activities as their cooperation is crucial in stimulating secondary trading.

The research project sponsored by FIRE Project on "Retail Debt marketing in India" was conducted by Mr. Rajat Saxena, an intern from the Indian Institute of Management, Calcutta during the second year.

b. – Activities in Period III

The study to be undertaken in this period will focus on two experimental programs being carried out in other regional debt markets, namely Thailand and Sri Lanka. The project will retain consultants from the two markets for the purpose of organizing a “Debt Dealers Association” involving market intermediaries. In Sri Lanka, this form of organization was successful in stimulating the trading of government securities and in Thailand, the model was used to stimulate the trading of corporate securities. This work will be initiated in January 1997.

In addition, a PW consultant will prepare a strategic plan for project interventions in the debt market for the remaining period (till August 1998) of the FIRE Project. This plan will list the activities which can be accomplished in this time frame, including the debt dealers association, seminars, breakout sessions with market intermediaries, etc.

c. Infrastructure Development Finance Corporation (IDFC) - sub project

The GOI has established the IDFC by an act of the parliament. The IDFC will be a unique financial institution serving as a credit enhancer in the infrastructure development market. The IDFC Planning Group has approached the FIRE Project through the World Bank and the Asian Development Bank to assist the IDFC working group in developing a business plan and financial model.

As this institution will enhance the activity of the debt market, FIRE Project will assist the planning and working group by providing a LOE to the working group in the first and second quarter of 1997.

D. Enforcement and Market Surveillance activities

As a result of Chairman Mehta's trip to the US in 1996 under the FIRE project, SEBI announced plans to institute a system similar to the Stock Watch system prevailing in the US. The FIRE project will assist SEBI in this aim through expert consultancies, and training workshops which will advance the understanding of these techniques both at the exchange and at the level of the Regulator. A feasibility study outlining a model for installing the stock watch system in an Indian exchange will be conducted.

1. Provide Technical Assistance to Develop Regulations

SEBI has made significant progress in formulating rules and codes to develop norms for market participants and to regulate primary and secondary markets such as the adoption of the Melagam Committee report. This consultancy activity will determine areas in which international expertise would be useful to further develop the regulatory structure through research and development of additional rules which will further the goals of fairness and full disclosure to the markets.

The specific priority areas for rule development that have been discussed with SEBI are:

1. Information disclosure for underwriters, promoters and investment banks;
2. Mutual funds industry;
3. Regulatory issues of derivatives products, regional exchanges, other capital market intermediaries;
4. Enforcement/Surveillance mechanics;
5. Regional exchanges coordination; and
6. Derivative exchanges.

In the area of derivatives, PW will work with CBOE to develop derivative specific materials for SEBI regulators responsible for these markets. This should include training of SEBI staff at CBOE where they would work directly with CBOE Market Surveillance Department staff for an extended period.

2. Design and Implement Surveillance, Inspection and Enforcement Plan

With the publication of the new ordinance in January 1995, SEBI has received a grant of significant powers to enforce and sanction market behavior by the institutions and individuals participating in the market. The consultancy activity will assist SEBI in continued development of their enforcement capability which is increasing. The enforcement plan should include methodology for manual and automated surveillance and tracking of market activity, inspections of broker-dealers and other market intermediaries, and investigation and prosecution procedures. Available remedies will be surveyed and policy changes may be advocated.

a. Activities in Period I & II

Mr. Terrance O'Malley, PW consultant did a detailed study of the SEBI enforcement activities and submitted a report titled "Enforcement Programme Assistance" to SEBI in January 1996. This study was based on the report "Review of the Enforcement Plan of the Securities Exchange Board of India" submitted by Mr. Cliff Kennedy, a former US SEC District Director and specialist in enforcement and surveillance, during November 1995.

Mr. Cliff Kennedy has since been working with SEBI to review existing regulations content and making recommendation based on foreign models, particularly the U.S. He has been training the SEBI enforcement team in all areas of market surveillance, enforcement, and inspection. Number of seminars were conducted for the regulators and the enforcement personnel attached to the stock exchanges.

b. Activities in Period III

Mr. Kennedy will deliver in-house training seminars for SEBI permanent officials and designated exchange officials detailing his initial findings and recommendations and proposing implementation procedures. The emphasis of the seminars will be the process of preparing securities fraud cases.

PW/FIRE will work with SEBI, and the exchanges, to develop surveillance capabilities, such as Stock Watch capabilities. The process will start with the delivery of small group workshops/ seminars initially to the SEBI officials in the first stage followed by the similar presentations to NSE, BSE and major regional stock exchanges. The regional exchange officials will be exposed to the various techniques of surveillance, and most importantly, the follow through necessary to effective enforcement. In this process it is expected to bring in a uniform surveillance and enforcement methodology and reporting techniques across the exchanges.

1. A continuing review of the SEBI enforcement program in the following areas: the existing legislative framework, SEBI surveillance efforts, internal organization structures, training efforts and resource materials. Based on this review, PW will undertake various projects to strengthen legislation, establish enforcement priorities, improve internal organizational structures, and streamline the investigation process through the development of investigation guidelines and training.
2. Evaluate surveillance, investigation and enforcement efforts of the major stock exchanges such as the NSE and BSE to determine areas for improvement.
3. Examine the overall market structure vis-a-vis enforcement to identify and address potential gaps in the system.

E. Formation of Futures and Options Exchange

India's financial sector is sufficiently sophisticated to begin planning for the introduction of hedging tools such as equity derivative products. PW will assist NSE, the lead sponsor in this area, in such preparations. PW will continue to work closely with CBOE, PW's subcontractor, in this area.

a. Activities in Period I & II

PW has presented NSE with the initial feasibility study of a derivatives exchange in India today in March 1996 which did the following: (a) assessed the preparedness of the Indian markets and of NSE to introduce exchange traded derivative products, (b) made specific recommendations to NSE on steps the exchange should take to prepare for the launch of derivatives trading, (c) provided suggestions on initial first products, and (d) identified the likely users of the products.

b. Continuing Assistance in Period III

After the submission of the feasibility study to NSE in March 1996, NSE announced its intention to begin derivatives trading by the December 1996. Therefore, PW will undertake the follow up activities:

- Design materials for NSE to use in its regional seminars planned for third quarter 1996 to instruct the investing public on the characteristics and use of derivative products.
- Provide materials on broker licensing, testing and certification for selling derivative products. This will complement the broker licensing, testing and certification ongoing with SEBI;
- Design a risk disclosure document that all investors will have to read and sign before being allowed to open a derivatives trading account.
- Train SEBI, NSE and BSE staff in market regulation and oversight at CBOE.

In addition, PW will work with the SEBI derivatives committee in determining what type of documents SEBI should require from NSE such as draft rules, regulations, contract specifications, and economic justification in order for SEBI to have the background it requires to draft the regulations for the industry.

F. Improving the Mutual Fund Environment

Mutual Funds are an important investment vehicle for small investors in a developed market. The present state of mutual funds, their performance and profitability has been a cause of concern to SEBI, investor, and the Mutual Fund Industry. The industry in India is still in its early stages, but history has been checkered. Disclosures by mutual funds have been limited, publication and computation of net asset value (NAV) are not regular, timely, or standardized.

In response to these concerns, the Mutual Funds Division of SEBI undertook the Mutual Fund 2000 study to address these concerns and issued a report that is to precede subsequent regulations. SEBI has requested assistance from the FIRE Project to work on specific activities contained in the report findings.

The specific areas for mutual fund development which have been discussed with SEBI are:

- Structure of mutual funds;
- Scope and applicability of the regulations;
- Registration of the mutual funds;

- Governance of the mutual funds; and
- Strengthening of the industry trade organization, AMFI, operations of the mutual fund schemes, including drafting a code of conduct, developing position papers, educate investors, and develop SRO capability for the mutual fund industry.

a. Activities in Period I & II

Mr. Lew Mendelson initiated the discussions with SEBI with regard to its efforts to revitalize the industry and the present status of the mutual funds regulations. Discussions were also held with AMFI and a comprehensive strategic plan was submitted for AMFI's role in the development of the MF industry.

b. Activities in Period III

Consultants will work with Mutual Fund Division of SEBI on specific regulatory issues. This will be headed by Mr. Lew Mendelson a PW consultant and former lawyer in the SEC Division of Investment Management, which regulates mutual funds and investment advisors in the U.S.

PW/FIRE will review the AMFI blueprint for a country wide investor education program and provide advice and counsel on upgrading their plan.

G. Other activities

1. Strengthening Local Human Resource Institutions

An important goal of the FIRE project is to institutionalize a professional training capacity in India which can provide the industry with well-trained technical faculty to train the future market professionals.

PW/FIRE will seek to identify Indian institutions which can be linked with a US institutions to develop a capital markets course of international standard that can be offered in India. Possible Indian host capital market training institutions include IFMR, IIM, ICFAI, ICSI, ICAI, and UTI - ICM.

a. Activities in Period I & II

PW sent a professor from the Institute of Financial Management and Research (IFMR) to the New York Institute of Finance (NYIF) for courses on futures and options followed by an internship at the NYIF to provide the professor with the skill base to develop course material on futures and options.

b. Activities in Period III

PW also proposes to do the following:

- Offer assistance to the Institute of Chartered Accountants of India (ICAI) for development of a course on uniform accounting practices code for Indian brokers; and
- Approach professional and educational institutions like the Institute of Cost and Works Accountants of India (ICWAI), the Institute of Chartered Financial Analysts of India (ICFAI), the Institute of Company Secretaries of India (ICSI), and the Indian Institute of Managements (IIMs) for incorporating modifications in existing curricula on capital markets.

The assistance will be in the form of transfer of technology for these institutions. US professors will work with Indian institutions and Indian professors will be identified for US based training and internships. The back ground activities will be initiated during the beginning of 1997.

2. *Develop Awareness Among Market Intermediaries and Investing Public*

The June 20, 1995 "Training Needs Assessment" pointed out that training programs must be established to educate the large numbers of new market participants and expand the knowledge and skill levels of those already in securities regulatory, exchange and market intermediary functions. The report identified the need to train market intermediaries in areas such as risk management, client relations management, technical analysis, futures and options markets, mergers and acquisitions, etc.

