



CONFIDENTIAL

REQUEST FOR PROPOSAL (RFP)

FOR

PROVIDING CONSULTANCY SERVICES


FOR

IMPLEMENTATION OF

ENTERPRISE-WIDE INTEGRATED RISK MANAGEMENT ARCHITECTURE
(FOR BANK AND ITS GROUP ENTITIES)

March, 2011


RISK MANAGEMENT WING, HO
112 J C ROAD: BANGALORE

CANARA BANK (HO: Bangalore)	RFP for providing Consultancy Services for implementation of Enterprise-wide Integrated Risk Management Architecture	 केनरा बैंक Canara Bank
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List of Abbreviations

Abbreviation	Expansion	Page nos
ALM	Assets and Liabilities Management	27,68,70,83
AMA	Advanced Measurement Approach	9,27,39,41,61,63,64,65
BANK	Canara Bank including its domestic Operations, Foreign branches, Subsidiaries and Group Entities other than Regional Rural Banks.	1,68,69,70,71,72,73,75,77,78,79,80,81,82,83,86
BE&ICF	Business Environment and Internal Control Factors	63
CD	Compact Disk	14
CPU	Central Processing Unit	80
CVC	Central Vigilance Commission	10
CORDEX	Credit & Operational Risk loss Data Exchange	55,61
DR	Disaster Recovery	55
EAD	Exposure at Default	26
EMD	Earnest Money Deposit	7,13,15,19,23,24,31,90
EVA	Economic Value Added	76
ICAAP	Internal Capital Adequacy Assessment Process	27,77,79
IMA	Internal Measurement Approach	9,40,41,73
INR	Indian Rupees	17,85,88
IPR	Intellectual Property Rights	38
IRB	Internal Rating Based Approach	9,26,39,41,42,44,45,47,49,51,52,53
KRI	Key Risk Indicators	26
LD	Liquidated Damages	33
LGD	Loss Given Default	26
M	Effective Maturity	26
MIS	Management Information Systems	44,47,50,51,56,58,60,61,63,68,69,70,74,75
MS Word	Microsoft Word	14
MS Excel	Microsoft Excel	14
NDA	Non-Disclosure Agreement	5,32
ORM	Operational Risk Management	54

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PD	Probability of Default	26
RAPM	Risk Adjusted Performance Measurement	77
RAROC	Risk Adjusted Return on Capital	76
RBI	Reserve Bank of India	8,50,51,52,53,54 55,56,57,61,62,64,65
RCSA	Risk & Control Self Assessment	26,59,60,61,63,66,83
RDBMS	Relational Data Base Management System	81
RFP	Request For Proposal	1
RWA	Risk Weighted Asset	26,42,44,45,46
SOW	Statement Of Work	28
SREP	Supervisory Review and Evaluation Process	9,19,39,77
SVA	Shareholder Value Added	76
TCO	Total Cost of Ownership	80
UAT	User Acceptance Test	80
VaR	Value at Risk	27




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RISK MANAGEMENT WING, HEAD OFFICE

PHONE: 080 2210 4373

FAX: 080 2229 2751


E-mail ID: rmwing@canarabank.com

Website: www.canarabank.com

	DATE
• Date of issue of RFP	: 30-03-2011
• Last date and time for seeking clarifications	: 09-04-2011 at 02.00 P.M.
• Pre Bid Meeting	: 18-04-2011 at 03.30 P.M.
• Last date & time for submission of Bids	: 28.04.2011 at 02:00 P.M.
• Bid Opening date time & venue	: 28.04.2011 at 03.30 P.M. At Conference Hall Head Office, Bangalore 560002
• Bid document price (non refundable)	: Rs 10,000/-
• Earnest Money Deposit	: Rs 5,00,000/-
• Place for submission of bids	: Bid Box The GM's Secretariat Canara Bank Risk Management Wing, 2 nd floor, Head Office, 112, J C Road, Bangalore -560002
• Bid submission timings	: 10.00 am to 5.00 pm on Monday to Friday and 10.00 am to 2.00 pm on Saturday

Note:

1. Bids will be opened in the presence of bidders' representatives who choose to attend on the bid opening date.
2. The schedule is subject to change and notice of changes would be put up on the website of the Bank. The Bank reserves the right to cancel the RFP at any time without incurring any financial obligation to any bidder.
3. Any queries regarding RFP may be sent to the GM's Secretariat, Risk Management Wing before the last date and time for seeking clarifications for pre bid before 09.04.2011 at 02.00 PM.
4. The RFP document can be downloaded from Bank's website <http://www.canarabank.com/English/Scripts/Tenders.aspx>.
5. Any bid without payment of bid document price and EMD will be rejected.

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SECTION I - INTRODUCTION

Canara Bank, a body corporate, established in the year 1906 and nationalised under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970, having its Head Office at 112, J C Road, Bangalore 560 002 India and among others having Risk Management Wing at its Head Office, 112, J C Road Bangalore – 560 002, India, hereinafter called “the Bank”, which term or expression unless excluded by or repugnant to the context or the meaning thereof, shall be deemed to include its successors and permitted assigns, issues this Request For Proposal, hereinafter called “RFP”, to organisations engaged in consultancy assignments to participate in competitive bidding for providing comprehensive consultancy services as per specifications/terms and conditions and scope defined in this document for developing, implementing and operationalising an Enterprise-wide Integrated Risk Management Architecture to comply with Basel II and RBI guidelines/ requirements on Credit, Market & Operational Risks and New Capital Adequacy Framework incidental thereto, benchmarking against international best Banking practices across the Bank’s branches / offices in India and abroad including subsidiaries and group entities.


1. BACKGROUND

As at 10.03.2011, Bank has a network of 3212 branches, spread across the country besides overseas branches in UK, Hong Kong and Shanghai-China, administered through 34 Circle Offices and Head Office. The Bank has the following subsidiaries and group entities:

- i) Canbank Venture Capital Fund Limited (CVCFL)
- ii) Canbank Financial Services Limited (CANFINA)
- iii) Canara Bank Securities Limited
- iv) Canbank Factors Limited
- v) Canbank Computer Services Limited (CCSL)
- vi) Canara Robeco Asset Management Company Limited
- vii) Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
- viii) Can Fin Homes Limited
- ix) Commercial Bank of India LLC, Moscow
- x) Pragathi Gramin Bank (Regional Rural Bank)
- xi) South Malabar Gramin Bank (Regional Rural Bank)
- xii) Shreyas Gramin Bank (Regional Rural Bank)

The Bank has devised risk management policies and also has a framework for making Pillar 3 disclosures as prescribed by the RBI under basic approaches.

Currently, as per directives of the RBI, the Bank has adopted Basic Approaches i.e. Standardized Approach for Credit Risk, Modified Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk

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for computation of capital. RBI has directed Banks to adopt Advanced Approaches with their prior permission.


2. OBJECTIVE

Implementation of Enterprise-wide Integrated Risk Management architecture compliant with the regulatory requirements and the Advanced Approaches of risk management including BASEL II guidelines.

3. SCOPE OF SERVICES

- To Study the existing systems implemented by the Bank in risk management, conduct gap analysis vis a vis regulatory requirements & Basel II requirements and suggest, guide and assist the Bank in upgradation of existing risk management systems and processes and implementing Enterprise-wide Integrated Risk Management architecture compliant with the regulatory requirements and the Advanced Approaches (AMA-Operational Risk, IMA-Market Risk and IRB - Credit Risk) of risk management including BASEL II guidelines.
- To assist the Bank in selection and acquisition of suitable software solution for implementing Advanced Approaches under Basel II guidelines for Enterprise-wide Integrated Risk Management architecture suitable for the Bank.
- To assist Bank in preparing application to the RBI for getting its approval in respect of migration to the Advanced Approaches (AMA-Operational Risk, IMA-Market Risk and IRB - Credit Risk) and assisting the Bank in obtention of the permission.
- To implement changes suggested by the regulator during the SREP process and to assist the Bank to complete the full implementation in accordance with the regulatory requirements in order to get the regulatory approvals.

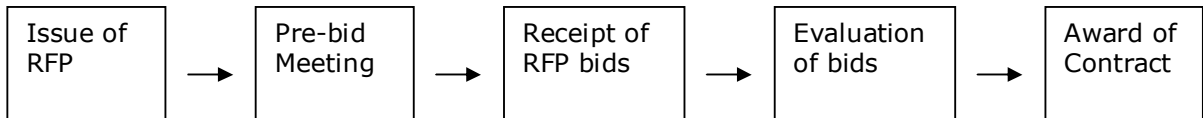
The Scope Of Work given in the RFP is only indicative. After the selection of the bidder, at the time of entering into the agreement, the actual work to be carried out will be finalized, in consultation with the selected bidder, which will be, at a minimum, the Scope Of Work given in the RFP and would be divided into five stages. Payment will be released stage wise after completion of all the works agreed to be carried out by the selected bidder for the respective stages. For the sake of early completion of the project, selected bidder could start early some of the works listed for subsequent stages, however payment for such works will be released only during the relevant stage during which the work is listed to be taken up in the agreement.


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The services offered by the bidders, at the minimum, should cover all the areas given in this paragraph and as explained in Annexure I.

4. SELECTION PROCESS

Selection of a bidder for consultancy arrangement will involve a five (5) stage approach. The approach follows the Indian Government's Central Vigilance Commission (CVC) guidelines.



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SECTION II - INVITATION FOR BIDS

1.1 RFP Document: This RFP document can be downloaded from the Bank's website <http://www.canarabank.com/English/Scripts/Tenders.aspx>. The bidder will have to pay along with the Bid (in a separate cover), a non-refundable fee of ₹ 10,000/- (₹ Ten thousand only) in the form of a demand draft / Banker's Cheque / Pay Order issued by a Scheduled Commercial Bank favouring Canara Bank, payable at Bangalore.

1.2. Due Diligence: The bidder is expected to examine all instructions, forms, terms, conditions and specifications in this RFP. Bid shall be deemed to have been made after careful study and examination of this RFP with full understanding of its implications. The bid should be precise, complete and strictly in the prescribed format as per the requirement of this RFP. Failure to furnish all information required by this RFP or submission of a bid not as per this RFP will be at the bidder's risk and shall result in rejection of the bid and the decision of the Bank in this regard will be final, conclusive and binding.


1.3. Cost of Bidding: All costs and expenses (whether in terms of time or money) incurred by the bidders in any way associated with the development, preparation and submission of responses, including but not limited to attendance at meetings, discussions, demonstrations, site visit etc. and for providing any additional information required by Bank, will be borne entirely and exclusively by the bidders.

1.4. No binding legal relationship will exist between any of the bidders and the Bank until execution of a consultancy agreement with the successful bidder to the full satisfaction of the Bank.

1.5. Clarifications Regarding RFP Document: Before bidding, the bidders are requested to carefully examine the RFP Document and the terms and conditions specified therein. If any bidder requires any clarification on this RFP, may notify the Bank in writing or by email on or before 09-04-2011 2.00 PM

1.6. Pre-bid meeting

The Bank shall hold a pre-bid meeting at 3.30 PM on 18.04.2011 at Conference Hall, Head Office, 112, J.C. Road, Bangalore-2 to clarify the queries raised by the bidders received up to 09-04-2011 2:00 PM. Upto two authorized persons shall be eligible to attend the Pre-bid meeting. The authorized persons shall produce the letter as per annexure -VIII while attending the Pre-Bid meeting. No request for change in date and time shall be entertained and the Bank shall hold the meeting even if any prospective bidder / some prospective bidders / their authorized representatives choose to remain absent during the meeting. No individual consultation with respect to this RFP other than the pre-bid meeting shall be entertained.

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No further enquiries/clarifications other than those sought upto the last date for seeking clarifications shall be entertained.

The clarifications of the Bank including the queries sought by bidders shall be displayed on the Bank's website <http://www.canarabank.com/English/Scripts/Tenders.aspx>. after the completion of the pre-bid meeting. This is binding on all bidders and such clarifications shall become part and parcel of this RFP. The bidders are required to take cognizance of the clarifications given while submitting the bid.

1.7. Amendment/s to RFP Document

a) The Bank reserves the sole right for carrying out any amendments/modifications/ changes in the bidding process including any addendum to this RFP document.


b) At any time before the deadline for submission of bids, the Bank may, for any reason whatsoever, modify this RFP Document. Any such amendment will be notified on the website of the Bank <http://www.canarabank.com/English/Scripts/Tenders.aspx> and shall be binding on all the bidders.

c) The Bank reserves the right to extend the deadline for the submission of bids, if required, in which case, such changes will be published in the website and no separate intimation would be given to the bidders. Any request from the bidders for extending the deadline for submission of bids, shall not be entertained by the Bank.

2. SCHEDULE OF BID COLLECTION AND SUBMISSION

Date of issue of RFP	30.03.2011
Last date and time for seeking of clarifications for pre bid	09.04.2011 02.00 P.M.
Pre Bid Meeting	18.04.2011 03.30 PM
Last date & time for submission of Bid *	28.04.2011 2.00 PM
Bid Opening date time & venue	28.04.2011 3.30 PM Conference Hall, Canara Bank, Head Office, Bangalore-560002

* Note: The bidders may note that no further notice will be given in this regard. Further, in case the Bank does not function on the aforesaid date due to unforeseen circumstances or holiday then the bid will be accepted upto 2.00 PM on the next working day and bids will be opened at 3:30 PM at the same venue on that day.


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2.1. Invitation to submit Bids:

The issuance of this RFP document is merely an invitation to bid and must not be construed as any agreement or contract or arrangement nor would it be construed as material for any investigation or review to be carried out by a bidder. The Bidder unconditionally acknowledges by submitting response to this RFP document that bidder has not relied on any idea, information, statement, representation, or warranty given outside this RFP document.

2.2. RFP Response Terms

- 2.2.1. Bidders have to bid for the entire assignment (defined under Para 3 Scope of Services under Section I) comprehensively, i.e. for upgradation of existing risk management systems & processes and implementing Advanced Approaches compliant with the Basel II guidelines for enterprise wide integrated risk management. Partial bids i.e. for only Credit Risk or Operational Risk etc. will not be considered for evaluation and will be rejected outright.
- 2.2.2. The Bank reserves the right to cancel the bid of any bidder if it is found at any stage that the details furnished by the bidder are false and to initiate action against such bidder for any damages that may be caused to the Bank. In that case, the Earnest Money Deposit (EMD) of the bidder shall stand forfeited and the Bank shall be entitled to recover all the moneys paid and claim liquidated damages.
- 2.2.3. The Bank reserves the right to accept or reject any or all the bids without assigning any reasons thereof and without incurring any liability to the bidders.
- 2.2.4. Bidders should notify the Bank of any error, omission, or discrepancy found in this RFP document not later than 09.04.2011 2:00 PM.
- 2.2.5. Details called for in bid documents must be completely filled up and usage of words such as OK, ACCEPTED, NOTED, TO BE DISCUSSED, AS ORALLY TOLD, ASSUMPTIONS, INTERPRETATIONS, AS GIVEN IN BROCHURE/ MANUAL is not acceptable. Bids containing such usages are liable to be rejected.
- 2.2.6. Documents regarding the eligibility criteria shall be submitted as per Para 4 section II.
- 2.2.7. Bank reserve the right to cancel this RFP if only one bid is received or only one bidder satisfies the eligibility criteria.

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3. Bid preparation and Submission

Bidders should be guided by para numbers 3.1. to 3.13 given below and any deviations there of shall not be considered.

3.1 Bid formats: The technical bid shall be submitted in the format provided as per Annexure II and the commercial bid shall be submitted in the format provided as per Annexure III along with a forwarding letter in the format given as per Annexure IV. All bids must be submitted in the prescribed formats and attachments if any must be clearly listed. The bidders should not alter the bid formats in any manner while submitting the bids.

3.2. The bid should be prepared in English in MS Word/Excel format and shall include bid summary pages for each Chapter / Section, properly completed.

3.3. The bids should be prepared in TWO SETS (Original Set and Duplicate Set) and each set should contain one copy each of the following:

3.3.1. Documents towards Eligibility criteria kept in a sealed envelope superscribing "RFP NO RMW/02/2010-11 dated 30.03.2011: Eligibility criteria for providing consultancy services for Implementation of Enterprise-wide Integrated Risk Management Architecture to Canara Bank". This envelope should be marked as "Envelope A".


Soft copy of the documents should be provided in CD format and should be in MS Word/MS Excel. The CD is to be properly protected and placed in "Envelope A". In case of discrepancies between the documents submitted and the CD, the bid is liable to be rejected.

3.3.2. Documents towards Technical Bid should be kept in a separate sealed envelope superscribing "RFP NO RMW/02/2010-11 dated 30.03.2011: Technical Bid for providing consultancy services for Implementation of Enterprise-wide Integrated Risk Management Architecture to Canara Bank". This envelope should be marked as "Envelope B".

Soft copy of the Technical bid should be provided in CD format and should be in MS Word/MS Excel. The CD is to be properly protected and placed in "Envelope B". In case of discrepancies between the documents submitted and the CD, the bid is liable to be rejected.

The bid formats could be scanned and submitted in CD. Other supporting documents could be in PDF format.

3.3.3. Documents towards Commercial Bid should be kept in a separate sealed envelope superscribing "RFP NO RMW/02/2010-11 dated 30-03-2011: Commercial Bid for providing consultancy services for Implementation of Enterprise-wide Integrated Risk Management Architecture to Canara Bank". This envelope should be marked as "Envelope C".

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The envelope marked "C" meant for Commercial Bid to contain only Commercial Bid (as per Annexure III) and a copy of the Forwarding Letter (Annexure IV). **CD is not required for Commercial Bid.**

A copy of the Commercial Bid without mentioning the bid amount (masking the bid prices) is to be enclosed along with the Technical Bid in "Envelope B".

3.3.4. The three separate sealed envelopes of Eligibility criteria, Technical Bid and Commercial Bid respectively for each set should be put together in a sealed master envelope super scribing:

'Proposal for providing consultancy for Implementation of Enterprise-wide Integrated Risk Management Architecture to Canara Bank'.

The email addresses and phone/fax numbers of the bidder should also be mentioned on the sealed envelopes

3.3.5. There will be two such master envelopes one for each set duly marked ORIGINAL / DUPLICATE. Along with these two master envelopes; bidder will submit one more envelope marked "D" containing two separate demand drafts/Banker's cheques / pay orders towards Application Money and EMD.

3.4. Signing of Bid documents: Only authorized person of the organization shall sign all the pages of the bid document and such bids shall only be binding. Digital signature is not acceptable.

3.5. Authorized Representative:


Bidders may depute their authorized representative (only one) with an authorization letter to attend for opening of bids at the time and place mentioned in the RFP. The draft of the authorization letter is provided in the annexure no: VIII. **The authorization letter for attending opening of bids should be submitted in "Envelope marked E" separately to the GM's Secretariat, Risk Management Wing, Canara Bank, Head Office, Bangalore at the time of submission of the bids.**

3.6. Bid Closing Date: Bids should be submitted as mentioned in Para 2 & 3 of Section II of this document on or before 2:00 PM IST (Indian Standard Time) 28.04.2011.