Market intermediaries such as broking firms (SEBI registered stock brokers and sub-brokers and members of recognized stock exchanges), merchant bankers (lead managers, managers to an issue; underwriters, bankers to an issue), investors (local mutual funds, off-shore funds through mutual fund associations, financial institutions, corporate investors, FIIs, high net-worth individuals, NRIs, and "small" investors) were identified as a target audience for this awareness training.

The training can most effectively target members of associations such as Association of Merchant Bankers of India (AMBI), investor associations (CERC, AIFIA, IGS, etc.), credit rating agencies (CRISIL, CARE, ICRA), and the stock exchanges which themselves are associations of broking firms. Custodians, such as SHCIL, banks, other custodial service providers and registrars and transfer agents and their associations also form part of this target audience.

3. *Research Topics for Participating Institutions*

In meeting with client institutions during the first year, it has been evident there is a lack of empirical research data relevant to the client institution's goals. Therefore, we propose assistance to professional and educational institutions like the ICAI, ICWAI, ICSI, IIMs and research organizations like CMIE.

a. Activities in Period I & II

PW/FIRE can leverage the presence of the short-term expatriate consultants on assignment by having them develop terms of reference for the research projects with the cooperating institution based on the work they are doing for a client capital market institution. The consultant becomes a "thesis advisor" or "guide" to the project providing the market knowledge frame of reference to the institution's research approach. An example is the guidance that William Barclay of CBOE provided to CMIE in designing the NSE 50 index to make it appropriate for a derivative index product.

b. Activities in Period III

Professors or academicians that participate in FIRE Project US based training activities will be required, based on the US exposure, to develop research reports. The research will be submitted to the client organizations to be used as a course module for the related training programs organized by FIRE project seminars/workshops with the client organization.

In addition, data collection performed under other project activities can be used in the relevant research activities. Examples are the survey of sub brokers (Keyes' report), investor profiles (Invest India seminars) and retail debt market participants (IIM intern project). This data collection and dissemination will support FIRE project activities and awareness with the client capital market institutions and investing public.

Approximately 12 research topics will be identified and at least six will be commissioned and undertaken by the April 1997 covering the following areas in primary markets, secondary markets and stock exchanges:

Primary Markets :

1. A study on underpricing of issues to support the case for free pricing with improved disclosures.
2. A comparative study of disclosure standards in international markets versus Indian markets.
3. A retrospective study on applications of funds raised in primary offerings.

Secondary Markets :

1. A survey of brokers and sub brokers to determine real conditions of market operation, e.g. number of customers, average order/ trade size, commissions, capital status, agent versus dealer trades, default record to customers, "confirms" issued to customers, retail orientation, relations between brokers and sub brokers, and transaction costs in the Indian debt markets.
2. Secondary market performance of Group "B" issues listed on the BSE, or elsewhere with respect to lack of liquidity to public shareholders.
3. A study on the effectiveness of market protection measures i.e. trading margins etc.
4. Problems of enforcement: an empirical study on exchange rule violations and enforcement actions taken to determine effectiveness of enforcement.
5. Legal system and the capital markets: study on legal issues in capital markets violations. Why doesn't the legal system play an effective role in deterring capital market players offences?
6. Study on growth impediments to foreign portfolio investment in the equity and debt markets.

4. Assistance to other exchanges

In the case of the regional exchanges, PW/FIRE proposes to increase the efficiency of regional exchanges and study the integration of a national market system for debt and equities.

a. Activities in Period I & II

First year activities concentrated on assistance to the National Stock Exchange (NSE) as a leader in developing transparent markets and creating a secondary debt market, derivatives market initiation, data security and business continuity planning, and back-office/MIS systems. During the second year, assistance was provided to OTCEI on review of back office operations and to BSE on the cost study for setting up a depository.

b. Activities in Period I & II

During the third year the activities will be widened to cover the other major regional exchanges and OTCEI. The activities will be classified under the following six major heads:

1. Debt market activities;
2. Information related activities like dissemination of data, data security and business continuity planning and disaster management;

3. Derivatives (futures and options) assistance;
4. Exploring the feasibility of a consolidated tape to support development of a National Market System;
5. Assistance in the establishment of clearing and settlement corporation(s); and
6. Development of activities in the proposed enhancement of OTCEI activities.

5. *SDDS*

Per USAID's request of June 1996, PW FIRE project includes SDDS activities in annual work plan. SDDS is a set of criteria that the IMF have published to guide countries in making their economic data public (coverage, periodicity, integrity and timeliness). Apparently, this is a response to the Mexico situation of 1994 in which "the problem" was diagnosed as Mexico's unwillingness to publish meaningful economic and financial data to allow the market to make its proper decisions before the crisis hit.

PW has asked the IMF for copies of these standards, but from our initial discussions with the IMF, India may already qualify, or come close to qualifying, against the proposed standards. This is deduced from the close relations the IMF and World Bank have had in India for so many years, and the fairly responsible actions on control of inflation that the governments of India have taken. Since we do not know for sure, however, how this could impact on the mandate PW has under the FIRE project, we are providing some time in the work plan for assistance to the Indian authorities to assess their performance against these standards and to organize a training session about what these standards mean for India and how they would comply. If we later find that India has already complied, or has this compliance under control, we do not have to launch this effort.

H. **Training Needs**

1. *Activities in Period I and II*

The report, "Training Needs Assessment" dated June 20, 1995 designed an integrated training plan for securities regulators, market intermediaries, and securities training institutions analyzed survey results and recommended a training approach for the FIRE project. The FIRE Project training strategy is based on this assessment in

- Developing a core group of financial managers that can lead the Indian capital markets towards international standards of regulation, operations and investor protection; and
- Institutionalizing capital market training programs so that they become a regular part of the financial management curriculum in Indian educational and training organizations.

2. *Activities in Period III*

To meet the above two goals, a series of in-country training programs are being designed and the proposed training for the period November 1996 - April 1998 is detailed in Appendix D. The US based training has two components.

- The class room/seminar activities related to the job requirement of the identified participant.
- An internship following the training with 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.

Appendix C presents proposed training for the third work plan period, November 1996 - April 1998. Additional activities required or made relevant by subsequent market developments over the year will be introduced on an as needed basis.

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:

- | | | |
|----|---|-------------------------|
| 1) | Resource Coordinator or Chief of Party (USA) | Mr. W. Dennis Grubb |
| 2) | Security Markets Operations Specialist (Indian) | Mr. R N K Prasad |
| 3) | Security Markets Specialist (Indian) | Mr. Paritosh Sharma |
| 4) | Business Manager (Indian) | Mr. N. Sankaranarayanan |
| 5) | Training Coordinator (USA) | Ms. Kim Shaak |
| 6) | Executive Secretary (Indian) | Ms. Vibha Parikh |
| 7) | Secretary (Indian) | Ms. Genevieve Mendonca |

B. Module Inputs/Outputs

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

1. Inputs

There will be 84 person months of LOE of technical/managerial personnel in the third year work plan for the Bombay-based long-term staff, rising to a total LOE of 126 person months for the period including the first six months of year four by the long-term Bombay staff.

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 over 1020 person-weeks 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) Continue preparation of monthly, quarterly, and annual reports, and the annual work plan for each year. Monitoring the progress of each work plan, and proposing revisions where necessary to USAID.
- 7) Continue maintaining 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) Providing advice and counsel to the heads and staff members of the key institutions of the capital markets in India as requested.
- 9) Monthly advisory to USAID/ Project Office, Delhi.

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

For PW, the inputs for year two are estimated to be two person months of Mr. Dick Breen's time and 3 person months of Mr. Robert Chamberlain's time to oversee all technical and project administration facets of the project. For project administration support, Ms. Lynna Reid, is allocated three months to carry out all logistical activities such as contracting with consultants, setting up the project archives, coordinating the travel of expatriate consultants out of the U.S., managing the PW/US billing mechanism with PW/India. PW Partner Gus Rimpel's time of 0.5 months is provided for PW partner review of the project and all 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 (Ms. Shaak, PW/FIRE Training Coordinator) and an assistant, 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. Design the second year work plan in collaboration with collaborating Indian institutions (SEBI, SHCIL, NSE, UTI, OTCEI, etc.).
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 a participant training program to meet project needs. Arrange internships/study tour 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 Work plans

PW will prepare annual Work plans for USAID approval which contain the information detailed in subsection F.6 of the contract entitled "Contract Requirement for Annual Work plans." Annual Work plans are to be submitted for a period of 18 months to allow for the planning ahead for a significant future portion of the project as well as allowing "rollover" of one work plan into the following.

Draft Work plans will be submitted to USAID 60 days prior to the start of the year to which the work plan applies. Therefore, annual Work plans will be submitted by PW to USAID by August 31 of each year for the remainder of the project. The second year work plan was submitted on 15th September 1995 per approved request to USAID Project Officer.

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.

Reports will be issued each August 31, November 30, February 28 and May 31 until project termination in 1998.

C. Semi-Annual Work plan 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 work plans.

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.

APPENDIX A

PROJECT BUDGET

A. Third Year Budget

B. Third Year Budget Assumptions

A. Third year Budget

**Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96- 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS**

Amount in \$

SUMMARY BUDGET

		Period I (12 Months) 11/1/96-10/31/97	Period II (6 Months) 11/1/97-4/30/98	Total	Reference Schedules
I. SALARIES AND WAGES		837,173	192,280	1,029,452	2.0
II. FRINGE BENEFITS @	14.00%	117,204	26,919	144,123	
III. ALLOWANCES		29,455	14,564	44,019	3.0
IV. TRAVEL AND PER DIEM		998,326	181,072	1,179,398	4.0 and 5.0
V. OTHER DIRECT COSTS		332,896	135,143	468,040	6.0
VI. TRAINING		379,500	130,500	510,000	
VII. SUBCONTRACTS					
A. Development Associates		1,054,515	493,068	1,547,583	7.0
B. Price Waterhouse/India		328,728	309,267	637,995	8.0
VIII. TOTAL ESTIMATED DIRECT COSTS		4,077,797	1,482,814	5,560,610	
IX. INDIRECT COSTS					
A. Overhead @	110.50%	1,054,586	242,215	1,296,801	
B. G&A @	27.00%	542,420	124,582	667,002	
X. TOTAL ESTIMATED DIRECT AND INDIRECT COSTS		5,674,803	1,849,611	7,524,413	
XI. FIXED FEE	4.32%	245,243	79,933	325,176	
XII. TOTAL ESTIMATED COST PLUS FIXED FEE		5,920,046	1,929,544	7,849,590	

Notes:

- 1 Subcontractor costs include allowances and other direct costs when applicable.
- 2 PW Fixed Fee calculated on all costs except subcontractors' fixed fee.
- 3 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
- 4 No fringe benefits are taken on partners' salaries.

Financial Institutions Reform and Expansion
 Annual Work Plan (11/1/96 - 4/30/98)
 Contract #386-0531-C-00-5010-00
 PRICE WATERHOUSE - OGS

Amount in \$

PW/OGS DIRECT SALARIES AND WAGES BY MODULE

	Period I (12 Months)			Period II (6 Months)			Total
	11/1/96-10/31/97			11/1/97-4/30/98			
	Months	Monthly Salary	Total	Months	Monthly Salary	Total	
Support Module - Local							
Resource Coordinator (Grubb)	12.00	7,475	89,700	6.00	7,849	47,093	136,793
Subtotal Support Module - Local	12.00		89,700	6.00		47,093	136,793
Support Module - Technical							
U.S. Short-Term Consultants	95.00	7,475	710,125	16.00	7,849	125,580	835,705
Support Module - U.S.							
Project Partner (Rimpel)	0.50	7,475	3,738	0.25	7,849	1,962	5,700
Project Director (Breen)	2.00	7,475	14,950	1.00	7,849	7,849	22,799
Consultant (Robert)	3.00	4,833	14,500	1.50	5,075	7,613	22,113
Intern (Reid)	3.00	1,387	4,160	1.50	1,456	2,184	6,344
Subtotal Support Module - U.S.	8.50		37,348	4.25		19,607	56,955
Total Salaries and Wages			837,173			192,280	1,029,452

**Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96 - 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS**

Amount in \$

ALLOWANCES

	Period I (12 Months) 11/1/96-10/31/97	Period II (6 Months) 11/1/97-4/30/98	Total
Post Differential @ 15% of base salary of Resource Coordinator	13,455	7,064	20,519
Utilities @ \$1,000/month	12,000	6,000	18,000
Repairs/Rewiring /Plumbing for Grubb's Apartment	1,000		1,000
Storage of Effects Storage @ \$250/month	3,000	1,500	4,500
Total Allowances	29,455	14,564	44,019

**Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96 - 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS**

Amount in \$

TRAVEL

International Airfare	Units	Period I (12 Months) 11/1/96-10/31/97	Period II (6 Months) 11/1/97-4/30/98	Total
Resource Coordinator Mr. Grubb's son from college (\$3100)		3,100	3,100	6,200
PW Home Office Travel @ \$3,100 Economy Class (R/T)	1/1	3,100	3,100	6,200
U.S. Short-term Consultants @ \$3,100 Economy Class (R/T)	78/11	241,800	34,100	275,900
Subtotal International Airfare		248,000	40,300	288,300
Domestic Airfare in India				
Long-term Bombay Staff Resource Coordinator @ \$264/trip	12/6	3,168	1,584	4,752
U.S. Short-term Consultants Domestic @ \$264 R/T	25/37	9,240	3,960	13,200
Subtotal Domestic Airfare		12,408	5,544	17,952
Ground Transportation				
U.S. Airport Transfers @ \$50 each		3,950	600	4,550
India - Airport Transfers @ \$60 each		4,740	720	5,460
U.S. Short-term Consultants Ground Transportation in India @ \$20/in-country work day		35,530	4,488	40,018
U.S. Support Module Ground Transportation in India @ \$20/in-country work day		300	225	525
Subtotal Ground Transportation		44,520	6,033	50,553
Total Transportation		304,928	51,877	356,805

- 1 U.S. S/T Consultants' ground transportation during in-country stay is assumed at 85% of LOE.
- 2 Ground Transportation (Support Module) is calculated on the basis of 5 days a week for the period of stay
- 3 Home Office in-country days per trip is assumed as 21 days

**Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96 - 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS**

Amount in \$

PER DIEM

Units	Period I (12 Months) 11/1/96-10/31/97	Period II (6 Months) 11/1/97-4/30/98	Total
Home Office Oversight			
In-country per diem @\$278/day (2)	5,838	6,130	11,968
Stopover per diem @ \$175/day	350	350	700
Long-term Bombay Staff(4)			
Resource Coordinator @ \$175/day	4,200	2,205	6,405
U.S. Short-Term Consultants			
In-country per diem @ \$278/day	673,455	119,095	792,550
Stopover per diem @ \$175/day(3)	9,555	1,415	10,970
Total Per Diem	693,398	129,195	822,593

Notes:

- 1 Layover of one night per each way for assignment to post and R&R travel.
- 2 21 days of per diem per trip for U.S. Home Office Support Staff
- 3 Assume that only 35% of consultants choose to lay over for one day each way.
- 4 Two days of per diem per domestic trip.
- 5 U.S. S/T Consultants in-country 85% of LOE. Per diem based on Bombay rates.

**Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96 - 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS**

Amount in \$

OTHER DIRECT COSTS

	Units	Period I (12 Months 11/1/96-10/31/97)	Period II (6 Months) 11/1/97-4/30/98	Total
Office Rent @ \$5203/month	1	62,440	42,601	105,041
Office Equipment		3,500	1,000	4,500
Photocopy Machine User Fees	1	6,500	3,500	10,000
Fax Machine User Fees	1	1,097	548	1,645
Electricity Charges		12,500	6,000	18,500
Office Furniture	1	4,000	3,000	7,000
Office Supplies				
Bombay Field Office @ \$900/month	1	10,800	5,400	16,200
DC Home Office @ \$80/month	1	960	480	1,440
Reproduction				
Bombay Field Office @ \$150/month		1,800	900	2,700
DC Home Office @ \$50/month		600	300	900
Periodicals @ \$350 each/year	3	350	175	525
DBA Insurance @ 5.95%		42,252	7,472	49,724
Medevac Insurance				
Resource Coordinator		117	117	234
U.S. S/T Consultants(2)		234	117	351
Vehicle Lease		19,200	10,200	29,400
Medical Exams				
U.S. S/T Consultants @ \$100 each	26/13	2,600	1,300	3,900
Immunizations				
U.S. S/T Consultants @ \$150 each	26/13	3,900	1,950	5,850
Visas				
Resource Coordinator @ \$117/year	1	117	117	234
Dependent @ \$117/year	1	117	117	234
U.S. S/T Consultants @ \$117/year	26/13	3,042	1,521	4,563
Exit Taxes @ \$10 each	79/12	790	120	910
Office Messengers		7,680	4,608	12,288
Communications--Telephone and Fax				
U.S. Home Office		3,900	1,950	5,850
Bombay Project Office		38,400	19,600	58,000
U.S. S/T Consultants @ \$500/mth of LOE		47,500	8,000	55,500
Courier				
U.S. Home Office @ \$425/month		5,100	2,550	7,650
Bombay Project Office @ \$450/month		5,400	3,000	8,400
Computer Rentals @ \$500 each/month		48,000	8,500	56,500
Total Other Direct Costs		332,896	135,143	468,040

1 Assume that 26 and 13 consultants have to pay for medical examinations, immunizations and visa

Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96- 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS

Amount in \$

Subcontracts - Development Associates

		Period I (12 Months) 11/1/96-10/31/97	Period II (6 Months) 11/1/97-4/30/98	Total
I	Salaries and Wages			
A	U.S. Staff			
	Training Coord. - Alcaine @ 5 months/year	15,708	8,247	23,955
	Prog./ Fin. Asst - Taylor @ 6 months/ year	11,876	6,235	18,111
B	Local (Indian) Staff			
	Training Coord. - Kim Shaak	42,000	22,050	64,050
	Local Secretarial Asst. - TBD	8,000	4,200	12,200
	Sub Total Salaries and Wages	77,584	40,732	118,316
II	Travel and Per Diem			
	as per actuals during the past	5,013	3,006	8,019
III	ODCs			
	as per actuals during the past	19,733	9,260	28,993
IV	Overhead			
	Direct labour (on Lines I.A & I.B) @ 99%	76,808	40,324	117,132
	U.S. Occupancy (on Lines I.A) @ 13%	3,586	1,883	5,469
	Sub Total Overhead	80,394	42,207	122,601
V	Total Estimated Cost	182,724	95,204	277,928
VI	Fixed Fees			
	@ 7% On Line V	12,791	6,664	19,455
VII	Participant Training Direct Cost			
	Airfare (No. of Persons x Cost of ticket)	254,200	74,400	328,600
	Training Cost (Person weeks x Cost)	604,800	316,800	921,600
	Sub Total	859,000	391,200	1,250,200
	Subcontracts - Development Associates	1,054,515	493,068	1,547,583

Financial Institutions Reform and Expansion
Annual Work Plan (11/1/96 - 4/30/98)
Contract #386-0531-C-00-5010-00
PRICE WATERHOUSE - OGS

Amount in \$

Subcontracts - Price Waterhouse/ India

		Period I (12 Months)	Period II (6 Months)	Total
		11/1/96-10/31/97	11/1/97-4/30/98	
I	Salaries and Wages			
A	Support Module - Local			
	Securities Market Ops Specialist (Prasad)	10,596	5,563	16,159
	Securities Market Specialist (Paritosh)	11,907	6,251	18,158
	Business Manager (Sankar)	8,493	4,459	12,952
	Secretary	3,346	1,757	5,103
B	Support Module - Technical			
	Indian Short - Term Consultants	77,877	87,612	165,489
	Sub Total Salaries and Wages	112,219	105,642	217,861
II	Fringe Benefits (@30%)	33,666	31,692	65,358
III	ODCs	9,600	7,500	17,100
IV	Overhead			
	Direct labour (on Lines I & II) @ 105%	153,179	144,201	297,380
	Sub Total Overhead	153,179	144,201	297,380
V	Total Estimated Cost	308,665	289,035	597,699
VI	Fixed Fees			
	@ 6.50% On Line V	20,063	20,232	40,296
	Subcontracts - Price Waterhouse/ India	328,728	309,267	637,995

1 India-based training cost estimates derived from an estimated average peron-week cost of training.

B. Third Year Budget Assumptions

APPENDIX A. B

THIRD YEAR BUDGET ASSUMPTIONS

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

Salaries and Wages:

- 1) FS1 cap at \$89,700/year.
- 2) Salary for the Period II is worked out at 5% increase

Allowances:

- 1) Utilities per month estimated at \$1,000/month
- 2) Storage of effects (Resource Coordinator's) is on the basis of estimates.