3.7. Bid Validity Period: Bid shall remain valid for a period of at least six (6) months from the Bid closing date

3. 8. Submission of Bid

Three envelopes mentioned in para 3.3.5 above should be dropped in the Bid box at:

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The GM's Secretariat,
 Risk Management Wing,
 Canara Bank,
 Head Office, 2nd Floor
 112 J C Road,
 Bangalore 560 002.

on or before the last date & time for receipt of completed bid. No other mode of submission shall be accepted. The fifth envelope marked as "Envelope E" should be handed over to the "GM's Secretariat" mentioned in para 3.5.

Submission will be valid only if bid documents are submitted as per clause 3.1 to 3.8, before the closing date and time specified in para 3.6 above.

3.9. Notifications: The Bank will notify the selected Bidder in writing about the outcome of the RFP evaluation process and shall also publish the same in the Bank's web site.

3.10. Disqualification: Any form of canvassing / lobbying / influence / query regarding short listing, status etc will be treated as a disqualification and bid shall be rejected.

3.11. The Commercial bid should not contradict the Technical bid in any manner.


3.12. Validation of interlineations in Bid: Any interlineations, erasures or overwriting shall be valid only if the authorized person signing the bid has authenticated the same with signature.

3.13. Period of assignment: All the tasks mentioned within the **Scope Of Work** excluding application to RBI and receipt of approval from RBI shall be completed within 15 months. Depending upon the requirements, Bank may in its sole discretion, allow extension of the period at no extra cost.


For the purpose of contractual agreement the period of assignment will be construed as extending up to the time till RBI approval for migration to Advanced Approaches, is in place for the Bank.

4. ELIGIBILITY CRITERIA

The bidder is required to conform to the following eligibility criteria and provide adequate documentary evidence for each of the criteria stipulated below. Only those bids satisfying all the stipulated eligibility criteria would be taken up for further processing.

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Sr. No.	Eligibility Criteria	Details of Proof
a.	The bidding organization should be a Government undertaking or Public or Private Ltd company or a Public Sector Undertaking regulated in India or a Partnership Firm or Limited Liability Partnership or an autonomous body approved by Government of India / promoted by RBI, having its own establishment in India.	Refer para 4.1. of this section.
b.	Should be in existence for at least five years as on 31 March 2010 (in case of mergers / acquisition/s restructuring or name change, the date of establishment of earlier/original partnership firm / limited company can be taken into account)	Annual Report, Certificate of Incorporation, Certificate of commencement of business, etc for companies. Audited financial statements for others.
c.	Should have a minimum income in consultancy of at least INR Three crores per annum in the past two years ended on 31-03-2010 from its Indian operations and should not have incurred losses during the last 3 years period ended on 31-03-2010.	Audited financial statements and I.T. Return. Bidders have to submit IT returns with bid (envelope A) for eligibility criteria.
d.	The bidder should have experience in extending consultancy services in risk management in Indian Banks.	Copies of the credential letters from the clients.
e.	The bidding Company/firm/LLP has to give details if the bidding organisation or any of its subsidiaries or group companies or holding companies, etc, operating in India or abroad has been blacklisted / barred / disqualified by any regulator / statutory body/ any bank including our bank .	Self declaration
f.	The bidder engaged in providing software solution may bid for this RFP, subject to the condition that any of their software solutions under this project will not be considered by the Bank for purchase during the period of assignment, if the bidder is engaged by the Bank for consultancy. This is applicable to the Bidder's subsidiaries or its holding companies. Such bidders shall give details of software which were developed by them or they are associated with during the last 5 years	A declaration in the letter head

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Note:1. Bidders should have experience of having executed / executing Enterprise-wide Integrated Risk Management Consultancy Services for Advanced Approaches in at least one Public Sector Bank operating in India (refer clause d in the above table)

2. The bidders must fulfill all the abovementioned criteria. Non-fulfillment of any of the criteria will entail rejection of the bid summarily. Photocopies of relevant documents / certificates duly attested by the authorized signatory of the organization should be submitted as proof in support of the claims made. The Bank reserves the right to verify / evaluate the claims made by the bidders independently.

4.1. Documentary Proof for the Constitution:


i) Government undertaking / Public Sector undertaking: if the Company / Corporation is created by a statute, a copy of the Government Notification / order is to be submitted. In the case of Government companies, certified copies of Certificate of Incorporation, Memorandum of Association & Articles of Association along with the certified copy of Board resolution authorising the representative to submit the bid in response to the RFP etc are to be submitted.

ii) Public & Private Limited Company: Certified copies of Certificate of Incorporation, Memorandum of Association and Articles of Association along with a certified copy of Board resolution authorizing the representative to submit the response to the RFP should be submitted.

iii) Partnership Firm: Certified copies of Partnership Deed and Authorisation letter signed by all partners authorizing one or more of the partners to submit the response to the RFP is to be submitted. Copy of the Certificate of Registration is to be submitted.

iv) Limited Liability Partnerships (LLP): Certified copy of incorporation document, Certificate issued by the Registrar of Companies, LLP Agreement (In case there is no LLP agreement, Schedule I of the LLP Act will prevail. A copy of the same may be obtained duly signed by all the partners.), declaration specifying the designated partners, where one or more partners are Body Corporate/ Ltd Company, they should be represented by their authorized signatory backed by Resolution of respective companies, certified copy of which should be submitted to the Bank.

v) Autonomous body approved by Government of India / Floated by RBI: Notification / Order issued by the competent authority authorizing a person to submit the response to the RFP along with a copy of order / notification basing on which the enterprise was formed is to be submitted.

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4.2. A Bidder can submit only one bid.

5. PRICING

a. The best and firm price (Professional fee) should only be quoted. It may be noted that Bank will pay only the agreed price (professional fee) and no other expenses/fees claimed shall be entertained.

b. The price should be quoted in Indian Rupees and should be exclusive of all applicable taxes. However, the bidders should provide the break up of the base price, taxes and cess etc. The price shall be on a fixed price basis and should not be linked to the Foreign Exchange.

c. Escalation in price quoted is not permitted for any reason whatsoever. The price quoted must be firm till complete execution of the Contract.

d. It may be noted that Bank will not pay any amount/expenses / charges / fees / traveling expenses / boarding expenses / lodging expenses / conveyance expenses / out of pocket expenses other than the “Agreed Professional Fee”.


However, if the quoted price includes expenditure for travel, such expenditure should be shown separately in the commercial bid. Further, after completion of 15 months project period, in case the services of the selected bidder are requisitioned for interaction with regulator during the SREP process or during the period of regulator examining the application of Bank for moving over to Advanced Approaches, Bank shall consider reimbursement of only travel expenses applicable to economy class.

e. **Payment terms:** The Bank will release the payment after deduction of applicable TDS/taxes/levies of the agreed price to the bidders, as per the agreement executed, in stages as mentioned in Para 1, Section IV of this document after completion of works covered under respective stages mentioned in Annexure -I. Further, it may be noted that the stages mentioned are only for the purpose of effecting payment. The selected bidder shall deliver all the “Deliverables” as agreed between the Bank and the Bidder during the contract period.

6. EARNEST MONEY DEPOSIT

a) The bidder should furnish, as part of its bid, an Earnest Money Deposit (EMD) in the form of Demand Draft / Bankers' Cheque / Pay Order from any Scheduled Commercial Bank, drawn in favor of “Canara Bank” for an amount of ₹ 500000/–(Indian rupees five lakhs only) payable at Bangalore.

b) No interest shall be payable on EMD.

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- c) EMD must be submitted in a separate cover marked "D" along with the bid documents price and should not be kept inside the sealed envelopes containing bid (in Envelopes A to C or in the Master envelopes). In the event of its non-submission, the bid will be rejected without any further correspondence, as non-responsive and the decision of Bank in this regard will be final, conclusive and binding.
- d) Unsuccessful bidder's Earnest Money Deposit will be discharged / returned 10 days after the Bank entering into consultancy agreement with the successful bidder. The name of the successful bidder shall be notified in the website.
- e) The Earnest Money Deposit shall be forfeited:
 - i) If a Bidder withdraws his bid during the bid validity period specified in this document; and/or
 - ii) If the successful Bidder fails to sign the consultancy agreement or furnish performance Bank guarantee/security deposit and other guarantee(s)/security in the form and manner to the satisfaction of Bank within 7 days of communicating the selection of the bidder, as mentioned in the RFP.
- f) Any decision in this regard by the Bank shall be final, conclusive and binding on the Bidder.

7. DOCUMENTS TO BE SUBMITTED ALONG WITH THE BIDS


7.1. Eligibility Criteria:

Documentary evidence should be provided for each of the eligibility criteria. The following documents are to be submitted with the bid (Envelope A) for Eligibility Criteria:

- a) Index of all documents submitted in this envelope.
- b) Documentary proof for the constitution mentioned in para 4.1.
- c) Annual Report, Annual balance sheets and P & L Accounts, IT Returns.
- d) Copies of credential letter from the clients.

The credential letter should state that the assignment carried out by the bidder was satisfactory and if it is under implementation whether the progress is satisfactory.

- e) Notarized Power of Attorney of the Authorized signatory (Annexure- V) along with a copy of the resolution in case of companies.

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- f) Undertaking as mentioned in (Annexure- VI)
- g) Requisite declarations as mentioned in Para 4 of this section on their letter head.
- h) The bidder should provide an undertaking on their letterhead, with regard to the commitment that, the key personnel to be deployed for assignment have required qualifications and adequate previous work experience in implementation of Enterprise-wide Integrated risk management architecture including system implementation projects for BASEL II compliance and that once they are assigned to the project, they will not be moved out of it, except with the written permission of the Bank for reasons beyond the control of the bidder. (as per annexure XIII)
- i) Any other relevant legal document
- j) All the other Supporting Documents as mentioned in Para 4 (Eligibility Criteria), brochures, leaflets, manuals etc in English
- k) Bidders are also required to include a disclosure statement of any potential conflict of interest the bidding organization or its associates or subsidiaries or holding companies or group companies might have due to other clients, current or former employees, contracts or interests associated with this project.
- l) Self declaration to the effect that the bidder has never been blacklisted / barred / disqualified by any regulator / statutory body. (as per annexure XIII)
- m) The bidder will submit a declaration specifying that the bidder has obtained all necessary statutory and obligatory permissions, if any, to carry out the consultancy work (as per annexure XIII)
- n) Details of pending disputes, court cases if any by / against the bidder.

7.2. Technical Bid:

The Technical bid as per Annexure 2 should be complete in all respects and contain all required information sought for, except the price. Any reference to bid price in the Technical Bid shall amount to disqualification.

The following documents are to be submitted with the bid (Envelope B) for Technical Bid:

- a) Index of all documents submitted.
- b) The bid should contain the details and work plan for each of the five

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phases as in Annexure-I along with the plan of resources proposed to be deployed for respective risk areas viz. credit risk, market risk, operational risk etc of the project which includes, inter-alia, the number of personnel, skill profile of the team leader and each team member (as per annexure ix), duration etc.

c) Details and work plan for each of the phases shown in Annexure-I without quoting the bid amount (masked commercial bid).

7.3 Commercial Bid:

The Commercial Bid has to be submitted in the prescribed proforma (Annexure III) duly filled and kept in the envelope marked "C" along with Forwarding Letter (Annexure IV). The bidders should give the details of the work they offer to undertake (at the minimum the work proposed to be undertaken should cover all the activities mentioned in the Scope Of Work as per Annexure no: I) to carry out in each stage separately.

Please note that if any envelope (other than master envelope) is found to contain both Technical and Commercial Bids, then, that bid will be rejected outright.


8. TERMS AND CONDITIONS

8.1. Terms and conditions for bidders who participate in the bid are specified in the RFP document and its annexures. These terms and conditions will be binding on all the bidders and will also form a part of the contract, to be awarded to the successful bidder on the outcome of the bid process. If the bids contain any extraneous conditions put in by the bidders, such bids shall be disqualified and shall not be considered for the selection process


8.2. Notwithstanding anything contained herein above, in case of any dispute, claim and legal action arising out of this RFP, the parties shall be subject to the jurisdiction of courts at Bangalore, India only.

9. RIGHT TO REJECT BIDS

The Bank reserves the absolute and unconditional right to reject the bid if it is not in accordance with RFP terms and conditions and no correspondence shall be entertained by the Bank in the matter. The bid is liable to be rejected if:

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- It is not in conformity with the instructions mentioned in the RFP document including its annexures.
- It is not accompanied by the requisite bid document price & EMD.
- It is not properly/duly signed.
- It is received through any mode other than the prescribed mode.
- It is received after expiry of the due date and time.
- It is incomplete including non-furnishing the required documents.
- It is evasive or contains incorrect information.
- There is canvassing/ lobbying/influence/query regarding short listing, status etc of any kind.

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SECTION III - BID EVALUATION PROCESS

1. GENERAL

1.1. At the time of opening of the bids for eligibility criteria & technical bids, the Bank will scrutinize the bids, to determine whether they are complete (substantial responsiveness), for any error in the bid, technical documents have been properly furnished and signed, and whether the bids are generally in order. The Bank reserves the right to reject any bid not conforming to the requirements.

1.2. In case of arithmetical errors if there is a discrepancy between words and figures, the amount in words will prevail. If the Bank does not accept the correction of the errors, the bid will be rejected, and the bidder's Earnest Money Deposit (EMD) may be forfeited.

1.3. The Eligibility criteria will be evaluated first for and then Technical bid will be evaluated. Commercial bid shall be opened only for the bidders who have qualified in the Technical Bid evaluation.

1.4. During evaluation of the bids, the Bank may, at its discretion, ask the bidder for clarification on the information provided in the bid. The response of the bidders for the requests for clarification sought by the Bank shall be in writing within three working days and failure to furnish information will make the bid liable for rejection and no change in the prices of substance of the bid shall be sought, offered, or permitted. In case of any technical problems with the CD containing soft copy of the bids, fresh CD would be sought.


1.5. No intimation would be sent to the unsuccessful bidders

1.6. Committee constituted by the Bank for engaging the Consultant for implementing the Enterprise-wide Integrated Risk Management Architecture compliant with Basel II and RBI guidelines would examine compliance with the eligibility criteria; evaluate the Technical bid (including technical presentation) and commercial bid. The evaluation / selection process will be done with combination of, technical competence and commercial aspects as detailed here in below.

2. PHASE I – ELIGIBILITY CRITERIA VERIFICATION

2.1. Eligibility criteria verification will be carried out on the basis of eligibility criteria mentioned in the Para 4 Section II of the RFP.

2.2 Technical bids will be evaluated alongwith the verification of the eligibility criteria.

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3. PHASE II- TECHNICAL BID EVALUATION

3.1. Various stages of technical evaluation are given below:


- Paper evaluation based on response.
- Presentation cum-interview.
- Arriving at the final score under technical bid.

3.2. Technical bid evaluation will be carried out on the basis of following:


- Bidder's terms and conditions and scope of the bidders' offer.
- Bidder's experience in implementing similar services in other Banks-India and abroad.
- Bidder's capability to deploy sufficient number of team members with requisite qualification and experience of project implementation.
- Adequacy of deliverables (whether proposed framework is suitable to meet Bank's requirements.)
- Modularity of the framework proposed in the bid.
- The presentation made by the bidders and the clarifications given
- Feedback from reference site.
- Methodology/Approach proposed for accomplishing the proposed project.
- Activities / tasks, project planning, resource planning, effort estimate.

3.3. During the period of evaluation, bidders may be asked, if necessary, to provide clarifications and explanations about information they have provided in the technical bid. Bidders should respond to such requests within three working days as per the time frame indicated in the letter/e-mail seeking the clarification/explanation.


3.4. A maximum of 100 marks will be allocated for the Technical bid. The evaluation of functional and technical capabilities of the bidders to this RFP will be completed first as per the following criteria:

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SI No.	Technical evaluation Evaluation Parameters	Maximum Marks
1	General	9
1.1	If the bidder is having an office at Bangalore	3
1.2	Turn over of the bidder	3
	Over ₹15 crores ₹ 5-10 crores ₹ 3- 5 crores	3 2 1
1.3	Net worth of the bidder	3
	Over ₹15 crores ₹ 5-10 crores ₹ 3- 5 crores	3 2 1
2	Experience	71
2.1.	Experience of executed / executing Enterprise-wide Integrated Risk Management Consultancy Services for Advanced Approaches in the Banks operating in India (as demonstrated by the credential letters submitted followed by reference site visits) as under: Experience in I. One Public Sector Bank - (80% Weightage) II. One Public Sector Bank & one Private Sector/ International Bank – (90% Weightage) III. One Public Sector Bank & two or more Private Sector/ International Banks – (100%)	
	a) Credit Risk :	
	Gap analysis and policy framework	3
	Rating Model evaluation	2
	Framework for capturing credit risk components (PD, LGD, EAD & effective maturity (M))	3
	Mapping/ categorization of assets as per requirements for IRB approach	2
	Credit analytics- Risk modeling	2
	RWA computation methodology for advance approaches	3
	b) Operational Risk:	
	Gap analysis	2
	RCSA framework	1
	KRI framework	1

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	Loss event management framework & Root cause analysis	2	
	Capital calculation under AMA & Modeling	2	
	Management of Business Continuity, management of legal risk, reputational risk etc	2	
	c) Market Risk:		10
	Gap analysis	2	
	Review and validation of VaR model	2	
	Framework for improved technical analysis/monitoring /reporting framework	2	
	Enhancement in ALM framework	2	
	Assisting in Vendor selection	2	
	d) Pillar II & III aspects:	6	11
	Pillar II aspects: Review/ improvement in ICAAP framework Evaluation, measurement and management framework for Pillar II risks Review of stress testing framework		
	Pillar III aspects: Review of disclosure standards under Pillar-III	5	
	e) Integration of Risk Management System		15
	Demonstrated a good understanding of business process related risks associated with various lines of business like		
	Treasury,	2	
	International Banking,	2	
	Credit	2	
	Management of risk in group entities and branches abroad.	2	
	Compliance functions	5	

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	<p>f) Experience of Software solution Selection and Pilot phase Implementation:</p> <p>Risk Management Consulting which would involve software solution selection and successful pilot phase implementation will be the criteria for awarding marks under this criterion. Evidence of SOW/Work Order of projects under progress or completed will be considered References to be given for experience. (Only written evidence of above specifications and satisfactory completion/execution of Project along with synopsis to be submitted)</p> <p>Training : Bidders' experience in successfully arranging training to clients</p>	<p>10</p> <p>5</p> <p>5</p>
3	The Project Team Support	10
3.1.	<p>The Project Leader's experience in handling Risk Management Consultancy Assignments for Advanced Approaches for Credit Risk, Market Risk, Operational Risk, ICAAP.</p> <p>a) 5 or more assignments abroad and 3 or more assignments in India</p> <p>b) 3 or more assignments abroad and 2 assignments in India</p> <p>c) 1 or more assignments abroad and 1 assignment in India</p>	<p>5</p> <p>5</p> <p>3</p> <p>1</p>
3.2	Composition of the Project Team/s allotted to respective risk areas i.e. Credit Risk, Market Risk, Operational Risk, Pillar II & Pillar III aspects, Integration of Risk Management and Software solution Selection and Pilot Phase Implementation.	5
4.	Presentation by the Bidders	10
4.1.	Demonstration of In-depth understanding of Bank's project requirements through the technical proposal supplemented by power point presentation covering detailed broken down activities to be performed, efforts estimation, manpower to be deployed, planning, design and time frame	5
4.2	Answers to the Bank during presentation	5

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3.5. Presentation-cum-Interview

All the bidders will have to make power point presentations before the evaluation committee/s of the Bank on the methodology / approach, time frame for various activities, strengths of the bidders in implementation of the proposed Enterprise-wide Integrated Risk Management Architecture and will have to participate in the subsequent interactions / interview.