Travel:

- 1) Ground Transportation--5 days of internal ground transportation per week of U.S. S/T consultant and US Support Module. It is assumed that the number days per trip for the U.S. S/T Consultants will be 30 days and for Support Module 21 days per month.
- 2) The International and Domestic air fares are calculated on the basis of the number of visiting consultants and domestic travels projected as per the statement attached.

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. 125 per sq. Ft./m for 1935 sq. Ft. area occupied by FIRE Project.
- 2) Office Furniture- The furniture to be procured for office is estimated @ \$4000 during Period I and \$3000 during Period II for replacement of office furniture.
- 3) Office Equipment: The expenses for both the period relates to items such as Fax machines, telephones and computer items.
- 4) Photocopy Machine User Fees is as per the contract with PW/I @ Rs37810/quarter.

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- 5) Fax Machine User Fees is also as per the contract with PW/I @ Rs. 8570/quarter.
- 6) Computer rental is as per the contract with M/s Atlaz Technology Pvt. Ltd., and is per annum.
- 7) Communications - Telephone & Fax is worked out as below
U.S.Home Office : @\$325/month
Bombay Project Office : @\$3200/month
U.S. S/T Consultants : @\$500/month of LOE
- 8) Assume an inflation rate of 10 percent for local currency items (i.e. car rental, office and housing space, etc.).
- 9) Computer rentals are for laptops used by short-term U.S. consultants and Support Module-US staff on assignment in India. Assume one month of computer rental per month of LOE.

Training Cost Estimates:

The cost estimate for in-country training is at \$500 per person week. The cost is based on the average expenses incurred during the in-country training activities

759 person weeks are scheduled for Period I and 261 person weeks are scheduled for the first six months of subsequent year (Period II).

**Particulars of Travel
for the visiting US Consultants
during Second Year work plan
(November 1995 -April 1997)**

Sr. No.	Name of the consultant	Period	International Trips	Internal Trips
Actual Visits of US Short term consultants (during November 1995 to May 1996)				
1.	Mr. Ranjit Advani	November 14 - November 17, 1995	1	
2.	Ms. Jan Aalbrektse	November 16 - November 21, 1995	1	
3.	Mr. Richard Breen	November 25 - December 15, 1995	1	
4.	Mr. Terrance O'Malley	November 13 - December 20, 1995	1	
5.	Mr. Thomas R. Keyes	November 28 - December 20, 1995	1	
6.	Mr. Thomas R. Keyes	January 10 - January 25, 1996	1	
7.	Dr. William Barclay	January 21 - February 2, 1996	1	1
8.	Frank Wolf	December 1- February 2, 1996		1
9.	Mr. John Ruckrich	January 5 - February 4, 1996	1	
10.	Mr. Walter Pugh	January 31 - February 12 and February 20 - March 1, 1996	1	
11.	Mr. William Dentzer	February 11 - February 16, 1996	1	1
12.	Mr. Dick Breen	February 11- February	1	1

Sr. No.	Name of the consultant	Period	International Trips	Internal Trips
13.	Mr. Clifford Kennedy	February 11 - March 5, 1996	1	
14.	Mr. John Ruckrich	February 26 - March 27, 1996	1	
15	Mr. Ranjit Advani	March 20 - 26, 1996	1	
16	Mr. Frank Wilson	April 3 - 24, 1996	1	
17	Mr. Walter D. Pugh	April 10 - 24, 1996	1	
18	Mr. Thomas R. Keyes	March 28 - May 2, 1996	1	1
19	Mr. Cliff Kennedy	April 1 - May 4, 1996	1	2
20	Mr. John Ruckrich	April 30 - May 17, 1996	1	
21	Ms. Jan Aalbrechtse Slinn	May 1- 17, 1996	1	
Projected Visits of US Short term consultants (during June 1996 to April 1997)				
I	Depositories/ Clearing Corporations			
1	Ms. Susan Hertel	June 1996	1	
2	Ms. Jan Slinn	July 1996	1	
3	Mr. John Ruckrich	July/ Aug. 1996	1	
4	Ms. Susan Hertel	July/ Aug. 1996	1	
5	Mr. John Ruckrich	Sept. 1996	1	4
6	Mr. John Ruckrich	Oct. 1996	1	2
7	Ms. Jan Slinn	November 1996	1	
8	To be determined	November 1996	1	
9	Ms. Susan Hertel	November/ Dec. 96	1	1
10	Ms. Susan Hertel	Dec. 96/ Jan. 97	1	
11	Ms. Susan Hertel	February 1997	1	

Sr. No.	Name of the consultant	Period	International Trips	Internal Trips
12	Mr. Wally Pugh	July/ Aug. 96	1	
13	Mr. Ranjit Advani	Sept. 1996	1	
14	To be determined	Nov/ Dec. 1996	1	
15	Mr. Wally Pugh	Jan/ Feb. 97	1	
16	To be determined	Jan/ Feb. 1997	1	
17	Mr. Wally Pugh/ Mr. Ranjit Advani	March 1997	1	
18	To be determined	Nov/ Dec. 1996	1	
19	Mr. Frank Wolf	July - Sept. 1996	1	4
20	To be determined	Nov - Dec 1996	1	
21	To be determined	Jan - Feb 1997	1	
22	To be determined	March 1997	1	
23	Mr. Wally Pugh	Aug - Sept 1996	1	
24	To be determined	Nov - Dec. 1996	1	
25	To be determined	Jan - Feb. 1997	1	
26	To be determined	Mar - Apr. 1997	1	
27	To be determined	Nov - Dec. 1996	1	
28	To be determined	Jan - Feb. 1997	1	
29	To be determined	Mar - Apr. 1997	1	
II.A	SRO Activities			
30	Frank Wilson	June 1996	1	
31	Frank Wilson	Jul - Aug. 1996	1	
32	Frank Wilson	Nov - Dec 1996	1	
33	Frank Wilson	Feb - Mar 1997	1	5
34	Frank Wilson	April 1997	1	
II.B	Broker Certification			

Sr. No.	Name of the consultant	Period	International Trips	Internal Trips
35	Tom Keyes	August	1	3
36	Tom Keyes, Paul Litteau & to be determined	Nov - Dec. 1996	3	5
37	Tom Keyes, Paul Litteau & to be determined	Jan. - Mar 1997	3	5
38	Tom Keyes	April 1997	1	
II.C	Investor Information Centers			
41	Tom Keyes	Sept - Oct. 1996	1	3
42	To be determined	Aug - Sept 1996	1	2
43	Tom Keyes	Dec. 1996	1	
44	To be determined	Nov - Dec 1996	1	
III	Debt Market Development			
45	Richard Erb/ Richard Kates	Jul - Aug. 1996	1	
46	To be determined	Oct - Dec. 1996	1	2
47	To be determined	Jan - Feb 1997	1	3
48	To be determined	Mar - Apr 1997	1	4
IV	Enforcement and market Surveillance			
49	Cliff Kennedy	July 1996	1	
50	Cliff Kennedy & to be determined	Nov - Dec 1996	2	
51	Cliff Kennedy & to be determined	Jan - Feb 1997	2	3
52	Cliff Kennedy & to be determined	Mar - Apr 1997	2	2
V	Futures/ Options Exchange			
53	William Barclay/ Kishore Tandon	Sept - Oct 1996	1	
54	To be determined	Nov - Dec 1996	1	1

Sr. No.	Name of the consultant	Period	International Trips	Internal Trips
55	To be determined	Jan - Feb 1997	1	4
56	To be determined	Mar - Apr 1997	1	2
VI	Investor Base/ Mutual Funds			
57	Lou Mendleson	July - Aug. 1996	1	
58	To be determined	Nov - Dec. 1996	1	
59	To be determined	Jan - Feb 1997	1	
60	To be determined	March 1997	1	
VII	Others			
61	Grubb & NYIF (Rin)	July - Aug. 1996	1	
62	Grubb & NYIF (Steinkel)	Sept. - Oct. 1996	1	
63	To be determined	Dec. 1996 - Jan. 1997	1	
64	To be determined	Mar - Apr 1997	1	
65	To be determined	Oct - Nov 1996	1	
Total			90	62

APPENDIX B

SCHEDULE OF PROJECT ACTIVITIES

- A. Input of Expatriate Consultants' Level of Efforts (in weeks)**
- B. Input of Expatriate Consultants' Level of Efforts (in weeks) towards Training Activities**
- C. Input of Indian Consultants' Level of Efforts (in weeks)**
- D. PERT Chart of activities in progress during the Third Annual Work plan**
- E. Activities of the visiting US Consultants during Third Year work plan (November 1996 - April 1998)**
- F. Activities of the visiting consultants during the First and Second work plan periods**
- G. List of Deliverables submitted during the First and Second work plan periods**

A. Input of Expatriate Consultants' Level of Efforts (in weeks)

APPENDIX B. A

**Input of Expatriate Consultants' Level of Efforts (in weeks)
(November 1996 - April 1998)**

Activity	1996		1997												1998				LOE
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
I. Depositories/ Clearing Corporations																			
NSDL Business Expenditure Forecast Plans, Operation Verification, Participant Agreement Finalization, etc.	2	3																	5
Depository Participant Agreements, Regulation Review		3																	3
NSDL Operational staff training, Awareness Creation Amongst Financial Community	2	2		3															7
Data Security & Business Continuity Plan		5			2														7
Consolidated Tape -Feasibility study of NSMS			3	3	4	3													13
Assistance To Regional exchanges	6	5	5	3	9	7	2	1	2	2	3	2	3	2	3	2	3	2	62
Develop awareness among market intermediaries -Depository Participant		4	3	3	3	3													16
Custodial Regulations for SEBI			4																4
Audit of Depository/ market intermed.			6	6	6	6	6												30