For this purpose the bidders would be given at least a day's prior notice. The technical competence and capability of the bidder should be clearly reflected in the presentation. If any short listed bidder fails to make such presentation on the date fixed, the bidder concerned will be disqualified from the selection process.

The Bank may, at its sole discretion, decide to seek more information from the bidders in order to normalize the bids. However, bidders will be notified separately, if such normalization exercise as part of the technical evaluation is resorted to.

3.6. Bidders who score 60 % or above in the technical bid evaluation as mentioned in Para 3.4 only will qualify for the next stage of evaluation (i.e. Commercial bid evaluation) and the names of such bidders would be displayed in the Bank's website. If only one bidder / none of the bidders secures 60% or above score, Bank has discretion to shortlist the top two bidders scoring highest marks in the technical bid evaluation provided they score a minimum of 50% marks.

4. PHASE III -COMMERCIAL BID EVALUATION

The commercial bids will be subjected to following evaluation process.

4.1. The Commercial Bids of the short-listed bidders after Technical evaluation stage would be opened in the presence of the bidders or their authorized representatives who desire to be present not exceeding one person.

4.2. Methodology for calculating "Least Price"

The Bank will give 70% weightage to the technical evaluation score and 30% weightage to the commercial evaluation while computing the "Least Price". The formula for Score (SIB) is given below:


$$SIB = \frac{C \text{ low}}{C \text{ bid}} \times 0.30 + \frac{T \text{ bid}}{T \text{ high}} \times 0.70$$

Where

SIB = Score of Individual Bid

C low = lowest Quote for commercial bid among all bidders

C bid = Quote for commercial bid of the bidder

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T bid = Technical evaluation score of the bidder
T high = Highest technical evaluation score among all bidders

4.3. The Bank's decision in respect of evaluation methodology and short-listing of bidders will be final and no claims, whatsoever in this respect, shall be entertained.

4.4. In the case of tie between two or more bidders a fresh commercial bid will be called upon from these bidders for evaluation and ultimate selection of the bidder. The revised commercial bid should be dropped in the bid box as mentioned in para 3.5 of Section-II of this RFP by 2:00 pm on next working day. Such covers would be opened at 3:30 pm in the presence of the bidder's representatives. In such revised bids the bidders should not quote more than what was originally quoted in the previous bid.

4.5. Bank may call upon the ultimate short-listed bidder to make a detailed presentation to the Board of Directors of the Bank.

4.6. The Bank reserves the right to float the RFP again. The Bank shall not incur any liability to the bidder(s) on account of reissue of RFP. Bank shall not be obliged to inform the bidder(s) of the grounds for the Bank's rejection. The Bank reserves the right to modify any items of the scope of the RFP. The RFP may be reissued on account of following;

- a) If none of the bidders qualify during the verification of eligibility criteria
- b) If none of the bidders qualify in the technical bid evaluation
- c) If only one bidder qualifies in the technical bid evaluation.
- d) If selected bidder fails to execute the Consultancy Agreement within the time limit stipulated.

Any decision in this regard by Bank shall be final, conclusive and binding on the bidders


5. NOTIFICATION OF ACCEPTANCE OF BID

- a) Notification to the Successful Bidder

Before the expiry of the period of validity of the bid, the Bank shall notify the successful bidder in writing by registered letter or by e-mail, that its bid has been accepted. The successful bidder shall acknowledge in writing receipt of the notification of acceptance and has to convey their absolute, unconditional and unqualified acceptance within 7 days of the notification as per annexure no: X.

- b) Signing of Consultancy Agreement

The notification of the acceptance by the successful bidder shall be followed

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by signing of the Consultancy Agreement which shall be completed with in 7 days of receipt of notification of the acceptance by the Bank of the bid by the successful bidder. The successful Bidder should execute the Consultancy Agreement as per the format that will be provided by the Bank. The execution of Consultancy Agreement will amount to award of contract and Bidder has to initiate the execution of the work as specified in the Contract and the timelines for completion of the contract shall be deemed to have commenced on the date of signing of the Consultancy Agreement.

c) Discharge of Earnest Money Deposit (EMD)

Earnest Money Deposit of successful Bidder shall be discharged on the Successful Bidder signing the Consultancy Agreement and upon furnishing the Performance Bank Guarantee or Security Deposit. The Earnest Money Deposit of unsuccessful bidders shall be discharged / returned 10 days after the Bank entering into consultancy agreement with the successful bidder. The name of the successful bidder shall be notified in the website.

6. SECURITY DEPOSIT / PERFORMANCE BANK GUARANTEE

- 6.1. The successful bidder shall submit a Security Deposit / Performance Guarantee as per the format given in Annexure VII for 10 % value of the contract in Indian Rupees alongwith the letter of acceptance of the assignment.
- 6.2. The successful bidder should submit Security Deposit by way of Demand Draft / Bankers' Cheque / Pay Order issued by a Nationalized Bank favouring Canara Bank / Performance Bank Guarantee issued by a Nationalized Bank (But not Canara Bank).
- 6.3. Security deposit if submitted in the form of Performance Bank Guarantee, the guarantee period shall be valid till 6 months after closure of the consultancy project described in paras 3.13 of section II and 13.12 of section III. The guarantee shall also contain a claim period of three months from the last date of its validity.
- 6.4. The security deposit / Bank guarantee will be returned to the selected bidder 90 (ninety) days after the selected bidder's performance obligations under the agreement are completed and accepted by the Bank.
- 6.5. The selected bidder shall be responsible for extending the validity date and claim period of the Bank guarantees as and when it is due, on account of incompleteness of the project.
- 6.6. No interest shall be payable on the amount deposited as security deposit.

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6.7. The Bank shall invoke the Bank guarantee before the expiry of validity, if work is not completed / the guarantee is not extended before the due date as the case may be, or if the selected bidder fails to complete his obligations under the contract or the bidder becomes insolvent or goes into liquidation voluntarily or otherwise. The Bank shall notify the selected bidder in writing before invoking the Bank guarantee. The proceeds of the guarantee shall be payable to the Bank for any loss from the selected Bidder's failure to complete his obligations under the contract.

7. EXECUTION OF NON DISCLOSURE AGREEMENT (NDA)

7.1. The selected bidder shall execute Non Disclosure Agreement (NDA)

7.1.1 As the selected bidder will have access to the data/information of the Bank while implementing Risk Management Framework, the Bank will require the selected bidder to sign a non-disclosure agreement along with the Consultancy Agreement for the consultancy assignment in the NDA format (annexure-XII) provided by the Bank, undertaking not to disclose or part with any information relating to the Bank and its data to any person or persons, as may come into possession of the selected bidder during course of the implementation and security integration.

All expenses and costs for execution of the Consultancy Agreement and NDA shall be borne by the successful Bidder.


7.2. Failure to abide by the NDA

The conditions stipulated in the NDA shall be strictly adhered to and any breach / violation thereof will entail termination of the Contract without prejudice to the other rights of the Bank including recovery of liquidated damages as specified in this RFP or NDA.

7.3. Annulment of Award

Failure of the successful Bidder to comply with the terms and conditions of the contract shall constitute sufficient ground for the annulment of the award and forfeiture of the Security Deposit/ Invocation of Guarantee, in which event the Bank may at its sole discretion, make the award to the next best evaluated bidder or call for new bids.

In the event of the Bank making the award to the next best evaluated bidder, a notification as mentioned in para 5 shall be given to such

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next best evaluated bidder and all clauses of this RFP applicable to the successful bidder shall be applicable to him.

- 7.4. This RFP document or any other document related to this RFP or any portion thereof shall not be used for any other purpose, except for submission of the bids in response to the RFP.

8. LIQUIDATED DAMAGES (LD)

If the selected bidder fails to complete the due performance of the contract, in accordance with the specifications and conditions mentioned in the RFP and agreed during the final contract negotiation, the Bank reserves the right to recover penalty / liquidated damages @ 0.5% of the agreed price per week or part thereof subject to a maximum of 15 % of the value of the contract **as** Liquidated Damages for non-performance/delayed performance. The selected bidder is liable to repay the amounts received if any along with the interest at the clean rate of interest applicable prevailing on the date of claim i.e.7% above base rate (16.50% as of now). Notwithstanding the above , any non compliance of the contractual terms would be treated as breach of the contract by the selected bidder and Bank reserves the right to proceed against the bidder as per applicable laws on account of loss and damages incurred or to be incurred /suffered or to be suffered by the Bank.


9. DISPUTE RESOLUTION

9.1 If a dispute, controversy or claim arises out of or relates to the contract, or breach, termination or invalidity thereof, and if such dispute, controversy or claim cannot be settled and resolved by the Parties through discussion and negotiation, then the Parties shall refer such dispute to arbitration. Both Parties may agree upon a single arbitrator or each Party shall appoint one arbitrator and the two appointed arbitrators shall thereupon appoint a third arbitrator. The arbitration shall be conducted in English and a written order shall be prepared.

The venue of such arbitration shall be at Bangalore. The arbitration shall be held in accordance with the Arbitration and Conciliation Act, 1996. The decision of the arbitrator shall be final and binding upon the Parties, provided that each Party shall at all times be entitled to obtain equitable, injunctive or similar relief from any court having jurisdiction in order to protect its intellectual property and confidential information.

10. Uncontrollable circumstances (Force Majeure):

The selected bidder or the Bank is not responsible for delays or non-performance of any contractual obligations, caused by war, blockage, revolutions, insurrection, civil commotion, riots, mobilizations, strikes, blockade, acts of god, plague or other epidemics, fire, flood, obstructions of

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navigation by ice of port of dispatch, acts of Govt. or public enemy or any other event beyond the control of either party which directly, materially and adversely affect the performance of any contractual obligation provided that:

- a) The non performing party gives the other party prompt written notice describing the particulars of Force Majeure including, but not limited to, the nature of occurrence and its expected duration, and continues to furnish the timely reports with respect thereto during the period of Force Majeure;
- b) The excuse of performance is of no greater scope and of no longer duration than is required by the Force Majeure;
- c) No obligation of either party that arose before Force Majeure causing the excuse of performance are excused as a result of the Force Majeure; and
- d) The non-performing party uses its best efforts to remedy its inability to perform.


11. RESPONSIBILITIES OF SELECTED BIDDER

11.1. **Authorised signatory:** The selected bidder shall indicate in writing, the nominated person who can discuss and correspond with the Bank, with regard to the obligations under the RFP or Contract and who is empowered to sign the agreements on behalf of the bidder.

11.2. **Intent of RFP:** The selected bidder shall provide all necessary consultancy/advice/guidance as per the intent of this RFP, whether or not explicitly mentioned in this RFP.

11.3. **Change of Ownership / Management :** The selected bidder shall submit a certificate, as per Annexure XI duly signed by the authorised official, along with the Technical bids that change in ownership is not anticipated during the proposed period of contract. If such a change is anticipated, the scope and effect thereof shall be defined.

If such a change is not anticipated, but the selected bidder proposes to change the Ownership / Management at a later date during the currency of the contract, the selected bidder shall obtain prior permission from the Bank. If there is such change in Ownership / Management, the successor, assignee, transferee, etc. of the selected bidder shall be bound by the terms and conditions of the RFP / agreement, as if they have entered in to the agreement with the Bank.

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Change in Ownership / Management includes holding of majority share holder reduced to less than 51% or Company merged to another Company / acquired by another Company or any activity that affect the decision making powers of the majority share holder or the Company having sold the Consultancy division to another Company etc.

11.4. Work Space Required For Carrying Out Activities

The persons identified by the selected bidder for the project should carry out their activities from the Bank's Head Office, 112 JC Road, Bangalore or any other suitable location as provided by the Bank. All the bidders have to furnish the work space requirements alongwith the technical bid.

12. Composition of Team Members:

The bidders have to clearly specify in the technical bid, the composition of the members of the team/s proposed to be deployed to execute the assignment as per Scope Of Work mentioned in the RFP for respective risk areas.


The selected bidder cannot change the Project Manager or any other members of the team/s during the entire period of execution of the consultancy project unless consented in writing by the Bank. In the eventuality of any such change the personnel brought in should have equivalent or more exposure and qualifications compared to the personnel replaced and it should be with the Bank's concurrence.

The selected bidder shall ensure that personnel deployed are competent, do not violate any of the contractual obligations under this contract and while on the premises of the Bank conduct them in a dignified manner & shall not behave in any objectionable manner

13. OTHERS

13.1 Indemnity:

The selected bidder shall indemnify the Bank and keep indemnified the Bank for any loss or damage, cost or consequences that the Bank may sustain, suffer or incur on account of violation of any Intellectual Property Rights including patent, trademarks, etc. by the bidder. The bidder shall always remain liable to the Bank for any Losses suffered by the Bank due to any technical error or negligence or fault on the part of the bidder. The bidder agrees to indemnify and keep indemnified the Bank against all losses, damages, costs, charges and expenses incurred or suffered by the Bank due to or on account of any breach of the terms and conditions contained in the RFP/ Documents.

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If in any circumstances , Bank fails to obtain approval / permission from RBI for migration to advance approaches , the bidder shall indemnify the Bank against all losses , costs , charges and expenses incurred or suffered by the Bank, on account of the same.

13.2 Assignment:

Neither the contract nor any rights granted under the contract shall be sold, leased, assigned, sub contracted, or otherwise transferred, in whole or in part, by the bidder.


13.3 Vicarious Liability:

The selected bidder shall be the principal employer of the employees, agents, contractors, subcontractors etc., engaged by him and shall be vicariously liable for all the acts, deeds, matters or things, whether the same is within the scope of power or outside the scope of power, vested under the contract. No right of any employment in the Bank shall accrue or arise, by virtue of engagement of employees, agents, contractors, subcontractors etc., by the selected bidder, for any assignment under the contract. All remuneration, claims, wages dues etc., of such employees, agents, contractors, subcontractors etc., of the selected bidder shall be paid by the selected bidder alone and the Bank shall not have any direct or indirect liability or obligation, to pay any charges, claims or wages of any of his employees, agents, contractors, subcontractors etc. The selected bidder shall agree to hold the Bank, its successors, assigns and administrators fully indemnified, and harmless against loss or liability, claims, actions or proceedings, if any, whatsoever nature that may arise or caused to the Bank through the action of selected bidder’s employees, agents, contractors, subcontractors etc.

13.4. Non – Solicitation

The selected bidder, during the term of the contract and for a period of two years after completion of the consultancy assignment shall not without the express written consent of the Bank, directly or indirectly:

- a) Recruit, hire, appoint or engage or attempt to recruit, hire, appoint or engage or discuss about employment with or otherwise utilize the services of any person who has been an employee or associate or engaged in any capacity, by the Bank in rendering services in relation to the contract; or
- b) Induce any person who shall have been an employee or associate of the Bank at any time to terminate his/ her relationship with the Bank.

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13.5. No Employer-Employee Relationship:

The selected bidder or any of its holding/ subsidiary/ joint-venture/ affiliate/ group/ client companies or any of their employees/ officers/ staff/ personnel/ representatives/ agents shall not, under any circumstances, be deemed to have any employer-employee relationship with the Bank or any of its employees/ officers/ staff/ representatives/ personnel/agents.

13.6. Professional Liability Insurance


The selected bidder shall obtain an insurance policy covering Professional Indemnity Risk to the minimum extent of @10% of the agreed price and endorse such policy in Bank's favour and /or otherwise make the claim of any under the policy payable directly to the Bank by the Insurance Company till the completion of the project.

13.7. Cancellation of Contract and Compensation:

In the event of default, the Bank would provide 30 days notice to the selected bidder to rectify / correct the said event of default. If selected bidder fails to rectify the said default within the said period the Bank is entitled to cancel the contract of the selected bidder by giving 7 days notice. In such an event, the selected bidder shall be liable to indemnify the Bank for loss and damages incurred/ to be incurred or suffered / to be suffered by the Bank. The Bank is also entitled to get the remaining contract get executed by another party and the selected bidders (whose contract is terminated) is liable to make good the additional expenditure, cost, damage, if any which the Bank may have to incur to carry out for execution of the balance contract. In addition to the above, Bank is entitled to invoke the Performance Bank Guarantee or forfeit the security deposit given by the selected bidder towards non performance / non compliance of the terms and conditions of the contract.

'Event of default' includes happening of one or more of the following event/s:

- The selected bidder commits a breach of any of the terms and conditions of the bid/contract.
- An attachment is levied or continues to be levied for a period of 7 days upon effects of the bid.
- The progress regarding execution of the Contract, made by the selected bidder is found to be unsatisfactory.
- After the award of the contract, if the selected bidder does not perform satisfactorily as required by the Bank under the RFP or delays execution of the Contract.
- Change of the team members without prior permission of the Bank.

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13.8. Title to the copy right / IPR manuals including deliverables pertaining to the Enterprise wide Integrated Risk Management activities prepared by the selected bidder shall be that of the Bank and the selected bidder shall not have any reservation for usage of the same by the Bank even after completion of the consultancy assignment.

13.09. The selected bidder shall make himself / authorized representative available for interaction, discussion with the internal auditors / external auditors / Regulators etc along with Bank officials and shall furnish any information / clarification sought by them in connection with the project till the full implementation of the project and completion of SREP as mentioned in Section IV (Para 2.2).


13.10. Project Documentation and Manuals

All works related to the assignment handled are to be well documented and will form the part of deliverables.

They should be delivered both in hard copy and soft copy at the end of the each stage.

13.11. Closure of the Consultancy Project

The consultancy project shall be deemed to be closed when the selected bidder discharges all his obligations under the contract and closed in all respects to the satisfaction of the Bank.

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SECTION IV – PAYMENT TERMS

1. PAYMENT TERMS:

Bank will release the payment after deduction of applicable TDS/levies at source of the agreed price to the Consultant, for which Consultancy Agreement will be executed, in stages on completion of the various activities required to be completed in that stage. No advance payments will be made. The Consultant shall cover the entire scope mentioned in Annexure I and deliver all the “Deliverables” of this RFP document.