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Activity	1996		1997												1998				LOE	
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4		
II. A. SRO Activities																				
SRO Regulation for SEBI	2	1																	3	
SRO Technical assistance to Res, AMBI, ICSI, ICAI & ICWAI				2	2	2		1	1	1	1	1	1	1	1				14	
Arbitration activities							2												2	
II. B. Broker Certification																				
Certification and Registration of retail market intermediaries		6																	6	
Develop an Examination System and Administer Test									12				3						15	
SRO rules for market intermediaries							6												6	
II. C. Investor Information Centers																				
Design implement Investor Information Center concept (Design)			3			1		2	2	2	2	2	2	2	2	2	2	2	4	28
Design implement Investor Information Center concept (IT)				1	1														2	
III. Debt market Development																				
Bond dealers association					2	2	2	2	3										11	
Retail debt market activities with Exchanges & Debt Market - workshops	2	2	2	2	2	3	2	1	2	1	2	1	2		1	2			27	
IDFC activities						2	4	4	4	4	4	4	4						30	

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Activity	1996		1997												1998				LOE
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
IV. Enforcement & Market Surveillance																			
Stock watch mechanics	2	2	2	2	2	2	8	7	7	7	7	7	7	5	7	7			81
V. Futures/ Options Exchange																			
Review of rules & regulation		3	2	1															6
Participant Training				4	4	1	1	1	1	1	1	1	1	1	1	1	1	1	21
Information technology and system design for Exchange						5	5												10
Feasibility study of derivatives trading			5	5															10
VI. Investor Base/ Mutual Funds																			
Develop regulations for MFs/ MFSRO	4		3	3			5	5	3	5	5	3	5	3					44
Investor education, training on MFs					3	3			2			2		2					12
VII. Others																			
Develop relationship with new institutions	4	4																	8
Regulation for credit rating agencies for SEBI	2	1																	3
Research topics for participating institutions		2	2	2	2	2	2												12
SDDS Activities		4																	4
Total Input	26	47	40	40	42	42	45	24	39	23	25	23	28	16	15	14	6	7	502

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**B. Input of Expatriate Consultants' Level of Efforts (in weeks) towards
Training Activities**

APPENDIX B. B

Input of Expatriate Consultants' Level of Efforts (in weeks) towards Training Activities (November 1996 - April 1998)

Activity	1996		1997												1998				LOE
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
I. Depositories/ Clearing Corporations																			
NSDL Business Expenditure Forecast Plans, Operation Verification, Participant Agreement Finalization, etc.	0.4	0.8																	1.2
Depository Participant Agreements, Regulation Review		.4																	0.4
NSDL Operational staff training, Awareness Creation Amongst Financial Community	1.0	2.0		2.0															5.0
Data Security & Business Continuity Plan		0.4			0.8														1.2
Consolidated Tape -Feasibility study of NSMS			0.4	0.4	0.4	0.4													1.6
Assistance To Regional exchanges	1	1	1	1	1	1	1	1	1			1	1	1	1	1	0.4	0.8	15.2
Develop awareness among market intermediaries -Depository Participant		2	1	1	1	1													6.0
Custodial Regulations for SEBI			1																1.0
Audit of Depository/ market intermed.			1	1	1	1	1												5.0

Activity	1996		1997												1998				LOE	
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4		
II. A. SRO Activities																				
SRO Regulation for SEBI	0.4	0.2																		0.6
SRO Technical assistance to Res, AMBI, ICSI, ICAI & ICWAI				0.4	0.4	0.4		0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4					4.4
Arbitration activities																				
II. B. Broker Certification																				
Certification and Registration of retail market intermediaries		1																		1.0
Develop an Examination System and Administer Test									1				0.8							1.8
SRO rules for market intermediaries							0.8													0.8
II. C. Investor Information Centers																				
Design implement Investor Information Center concept (Design)			0.4					0.4	0.4	0.4	0.4			0.8	0.8	0.8	0.8	0.8		6.0
Design implement Investor Information Center concept (IT)				0.4	0.4															0.8
III. Debt market Development																				
Bond dealers association					0.4	0.4	0.4	0.4	0.4											2.0
Retail debt market activities with Exchanges & Debt Market - workshops	0.8	0.8	0.8	0.8	0.8	1.8	2	1	2	1	2	1	2		1	2				19.8
IDFC activities																				

Activity	1996		1997												1998				LOE
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
IV. Enforcement & Market Surveillance																			
Stock watch mechanics	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8			12.0
V. Futures/ Options Exchange																			
Review of rules & regulation		0.8	0.8	0.8															2.4
Participant Training				4	4	1	1	1	1	1	1	1	1	1	1	1	1	1	21.0
Information technology and system design for Exchange						0.8	0.8												1.6
Feasibility study of derivatives trading			1	1															2.0
VI. Investor Base/ Mutual Funds																			
Develop regulations for MFs/ MFSRO	0.8		0.8	1															2.6
Investor education, training on MFs					3	3													6.0
VII. Others																			
Develop relationship with new institutions																			
Regulation for credit rating agencies for SEBI	0.8	0.8																	1.6
Research topics for participating institutions																			
SDDS Activities		0.4																	0.4
Total Input	6	11	9	15	14	12	8	5	7	3.6	4.6	4.2	6	3.2	5	5.6	2.2	2.6	123.4

C. Input of Indian Consultants' Level of Efforts (in weeks)

APPENDIX B. C

Estimated Input of Indian Consultants' Level of Efforts (in weeks) (November 1996 - April 1998)

Activity	1996		1997												1998				LOE	
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4		
I. Depositories/ Clearing Corporations																				
NSDL Business Expenditure Forecast Plans, Operation Verification, Participant Agreement Finalization, etc.	4	4	3	2																13
Depository Participant Agreements, Regulation Review		2	3																	5
NSDL Operational staff training, Awareness Creation Amongst Financial Community	3	4		4	3	3														17
Data Security & Business Continuity Plan		6	6	6	8	6	6													38
Consolidated Tape -Feasibility study of NSMS		4	6	6	5	6	6	4												37
Assistance To Regional exchanges	12	15	15	18	24	12	15	12	18	12	12	10	8	12	12	12	12	12	12	243
Develop awareness among market intermediaries -Depository Participant		8	6	6	6	4	3	3												36
Custodial Regulations for SEBI			4	4	4															12
Audit of Depository/ market intermed.			12	12	15	12	12													63

Activity	1996		1997												1998				LOE
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
II. A. SRO Activities																			
SRO Regulation for SEBI	3	2																	5
SRO Technical assistance to Res, AMBI, ICSI, ICAI & ICWAI				4	3	3		1	1	1	1	1	1	1	1				18
Arbitration activities							3	3											6
II. B. Broker Certification																			
Certification and Registration of retail market intermediaries		4	4	2															10
Develop an Examination System and Administer Test									12	8	2		6						28
SRO rules for market intermediaries						2	6	4	2										14
II. C. Investor Information Centers																			
Design implement Investor Information Center concept (Design)		2	4			2	1	4	4	4	4	3	2	2	2	2	2	4	42
Design implement Investor Information Center concept (IT)				1	2	1													4
III. Debt market Development																			
Bond dealers association					2	2	3	3	4	2									16
Retail debt market activities with Exchanges & Debt Market - workshops	2	2	2	2	2	2	2	2	2	2	2	2							24
IDFC activities						3	4	3	4	4	4	2	4		2	4			34

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Activity	1996		1997												1998				LOE
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	
IV. Enforcement & Market Surveillance																			
Stock watch mechanics	2	2	2	2	2	2	3	2	2	2	2	2	2		2	2			31
V. Futures/ Options Exchange																			
Review of rules & regulation	1	4	3	2															10
Participant Training				6	4	2	2	2	2	2	2	2	2	2	2	2	2	2	36
Information technology and system design for Exchange						6	6	4	3										19
Feasibility study of derivatives trading		1	4	6	3	1													15
VI. Investor Base/ Mutual Funds																			
Develop regulations for MFs/ MFSRO	4	1	4	4															13
Investor education, training on MFs					4	4	4	2										!	14
VII. Others																			
Develop relationship with new institutions	4	4																	8
Regulation for credit rating agencies for SEBI	4	2	2																8
Research topics for participating institutions		2	2	2	2	2	2												12
SDDS Activities																			4
Total Input	39	69	82	89	89	75	78	49	54	37	29	22	25	17	21	22	16	18	835

D. PERT Chart of activities in progress during the Third Annual Work plan

APPENDIX B. D

Pert Chart of Activities in Progress During the Third Annual Work Plan (November 1996 - April 1998)

Activity	1996		1997												1998			
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
I. Depositories/ Clearing Corporations																		
NSDL Business Expenditure Forecast Plans, Operation Verification, Participant Agreement Finalization, etc.	█	█	█	█														
Depository Participant Agreements, Regulation Review		█	█															
NSDL Operational staff training, Awareness Creation Amongst Financial Community	█	█		█	█	█												
Data Security & Business Continuity Plan		█	█	█	█	█	█											
Consolidated Tape -Feasibility study of NSMS		█	█	█	█	█	█	█										
Assistance to Regional Exchanges	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Develop Awareness among Market Intermediaries -Depository Participant		█	█	█	█	█	█	█										
Custodial Regulations for SEBI			█	█	█													
Audit of Depository/ Market Intermed.			█	█	█	█												