The payment for the entire assignment will be divided into five stages:

- After completion of stage I : 15% of the agreed price
- After completion of stage II : 25% of the agreed price
- After completion of stage III : 25% of the agreed price
- After completion of stage IV : 20% of the agreed price
- After completion of stage V : 15% of the agreed price

The payment for each stage will be released by deducting the retention money of 5% after successful completion of all the works under respective stage covering para “A” to “H” as mentioned in Scope of Work (Section –V, Annexure-I) to the satisfaction of the Bank.

2. RETENTION MONEY


Five percent (5%) of the agreed price will be retained by the Bank as Retention Money and the amount retained after deduction of liquidated damages if any as mentioned in para 8 of Section III, will be released one year after successful approval by RBI under Basel II guidelines as under:

- 1) Approval of bank's applications under Advanced Approaches (AMA-Operational Risk, IMA-Market Risk and IRB - Credit Risk) by RBI.
- 2) Conduct of SREP by RBI and rectification of all deficiencies indicated by RBI during SREP.

3. DOCUMENTATION:

3.1. All works related to the assignment handled are to be well documented and are forming the part of deliverables.


3.2. They should be delivered both in hard copy and soft copy at the end of the each stage.

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4. RELEASE OF PAYMENT AND RETENTION MONEY:

The release of payments and retention money will be further subject to conditions mentioned below.

- The Consultant should delegate all the scope into deliverables.
- All the deliverables should be covered stage wise.
- A detailed presentation is to be made to the Project Implementation Committee on the work carried out at the end of the each stage.
- The documents, reports and drafts submitted by the consultant are subject to acceptance by the Bank. (Should comply as per Basel II and RBI guidelines)
- All the recommendations submitted by the Consultant should be supported by documentary evidence

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SECTION V - ANNEXURES

Annexure I

DETAILED SCOPE OF WORK AND DELIVERABLES REQUIRED

A. PROJECT OBJECTIVES


The Bank is engaging a competent Consultant to assist in Implementation of Enterprise-wide Integrated Risk Management architecture compliant with the regulatory requirements and the Advanced Approaches (AMA-Operational Risk, IMA-Market Risk and IRB - Credit Risk) of risk management including BASEL II guidelines / requirements on Credit, Market & Operational (including compliance) risks, Pillar II risks, Pillar III requirements and New Capital Adequacy Framework incidental thereto, benchmarking against International best Banking practices across the Bank's branches / offices including branches / administrative offices in India, branches abroad, group entities (other than Commercial Bank of India LLC, Moscow and Canara HSBC Oriental Bank of Commerce insurance Company).

B. PROJECT SCOPE IN DETAIL

1. PROJECT SCOPE

A description of the envisaged scope is enumerated in sub para "C" to "H" of this annexure. The selected Bidder / Consultant is required to;

- Study the existing systems implemented by the Bank in risk management, conduct gap analysis vis a vis regulatory requirements & Basel II requirements and suggest, guide and assist the Bank and train the Personnel in upgradation of existing risk management systems and processes and implementing Enterprise-wide Integrated Risk Management architecture compliant with the regulatory requirements and the Advanced Approaches (AMA-Operational Risk, IMA-Market Risk and IRB - Credit Risk) of risk management including BASEL II guidelines.
- Assist the Bank in selection and acquisition of suitable software solution for implementing Advanced Approaches under Basel II guidelines for Enterprise-wide Integrated Risk Management architecture suitable for the Bank.
- Assist Bank in preparing application to the RBI for getting approval in respect of migration to the Advanced Approaches and assisting the Bank in replying to the observations of RBI and extend assistance till the approvals are received.

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Notwithstanding what is mentioned in paras "C" to "H" hereinafter, consultant is required to design and implement Enterprise-wide Integrated Risk Management Architecture compliant as per BASEL II and RBI guidelines in phases within a specified time frame (15 months).


The consultant will be responsible for monitoring the project till completion of all the stages of the project and full implementation. The Bank expressly stipulates that the selection of Consultant under this RFP is on the understanding that this RFP contains only the principal provisions for the entire assignment and that the services in connection therewith are only a part of the assignment. The Consultant shall perform all such tasks, render requisite services as may be required for successful completion of the project to the satisfaction of the Bank at no additional cost to the Bank.

C. SCOPE SPECIFIC TO CREDIT RISK MANAGEMENT SHALL INCLUDE BUT NOT LIMITED TO:

Stage 1

Gap study and Review of Bank's prevailing policy documents


- Study the Gaps against the desired state of credit risk management compliant with Basel II/ RBI guidelines for Advanced Approaches and assess the time frame for implementation.
- Review Data collection system and evaluate gaps in data procurement for data elements needed for computation of the RWA/ Regulatory Capital under Standardized approach, IRB and Management Information System for Credit Risk.
- Review of the data captured by the Bank for estimation of Credit Risk components with specific reference to Basel II requirements including framework for mapping of asset classes/sub-classes to various approach types and suggest appropriate methods to bridge the identified/assessed gaps. This shall include Governance structure, policies, procedures and system of credit risk identification, measurement, control and management
- Study the existing data source systems and identify the missing data elements for standardized approach, implementation of Advanced Approaches and also for developing PD, LGD ,EAD Models.

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- Review the system for measuring portfolio credit risk and study the various aspects of credit risk management at portfolio level including policies and suggest enhancements for compliance with Basel II & RBI guidelines.
- Review the existing rating models, use of credit rating, pricing and loan administration
- Assessing the credit rating framework currently in use (Bank currently employs CRISIL's RAM with ten modules) and suggesting the enhancements including validation and recalibration as per requirement of Basel II/ RBI guidelines for Advanced Approaches.
- Study the existing rating framework for retail portfolio of the Bank and suggest enhancements including application and behavioral score cards.
- Study the credit risk mitigation framework in existence in the Bank and suggest enhancements.
- Suggest methodology for identification of Credit risk in Derivatives and treasury products.
- Study the reporting framework in accordance with Pillar I, II and III of Basel II and RBI guidelines and suggest enhancements.
- Review the Credit Risk framework for the group-related entities as per Basel II/RBI guidelines for standardized & Advanced Approaches

Deliverables:

- Gap analysis report on desired state of credit risk management compliant with Basel II/ RBI guidelines for Advanced Approaches including time frame for implementation.
- Report covering data captured by the Bank for estimation of Credit Risk components with specific reference to Basel II requirements including framework for mapping of asset classes/sub-classes to various approach types and appropriate methods to bridge the identified/assessed gaps. This shall include Governance structure, policies, procedures and system of credit risk identification, measurement, control and management
- Data remediation report covering the findings of data gap analysis and list of missing data elements for standardized

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approach, implementation of Advanced Approaches of Basel II/ RBI guidelines covering data requirement for developing PD, LGD ,EAD models, RWA computation under standardized approach, IRB and MIS for Credit Risk for the top management


- Documented reports covering system for measuring portfolio credit risk and various aspects of credit risk management at portfolio level including policies and enhancements for compliance with Basel II & RBI guidelines
- Gap analysis report covering existing rating models, use of credit rating, pricing and loan administration.
- Recommendation document on the usability of the existing models in Basel II implementation, need for re-calibration or re-building of models.
- Report covering existing rating framework for Retail portfolio including application and behavioral score cards.
- Report covering credit risk mitigation framework in existence in the Bank and suggested enhancements.
- Guidelines for Identification of Credit risk present in Derivatives and other treasury products.
- Reporting covering enhancement in the existing reporting framework in accordance with Pillar I, II and III of Basel II and RBI guidelines.
- Gap analysis report with respect to Credit Risk framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches.
- Report to be submitted covering the above scope in detail.

Stage 2


PART- A

Implementation of revised/ enhanced mechanism, systems, methodology as suggested in stage 1 such as

- Implement framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches.


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- Implement the methods to bridge the identified/assessed gaps including Governance structure, policies, procedures and system of credit risk identification, measurement, control and management
- Implement Data collection system and data procurement for data elements needed for computation of the RWA under Standardised approach, IRB and Management Information System for Credit Risk for the top management
- Implement framework for mapping of asset classes/sub-classes to various approach types by defined rules in accordance with Basel II/ RBI guidelines including prototype for computation of RWA for all standards assets.
- Implement rating models to capture borrower as well as facility rating, proper use of credit rating in pricing and loan approval/administration.
- Implement system for measuring portfolio credit risk
- Implement enhancements with respect to credit rating framework currently in use including validation and recalibration as per requirement of Basel II/RBI guidelines for Advanced Approaches.
- Implement enhancements with respect to existing rating framework for retail portfolio of the Bank including application and behavioral score cards.
- Implement enhancements covering credit risk mitigation framework in existence in the Bank
- Implement methodology for identification of Credit risk in Derivatives and treasury products
- Implement the enhancements for compliance with Basel II & RBI guidelines covering various aspects of credit risk management at portfolio level including policies.
- Implement enhancements with reference to the reporting framework in accordance with Pillar I, II and III of Basel II and RBI guidelines.