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Activity	1996		1997												1998			
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
II. A. SRO Activities																		
SRO Regulation for SEBI	■	■																
SRO Technical Assistance to Res, AMBI, ICSI, ICAI & ICWAI				■	■	■		■	■	■	■	■	■	■				
Arbitration Activities							■	■										
II. B. Broker Certification																		
Certification and Registration of Retail Market Intermediaries		■	■	■														
Develop an Examination System and Administer Test									■	■	■		■					
SRO Rules for Market Intermediaries						■	■	■	■									
II. C. Investor Information Centers																		
Design Implement Investor Information Center Concept (Design)		■	■			■	■	■	■	■	■	■	■	■	■	■	■	■
Design Implement Investor Information Center Concept (It)				■	■	■	■											
III. Debt Market Development																		
Bond Dealers Association					■	■	■	■	■	■	■							
Retail Debt Market Activities with Exchanges & Debt Market - Workshops	■	■	■	■	■	■	■	■	■	■	■	■	■		■	■		
IDFC activities						■	■	■	■	■	■	■	■	■	■			

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Activity	1996		1997												1998			
	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4
IV. Enforcement & Market Surveillance																		
Stock Watch Mechanics	■	■	■	■	■	■	■	■	■	■	■	■	■	■		■	■	
V. Futures/ Options Exchange																		
Review of Rules & Regulation	▨	■	■	■														
Participant Training				■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Information Technology and System Design for Exchange						■	■	▨	▨									
Feasibility Study of Derivatives Trading		▨	■	■	▨	▨												
VI. Investor Base/ Mutual Funds																		
Develop Regulations for MFs/ MFSRO	■		■	■			■	■	■	■	■	■	■	■				
Investor Education, Training on MFs					■	■			■			■		■				
VII. Others																		
Develop Relationship with New Institutions	■	■																
Regulation for Credit Rating Agencies for SEBI	■	■	▨															
Research Topics for Participating Institutions		■	■	■	■	■	■											
SDDS Activities		■																



Us Expatriate Consultants



Training Activities Only



Indian Consultant Exclusively

**E. Activities of the visiting US Consultants during Third Year work plan
(November 1996 - April 1998)**

APPENDIX B. E

**Activities of the visiting US Consultants
during Third Year work Plan
(November 1996 - April 1998)**

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
I	Depositories/ Clearing Corporations			
	Frank Wolf	November 1996	NSDL Business expenditure forecast plan	2
	Ms. Susan Hertel	November 1996	NSDL Operational staff training	2
	Ms. Susan Hertel	December 1996	awareness creation amongst financial community	2
	Ms. Susan Hertel	February 1997	NSDL Operational staff training and awareness creation amongst financial community	3
	Mr. Wally Pugh	December 1996	Data Security and Business continuity plan	5
	Mr. John Ruckrich	December 1996	NSDL operation verification, participant agreement finalization, etc	3
	Ms. Jan A. Slinn	December 1996	Depository participant agreements, regulation review	3
	To be determined	Jan/ Feb. 1997	Feasibility study of NSMS	6
	Mr. Wally Pugh	March 1997	Data Security and Business continuity plan	2
	To be determined	March/ April 97	Information systems and feasibility study of NSMS	7
	Mr. Frank Wolf	Nov/ Dec 1996	Clearing and Settlement process - assisting Regional Exchanges	4
	Mr. Joe Shenk	Nov - Dec 1996	Clearing and settlement Corporation for Regional Exchanges - Operational activities	3

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
	Mr. Joe Shenk	Mar - Apr 1997	Clearing and settlement Corporation for Regional Exchanges - Operational activities	4
	Frank Wilson	Nov - Dec. 1996	Assistance to Regional exchanges (SRO regulations)	4
	Frank Wilson	Jan - Feb. 1997	Assistance to Regional exchanges (SRO regulations)	3
	Frank Wilson	Mar - Apr. 1997	Assistance to Regional exchanges (SRO regulations)	4
	Tom Keyes	Dec 1996	Awareness creation amongst Market intermediaries - Depository Participants	4
	Tom Keyes	Jan - Feb. 1997	Awareness creation amongst Market intermediaries - Depository Participants	6
	Tom Keyes	Mar - Apr. 1997	Awareness creation amongst Market intermediaries - Depository Participants	6
	To be determined	Feb. 1997	Assistance to Regional Exchanges - Operations and systems review	2
	To be determined	April 1997	Assistance to Regional Exchanges - Operations and systems review	2
	To be determined	March 1997	Assistance to Regional Exchanges - Review of back office	2
	To be determined	May 1997	Assistance to Regional Exchanges - Review of back office	2
	To be determined	July 1997	Assistance to Regional Exchanges - Review of back office	2
	To be determined	Jan- May 1997	Audit of depository/ market intermediaries	30
	Joe Shenk, Frank Wolf, Bill Gorman	Jan - Feb 1997	Assistance for regional clearing corporations	3

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
	Joe Shenk, Frank Wolf, Bill Gorman	Mar - Apl 1997	Assistance for regional clearing corporations	3
	Joe Shenk, Frank Wolf, Bill Gorman	May - Jun 1997	Assistance for regional clearing corporations	1
	Joe Shenk, Frank Wolf, Bill Gorman	Jul - Aug 1997	Assistance for regional clearing corporations	3
	Joe Shenk, Frank Wolf, Bill Gorman	Sep - Oct 1997	Assistance for regional clearing corporations	5
	Joe Shenk, Frank Wolf, Bill Gorman	Nov - Dec 1997	Assistance for regional clearing corporations	5
	Joe Shenk, Frank Wolf, Bill Gorman	Jan - Feb 1998	Assistance for regional clearing corporations	5
	Joe Shenk, Frank Wolf, Bill Gorman	Mar - Apl 1998	Assistance for regional clearing corporations	5
	To be determined	Jan 1997	Custodial regulations for SEBI	4
II.A	SRO Activities			
	Frank Wilson	Nov - Dec 1996	SRO Regulations for SEBI and SRO seminar	3
	Frank Wilson	Feb - Mar 1997	SRO rules technical assistance to REs and SRO seminar for NSE	4
	Frank Wilson	April 1997	SRO technical assistance to REs	2
	Frank Wilson	Jun - Jul 1997	SRO technical assistance to AMBI (dudeligence)	2
	Frank Wilson	Aug - Sep 1997	SRO technical assistance to ICSI	2
	Frank Wilson	Oct - Nov 1997	SRO technical assistance to ICAI	2
	Frank Wilson	Dec 1997- Jan 1998	SRO technical assistance to ICWAI	2
	Tom Keyes	May 1997	Arbitration activities	2

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
II.B	Broker Certification			
	Tom Keyes, Paul Litteau & to be determined	Dec 1996	Certification and Registration of retail market intermediaries	6
	Tom Keyes & Frank Wilson	May 1997	SRO rules for market intermediaries	6
	Tom Keyes, Paul Litteau & to be determined	Jul 1997	Examination design and administration of sample test	12
	Tom Keyes	Nov 1997	Final test administration	3
II.C	Investor Information Centers			
	Tom Keyes	Jan 1997	Investor Information Center research design	3
	Ran Advani	Feb - mar 1997	Information technology for Investor Information Center	2
	Tom Keyes	Apl 1997	Investor Information Center designing for SEBI	1
	To be determined	Jun - Jul 1997	Investor Information Center designing for Regional Exchanges	4
	To be determined	Aug -Sep 1997	Investor Information Center designing for Regional Exchanges	4
	To be determined	Oct - Nov 1997	Investor Information Center designing for Regional Exchanges	4
	To be determined	Dec 1997 - Jan 1998	Investor Information Center designing for Regional Exchanges	4
	To be determined	Feb - Mar 1998	Investor Information Center designing for Regional Exchanges	4
	To be determined	April 1998	Investor Information Center designing for Regional Exchanges	4
III	Debt Market Development			

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
	To be determined	Nov - Dec 1996	Retail debt market activities with exchanges - strengthening technology and marketing concepts - NSE	4
	To be determined	Jan- Feb 1997	Retail debt market activities with exchanges - strengthening technology and marketing concepts - BSE	4
	To be determined	Mar - Apl 1997	Retail debt market activities with exchanges - strengthening technology and marketing concepts - OTCEI	4
	To be determined	Mar - Apl 1997	Establishing Bond dealers association	4
	To be determined	May - Jun 1997	Establishing Bond dealers association	4
	To be determined	Jul 1997	SRO concept for Bond dealers Association	3
	To be determined	April - May 1997	Workshop and training seminars on debt market activities	3
	To be determined	Jun - July 1997	Workshop and training seminars on debt market activities	3
	To be determined	Aug - Sep 1997	Workshop and training seminars on debt market activities	3
	To be determined	Oct - Nov 1997	Workshop and training seminars on debt market activities	3
	To be determined	Jan - Feb 1998	Workshop and training seminars on debt market activities	3
	Frank Wolf, Ted Burns, Indira crum	April - Nov. 1997	IDFC related activities	30
IV	Enforcement and market Surveillance			
	Cliff Kennedy & to be determined	Nov - Dec 1996	Stock watch policy for SEBI	4
	Cliff Kennedy & to be determined	Jan - Feb 1997	Stock watch mechanics formulation for SEBI	4

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
	Cliff Kennedy & to be determined	Mar - Apr 1997	Stock watch mechanics formulation for SEBI	4
	Cliff Kennedy & to be determined	May 1997	Stock watch mechanics formulation for NSE	8
	Cliff Kennedy & to be determined	June 1997	Stock watch mechanics formulation for BSE	7
	Cliff Kennedy & to be determined	July 1997	Stock watch mechanics formulation for OTCEI	7
	Cliff Kennedy & to be determined	Aug - Sep 1997	Stock watch mechanics formulation for Regional Exchanges	14
	Cliff Kennedy & to be determined	Oct - Dec. 1997	Stock watch mechanics formulation for Regional Exchanges	19
	Cliff Kennedy & to be determined	Jan - Feb 1998	Stock watch mechanics formulation for Regional Exchanges	14
V	Futures/ Options Exchange			
	William Barclay	Dec 1996	Review of NSE rules and regulations	3
	Paul Litteau	Jan - Feb 1997	Review of existing rules and regulations - SEBI	3
	Tom Keyes and Paul Litteau	Feb - Mar 1997	NSE Participant training	8
	To be determined	Jan - Feb 1997	Feasibility study of a derivatives trading for BSE, DSE & CSE	10
	To be determined	Apl - May 1997	Information technology and system design for the exchanges - BSE, DSE & CSE	10
	To be determined	Apr. 97 - Apr. 98	Derivatives Exchange participant training every month	13
VI	Investor Base/ Mutual Funds			
	Lew Mendelson	Nov 1996	AMFI Project - Review of AMFI restructuring plan and investor education materials	4

Sr. No.	Name of the consultant	Period	Activity	LOE weeks
	To be determined	Jan - Feb 1997	Regulations for Mutual Fund SRO and SEBI regulations	6
	To be determined	March - April 1997	Accounting standards, etc for MFs	6
	Lew Mendelson, David Silver,	May 97 - Dec. 97	Mutual Fund SRO activities, training on MFs	40
VII	Others			
	Grubb & NYIF (Rin)	Nov - Dec 1996	Activities with Management institutions for transfer of technology.	4
	To be determined	Nov - Dec 1996	Regulations for credit rating agencies for SEBI	3
	NYIF, NYU and Barauch	Nov - Dec 1996	Educational curriculum, transfer of technology/ strategic planning to UTI-ICM and other institutions	4
	visiting consultants	Nov 1996 - Apr 1998	Research activities with major management institutions (six projects of two months duration)	12
	To be determined	Dec 1996	SDDS activities	4
Total LOE Input				502

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F. Activities of visiting consultants during the First and Second work plan periods

**List of activities of the visiting US Consultants
Work Plan - First Year**

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
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

**List of activities of the visiting US Consultants
Work Plan - Second Year**

Sr. No.	Name of the consultant	Period	Activity
1.	Mr. Ranjit Advani	November 14 - November 17, 1995	NSE - Review of Back Office Systems
2.	Ms. Jan Aalbregtse	November 16 - November 21, 1995	SEBI - Depository regulation
3.	Mr. Richard Breen	November 25 - December 15, 1995	SHCIL - NCDS Development of a Business Plan
4.	Mr. Terrance O'Malley	November 13 - December 20, 1995	SEBI - Review of enforcement Procedures
5.	Mr. Thomas R. Keyes	November 28 - December 20, 1995	SEBI - Broker Licensing and Certification
6.	Mr. Thomas R. Keyes	January 10 - January 25, 1996	SEBI - Broker licensing and certification
7.	Dr. William Barclay	January 21 - February 2, 1996	NSE - Futures and Options trading
8.	Frank Wolf	December 1- February 2, 1996	Derivatives Feasibility study
9.	Mr. John Ruckrich	January 5 - February 4, 1996	NSE - Securities Depository RFP
10.	Mr. Walter Pugh	January 31 - February 12 and February 20 - March 1, 1996	SHCIL - Computer Security and Disaster recovery
11.	Mr. William Dentzer	February 11 - February 16, 1996	SEBI Depository regulations
12.	Mr. Dick Breen	February 11- February	
13.	Mr. Clifford Kennedy	February 11 - March 5, 1996	Review of SEBI enforcement Program
14.	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
15.	Mr. John Ruckrich	February 26 - March 27, 1996	NSDL Business Planning and NSE Study tour

16	NSE	March 4 - March 15, 1996	NSE - Study Tour - Site visit of vendors
17	Mr. Ranjit Advani	March 20 - 26, 1996	NSE - Back Office System Review
18	Mr. Frank Wilson	April 3 - 24, 1996	NSE - Review of rules and regulations of NSE and its status as a self regulatory organization
19	Mr. Walter D. Pugh	April 10 - 24, 1996	NSE - Computer Security and Disaster recovery
20	Mr. Thomas R. Keyes	March 28 - May 2, 1996	Broker Licensing and Certification Program
21	Mr. Cliff Kennedy	April 1 - May 4, 1996	SEBI enforcement program
22	Mr. John Ruckrich	April 30 - May 17, 1996	Depository Regulation Review and NSDL bye laws co-ordination
23	Ms. Jan Aalbrechtse Slinn	May 1- 17, 1996	NSDL - Depository regulation Review and NSDL bye laws co-ordination
24	Mr. Thomas R. Keyes and Mr. Paul	May 13 - May 15, 1996	Broker Licensing and Certification assistance to SEBI
25.	Mr. Bill Gorman	May 12 - 25, 1996	SEBI Australasia Depository Study tour
26.	Mr. Frank Wilson	June 8 - June 27, 1996	NSE SRO program and SEBI Stock Watch and SRO concept
27.	Ms. Susan J. Hertel	May 31 - July 6, 1996	Organizational Structure Plan for NSDL
28.	Mr. Cliff Kennedy	July 15 - August 20, 1996	Review of SEBI enforcement program, Workshop on Derivatives for NSE
29.	Mr. Lewis Mendelson	July 19 - August 18, 1996	Assistance to Mutual Funds
30.	Mr. Walter Pugh	August 16 - September 5, 1996	Computer security and disaster recovery planning for NSE & SHCIL
31.	Ms. Jan Aalbrechtse Slinn	August 29 - September 13, 1996	NSDL bylaws
32.	Ms. Susan J. Hertel	August 2 - September 15, 1996	NSDL work flows and job descriptions

33.	Mr. Thomas R. Keyes	August 15 - September 26, 1996	Broker licensing and certification
34.	Mr. Paul Litteau	September 23 - October 5, 1996	Derivatives regulation and orientation
35.	Mr. John Ruckrich	September 6 - October 12, 1996	Depository rules and regulations
36.	Ms. Jan A. Slinn	October 12 - 25, 1996	NSDL Depository participant agreements
37.	Mr. Lew Mendelson	October 10, - November 10, 1996	Assistance to AMFI
38.	Ms. Susan Hertel	October 26 - November 16, 1996	NSDL organizational work flow activities

G. List of Deliverables submitted by during the First and Second work plan periods



Price Waterhouse LLP

**FINANCIAL INSTITUTIONS REFORM AND
EXPANSION (FIRE) PROJECT**

List of deliverables submitted during the First and Second work plan periods

Sr. No	Consultant	Title of the Deliverable	Date
Particulars of Reports			
001	Mr. Howard Schuman	Training Needs Assessment Report	06/20/95
002	Mr. John Ruckrich	NCDS Request for Information - Stock Holding Corporation of India Ltd.	07/07/95
003	Mr. Walter Pugh	Review of NSE data Security and Business Continuity Planning - NSE T.O. # 003	10/18/95
004	Mr. Ranjit Advani	Back Office Systems Review - NSE T.O. # 003	11/15/95
005	Mr. Cliff Kennedy	Review of the Enforcement Plan of the Securities Exchange Board of India,- SEBI T.O. # 004	11/28/95
006	Mr. Frank Wilson	Review of rules and regulations of National Stock Exchange and its status as a self regulatory organization - NSE T.O. # 003	01/05/96
007	Mr. Terrance O'Malley	Enforcement Programme Assistance - SEBI T.O. # 004	01/15/96
008	Mr. Stephen Brown	A review of the Operational Impediments of the Debt Market in India - NSE T.O. # 003	01/15/96
009	Dr. Wiliam Barclay	Feasibility Study of a Derivatives Exchange in India - NSE T.O. # 003	03/18/96

Sr. No	Consultant	Title of the Deliverable	Date
010	Mr. Thomas Keyes	Design and Implementation of Licensing, Certification and Testing Program for persons joining capital market intermediaries	January 15, 1996
011	Mr. Thomas Keyes	Design and Implementation of Licensing, Certification and Testing Program for persons joining capital market intermediaries	February 15, 1996
012	Mr. Thomas Keyes	Certification and Testing of Market Intermediaries	May 16, 1996
*013	Mr. Walter Pugh	OTCEI Information Systems Risk Review	April 1996
*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

Sr. No	Consultant	Title of the Deliverable	Date
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
List of Trip Reports			
001	PW/FIRE	Collection of Trip Reports for the Period February 6 - June 28, 1995	07/24/95
002	PW/FIRE	Collection of Trip Reports for the Period July 1, 1995 to November 30, 1995	12/01/95
003	PW/FIRE	Collection of Trip Reports for the Period December, 1995 - January, 1996	June 10, 1996
004	PW/FIRE	Collection of Trip Reports for the Period February, 1996	June 10, 1996
005	PW/FIRE	Collection of Trip Reports for the Period March - May, 1996	May 31, 1996
006	PW/FIRE	Collection of Trip Reports for the period, June-July 1996	Sept 27, 1996
007	PW/FIRE	Collection of Trip Reports for the period, August-September 1996	Sept 27, 1996

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APPENDIX C

SUMMARY OF PARTICIPANT TRAINING

- A. Projected US based Participant Training
(November 1996 - April 1998)**

- B. Completed Participant training during the
First and Second work plan periods**

A. Projected US based Participant Training (November 1996 - April 1998)

APPENDIX C. A

PROJECTED US BASED PARTICIPANT TRAINING (NOVEMBER 1996 - APRIL 1998)

No. of Persons	Home Organization	U.S. Internship Organization	Program Length (weeks)	Total Training	Timing	Course/Internship
16	SEBI	NYSE	3	48pw	Nov. 1996	<i>Capital Markets</i>
4	SEBI/Reg. Exchanges	SEC	2	8pw	Nov. 1996	<i>SEC</i>
4	AMFI	Investment Company Institute	3	12pw	February 1997	<i>Management of Mutual Funds and compliance</i>
4	SEBI/ RBI	US FED	3	12pw	Apr. 1997	<i>Bond markets</i>
4	ISCS	NASD	2	8pw	May 1997	<i>Corporate Actions</i>
6	NSE/ F&O	CBOE	8	48pw	May 1997	<i>Derivatives</i>
6	ICFAI, ICAI	FASB, NASD	2	12pw	June 1997	<i>Financial Accounting and Anaiysis training</i>
6	MOF/ Reg. Exchanges	NYSE, CBOE	2	12pw	July 1997	<i>Study Tour</i>
10	Regional Exchanges	NYSE	2	20pw	August 1997	<i>Capital markets training</i>
6	SEBI/ Reg. Exchanges	Regional regulators	2	12pw	August 1997	<i>Asian Capital Markets</i>
6	ICAI, ICSI	Asian Regulators	2	12pw	September 1997	<i>Asian Capital Markets</i>
10	SEBI	NYSE	3	48pw	October 1997	<i>Capital Markets</i>
4	SEBI/ Reg. Exchanges	SEC	3	12pw	Nov. 1997	<i>SEC</i>
10	Intermediaries	NYSE	3	60pw	February 1998	<i>Capital Markets</i>
10	Intermediaries	NYSE	3	60pw	March 1998	<i>Capital Markets</i>
Total				384		



B. Completed Participant Training in the First and Second work plan periods

APPENDIX C. B

COMPLETED US BASED PARTICIPANT TRAINING IN THE FIRST AND SECOND WORK PLAN PERIODS

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/MOF officials	NYSE & LSE	2wk	8pw	October 1996	SEC
6	SEBI Exchanges	NYU, Baruch, Pace	3wk	18pw	October 1996	<i>Capital Markets Overview</i>
4	SEBI Exchanges	NYU, Baruch, Pace	3wk	12pw	October/ November 1996	NYIF
Total				89.4		

APPENDIX D

SUMMARY OF IN-COUNTRY TRAINING

- A. Projected In-country Training (November 1996 - April 1998)**

- B. Completed In-country Training during the First and Second work plan periods**

A. Projected In-country Training (November 1996 - April 1998)

APPENDIX D. A

PROJECTED IN-COUNTRY TRAINING (NOVEMBER 1996 - APRIL 1998)

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
I. Depositories/ Clearing Corporations					
30	NSDL	2 day	12pw	Nov 1996	Depositor systems operation verification for NSDL staff - <i>Susan Hertal</i>
15	NSDL	1 day	3pw	Dec 1996	Depositor Participant agreement for NSDL staff - <i>Susan Hertal</i>
75 each at 3 centers	Participants/ Investors	1 day	45pw	Novem. 96 to Feb. 97	Role and functions of a depository (November 1, December 1 and February 1) - <i>Susan Hertal</i>
30	NSDL/ SEBI	1 day	6pw	March 97	Protection of Customer Records & Accounts - <i>Litteau</i>
25	DSE	1 day	5pw	December 1996	Clearing & Settlement process
50	Participants/ Investors	1 day at 4 centers	40pw	Oct - Dec 1997	Awareness creation about depository amongst market
30	NSE, OTCEI and SHCIL	2 days	12pw	March 1997	Information systems/ back office operations - Business continuity planning
50	NSDL/ SEBI	1 day	10pw	March 1997	Protection of customer Records & Accounts - <i>Litteau</i>
25	Regional Exchanges	1 day at 4 centers	20pw	Jan - Apr 1997	Connectivity of exchange and consolidated tape
25	Regional Exchanges	1 day at 4 centers	20pw	Jan - Apr 1997	Clearing & Settlement process and audit of intermediaries
25	Regional Exchanges	1 day at 4 centers	20pw	May - Jul 1997	Protection of customer Records & Accounts - <i>Litteau</i>
25	Regional Exchanges	1 day at 4 centers	20pw	Oct - Dec 1997	Information systems/ back office operations
25	Regional Exchanges	1 day at 4 centers	20pw	Jan - Apr 1998	Data security and Business continuity planning
II. A. SRO Activities					
15	SEBI	1 day	3pw	November 1996	Development SRO Regulations <i>Frank Wilson</i>
25 at 3 centers	Exchanges officials	1day	15pw	Feb - Apr 1997	SROs <i>Frank Wilson</i>

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
25	NSDL	1 day	5pw	December 1996	SRO development in a depository environment
20 each at 8 centers	Exchange officials, prof. Institution	2 days each	64pw	February 1997	SRO concept, Market surveillance, Enforcement & Stock watch concept
II. B. Broker Certification					
50	SEBI, NSE, OTC	2 days	20pw	December 1997	Certificaton Seminar <i>Tom Keyes/ Paul Litteau</i>
50 each at 5 centers	Sub Brokers	1 day	50pw	July 1997	Testing Administration Seminar <i>Tom Keyes</i>
100	NSE, REx.	2 days	40pw	November 1997	Testing Workshop <i>Tom Keyes/Paul Litteau</i>
II. C. Investor Information Centers					
50 each at 4 centers	Regional Exchanges	1 day	40pw	Jun - Sep 1997	Desinging Investor Information centers
50 at 6 centers	Investors	1 day	60pw	Dec 1997 - April 1998	Awareness creation amongst market participants
III. Debt market development					
25 each	NSE, BSE & OTCEI	1 day	5pw	Nov 1996 - Jan 1997	Debt market workshop with Local consultants
25 each	NSE, BSE & OTCEI	1 day	5pw	Feb - Apr 1997	Debt market technology and marketing techniques
25 at 5 centers	RBI & Market Intermediaries	3 day	75pw	Mar-Jul 1997	Debt market awareness and Bond trading
25 at 6 centers	Market Intermediaries	3 day	90pw	Apr-Nov 1997	Trading, Regulatory requirements, accounting norms& marketing techniques for Debt Market
25 at 2 centers	RBI and Banks	2 days	20pw	Jan - Feb 1998	Trading, Regulatory requirements, accounting norms& marketing techniques for Debt Market
IV. Enforcement & Market Surveillance					
15 at 2 centers	SEBI	1 day	6pw	Nov - Dec 1996	Stock Watch policy for SEBI staff
15 at 4 centers	SEBI	1 day	12pw	Jan - Apr 1997	Stock watch mechanics formulations

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
15	NSE	1 day	3pw	May 1997	Stock watch mechanics for NSE
15	BSE	1 day	3pw	June 1997	Stock watch mechanics for BSE
15	NSE	1 day	3pw	July 1997	Stock watch mechanics for OTCEI
15 at 4 centers	Reg. Exch.	1 day	12pw	Aug - Nov 1997	Stock watch mechanics for Regional exchanges
15 at 2 centers	Reg. Exch.	1 day	6pw	Jan - Feb 1997	Stock watch mechanics for Regional exchanges
V.Futures/Options Exchange					
25	Investment Bankers	3 days	15pw	December 1996	Derivatives Trading (off side) <i>William Barclay</i>
50 each at 2 centers	Market intermediaries & Inv. Pub.	2 days each	40pw	January - February 1997	Concept of derivatives, Risk management, Hedging and Trade process
50 each at 2 centers	Participants	2 days	40pw	February - March 1997	Concept of derivatives, Risk management, Hedging and Trade process
25 each at 2 centers	NSE, BSE, DSE and CSE	1 day	10pw	April - May 1997	Information technology and system design for derivatives exchange
25 each at 6 centers	Participants	1 day each	30pw	April - September 1997	Derivatives, Exchanges activities orientation programme
25 each at 6 centers	Participants	1 day each	30pw	Oct 1997 - April 1998	Derivatives, Exchanges activities orientation programme
VI.Investor Base/ Mutual Funds					
25	SEBI and AMFI	1 day	5pw	Nov. 1996	MF regulation and AMFI restructuring plan
25 each at 2 centers	AMFI	1 day each	10pw	Jan - Feb 1997	MF regulation and SRO concepts
50 each at 6 centers	AMFI	1 day each	60pw	Mar. - Apr 1997	Investor education and awareness creation
VII.Others					
25 each	Credit rating agencies	1 day each	5pw	Nov - Dec 1997	SEBI regulations for credit rating agencies

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
25	MoF, SEBI, Academic Inst. officials	1 day	5pw	December 1996	SDDS requirements & India's compliance
Total Person Weeks			1020		

Month	Events	Person weeks	2 days' & above events
November 1996	5	43	2
December 1996	8	46	
January 1997	6	38	1
February 1997	16	144	10
March 1997	11	113	3
April 1997	10	86	2
May 1997	6	45	2
June 1997	7	55	2
July 1997	11	94	2
August 1997	4	30	1
September 1997	4	30	1
October 1997	5	35	1
November 1997	9	94	2
December 1997	6	57	1
January 1998	4	31	1
February 1998	5	35	1
March 1998	3	22	
April 1998	3	22	
Total	123	1020	32

B. Completed In-country training during the First and Second work plan periods

APPENDIX D. B

COMPLETED IN-COUNTRY TRAINING IN THE FIRST AND SECOND WORK PLAN PERIODS

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
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> 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
31	SEBI, Regional Exchanges	1 day	6pw	March 1996	<i>Securities Enforcement, Market Surveillance and Self Regulation</i> Cliff Kennedy

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
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	1day/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 Keyes
50	Madras Exchange/ Brokers	1 day	10pw	April 1996	<i>Investor Education and Structural Changes</i> Tom Keyes
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 & 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
85	Invest India Stock Exchanges Summit Participants	½ day	8pw	May 1996	<i>Global</i> Dennis Grubb

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
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/Paritosh Sharma
70	Calcutta	1 day	14pw	May 1996	<i>Individual Investor</i> Dennis Grubb/Paritosh 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 & 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	1 day	100pw	Aug 1996	<i>Derivatives Orientation programme for market participants</i> Madras, Calcutta Ahmedabad & Bombay
414 at 6 centers	NSDL	1 day each	82.8pw	August 1996	<i>NSDL Depository Workshop (awareness programme)</i>
6	SHCIL	1 day	1.2pw	August 1996	<i>Information system/back office & BCP</i> Walter Pugh
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>

No. of Persons	Home Organization	Program Length	Person Weeks	Timing	Workshop/Seminar/Instructor
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> Bombay & Delhi, Tom Keyes
100	NSDL	1 day	10pw	September 1996	<i>Law relating to Depositories</i> Jan Aalbrektse Slinn
7	OTCEI	1 day	1.4pw	September 1996	<i>Information system/back office & 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
Total			722.8		

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Month	Events	Person weeks	2 days' & above events
June 1996	1	3	
July 1996	3	22	1
August 1996	10	141	2
September 1996	11	167	2
October 1996	9	142	4
November 1996	4	40	
December 1996	4	37	2
January 1997	2	40	2
February 1997	8	90	7
March 1997	5	45	1
April 1997	2	40	2
Total	58	767	23