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PART- B

- Suggest software solution required for capturing the data and processing for computation of RWA, Capital Charge and all activities connected with the Basel II/RBI guidelines for Enterprise-wide Integrated Risk Management Architecture.
- Develop and suggest enhanced data collection mechanism and assist the Bank in implementing.
- Suggest methodologies to perform retail pooling as well as mechanism for computation of various risk components
- Development of prototypes for retail pooling, reporting templates for monitoring pool stability and migration and tests to assess homogeneity within a pool and heterogeneity across pools so as to facilitate differentiation of default behavior.
- Assist the Bank in implementing retail pooling.
- Providing prototypes for model development, furnishing in detail the various statistical techniques of PD, LGD and EAD models development covering the entire risk quantification requirements.
- Develop an appropriate stress testing design and prototype of testing
- Building PD, LGD and EAD models and conducting back testing of LGD and EAD including framework to assess volatility and correlation of various credit risk components viz. PD, LGD, EAD for various portfolios.
- Evolving standards for PD, LGD and EAD model development to cover the following:
 - Detailed guidelines on data collection for model development, sample creation and time weighting of historical data.
 - Detailed guidelines on the use of statistical techniques and expert judgement in model development.
 - Guidelines for calibrating PD and LGD to borrower as well as facility rating grades and process for approval,

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usage of model, governance and process controls including documentation.

- Methodology for computing haircuts, maturity mismatches, currency mismatch etc for computing risk weights
- Guide the Bank in usage of collateral in estimation of risk components under IRB approaches
- Suggest methodologies for mapping internal and external ratings and also for developing Through The Cycle (TTC) rating as per Basel II and IRB requirements. Assist in mapping internal & external rating of Bank's portfolio.
- Assist to ensure compliance with minimum requirements for IRB approaches.
- Identifying portfolio loss estimation Product-wise, Rating-wise, Branch-wise, Region-wise, Industry-wise etc correlation analysis and assessment of portfolio granularity for complying with Basel II IRB requirements.
- Suggesting guiding principles/ methodology with specific reference to:
 - Credit risk capital computation process
 - Collateral management duly detailing the methodology for capturing, storing, updating and managing collateral information.
 - Treatment of counter party credit risk covering the eligible instruments
 - Assessment of various measures of exposure amount.
 - Identification of cross product netting
 - Computation of exposure dynamically.
- Assist for evolving the supervisory slotting criteria for specialized lending to facilitate mapping of the credit rating to supervisory slots
- Suggest framework for compliance of securitization requirements as laid down in Basel II as well as RBI guidelines.
- Assist the Bank in enhancing the policy on Pillar 3 disclosures and rating related MIS covering detailed guidelines on the


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reporting templates, governance of reporting process, controls over the reporting process and dashboard formats for senior management.

- Provide documentation of Rating system design typically addressing topics such as
 - Portfolio differentiation
 - Rating criteria,
 - Framework for rating exception & approval for exception.
 - Frequency of rating reviews and
 - Management oversight of rating process.

Deliverables:

- Implementation report with respect to Scope Of Work covered in Part-A of stage 2.
- Procurement of software solution for capturing the data and processing for computation of RWA, Capital Charge and all activities connected with the Basel II/RBI guidelines for Enterprise-wide Integrated Risk Management Architecture.
- Implementation report on enhanced data collection mechanism.
- Methods for retail pooling and retail pooling Policy including mechanism for computation of various risk components.
- Report covering prototypes for retail pooling, reporting templates for monitoring pool stability, migration and tests to assess homogeneity within a pool and heterogeneity across pools so as to facilitate differentiation of default behavior.
- Providing prototypes for model development, detailing the various statistical techniques of PD, LGD and EAD model development.
- Stress testing design and prototype of testing.
- Document with regard to LGD and EAD predictor models and stress testing on LGD and EAD. Framework to assess computation of volatility and correlation of various credit risk components viz. PD, LGD, EAD for various portfolios.

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- Report on standards and operating guidelines for development of PD, LGD and EAD model covering :
 - Detailed guidelines on data collection for model development, sample creation and time weighting of historical data.
 - Details guidelines on the use of statistical techniques and expert judgment in model development and incorporating an element of conservatism in model development exercise.
 - Guidelines for calibrating PD and LGD to borrower as well as facility rating grades
 - Process for approval, usage of model, governance and process controls.
 - Standards of model documentation.


- Guidelines for computing haircuts, maturity mismatches, currency mismatch etc for computing risk weights, usage of collateral in estimation of risk components both under IRB approaches.

- Report covering mapping internal & external rating of Bank's portfolio and guidelines for mapping internal and external ratings and developing Through The Cycle (TTC) rating as per Basel-II and IRB requirements.

- Guidelines for compliance with the minimum requirements for IRB approaches.

- Identifying credit losses at portfolio level; Product wise, Rating wise, Branch wise, Region wise, Industry wise etc., correlation analysis and assessment of portfolio granularity for complying with Basel II IRB requirements.


- Guidelines with specific reference to:
 - The Credit Risk capital computation process
 - Collateral management duly detailing the methodology for capturing, storing and updating and managing collateral information

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- Treatment of counter party credit risk covering the eligible instruments
- Assessment of various measures of computing Counter Party exposure amount
- Identification of cross product netting
- Computation of Counter Party current & potential exposure continuously.
- Guidelines on supervisory slotting criteria for specialized lending to facilitate mapping of the credit rating to supervisory slots.
- Guidelines for complying with securitization requirements as per Basel II/RBI guidelines.
- Policy on Pillar III disclosures & rating related MIS with detailed guidelines on the reporting templates, governance of reporting process, controls over the reporting process & dash board formats for senior management.
- Documented report of Rating system covering:
 - Portfolio differentiation
 - Rating criteria,
 - Framework for rating exception & approval for exception.
 - Frequency of rating reviews and
 - Management oversight of rating process.
- Submission of Report covering the above scope in detail.

Stage 3


- Assist in implementing the System of Data collection for missing data elements and the data collection process across the Bank and timely gathering of data and rating related MIS by identification of the various source systems, evolving reporting formats in accordance with the regulatory and business requirements.

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- Implementing mechanism for capturing data and for estimation of PD, LGD and EAD for each retail pool as well as the retail portfolio and its analysis.
- Estimate average PD for each obligor grade. Guidance on portfolio segmentation to determine the number of rating models to be developed, allocation of exposures to various rating models and number of rating grades in each model with mapping across models to differentiate risk suitably.
- Assist the Bank in meeting Pillar 2 requirements for IRB approach like concentration risk studies, stress testing and back testing of PD/ LGD/ EAD models and creation of transition matrices and migration studies.
- Implementation of Pillar 3 disclosure requirements.
- Review the preparedness of the Bank for applying to RBI for permission to adopt IRB approaches.

Deliverables

- Implementation report of the Data collection system for missing data elements, data collection process across the Bank, timely gathering of data, rating related MIS by identification of the various source systems and reporting formats in accordance with the regulatory and business requirements.
- Implementation report on mechanism for capturing data and estimation of PD, LGD and EAD for each retail pool as well as the retail portfolio and its analysis.
- Report covering estimation of average PD for each obligor grade, portfolio segmentation to determine the number of rating models to be developed, allocation of exposures to various rating models and number of rating grades in each model with mapping across models to differentiate risk suitably.
- Report on meeting Pillar 2 requirements for IRB approach like concentration risk studies, stress testing and back testing of PD/LGD/EAD models and creation of transition matrices and migration studies.
- Implementation report on Pillar 3 disclosure requirements.

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- Report on the preparedness of the Bank for applying to RBI for permission to adopt IRB approaches.
- Report covering the above scope in details.

Stage 4

- Performing model validation and evolving policy for model validation, calibration, stability testing and benchmarking the model by using internal data.
- Quantitative validation for assessing the discriminatory power (only in respect of borrower ratings), calibration and stability of the models.
- Qualitative validation of the existing rating models for assessment of the model design, governance, documentation and using of models in business decision making and suggesting enhancements in accordance with the requirements of Basel II Advanced Approaches.
- Implementing IRB approaches & reporting framework of IRB approaches under Pillar III of Basel II.
- Assist the Bank in prudential limit fixation, entry-exit criteria, exposure strategy formulation and risk diversification.
- Suggest the process for portfolio risk assessment and management including estimation of economic capital, portfolio VaR etc.
- Assist for applying to the RBI for permission to adopt IRB approaches for Credit Risk.

Deliverables

- Model validation report and Policy for model validation, calibration and benchmarking of the model by using internal data.
- Qualitative validation report for the existing rating models for assessment of the model design, governance, documentation and using of models in business decision making and suggesting enhancements in accordance with the requirements of Basel II Advanced Approaches.

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- Quantitative validation report for assessing the discriminatory power (only in respect of borrower ratings), calibration and stability of the models.
- Implementation report of IRB approaches & reporting framework under Pillar III of Basel II.
- Report on prudential limit fixation, entry-exit criteria, exposure strategy formulation and risk diversification.
- Guidelines on the process for portfolio risk assessment and management including estimation of economic capital, portfolio VaR etc.
- Application to RBI for permission to adopt IRB approaches for credit risk.
- Report to be submitted covering the above scope in detail

Stage 5

- Methodology to assess the impact of change in economic growth on Bank's estimates of PD, LGD and EAD.
- Assist in dealing with cross border issues and host and home country regulatory issues.
- Assist the Bank in implementing the most suited methodology for credit portfolio optimization to maximize Risk Adjusted Returns from available international best practices.
- Validation of Stress testing and back testing results of PD/ LGD/ EAD models.
- Validation of the models by an Independent validating agency and addressing the gaps identified during the validation process.
- Implement validation of the process of estimation of economic capital

Deliverables

- Guidelines to assess the impact of change in economic growth on Bank's estimates of PD, LGD and EAD.
- Report covering cross border issues and host and home country regulatory issues

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- Framework for credit portfolio optimization to maximize Risk Adjusted Returns at par with International best practices.
- Validation tools and validation report on Stress testing and back testing results of PD/ LGD/ EAD models.
- Report covering validation of models by independent agency.
- Validation report of the process of estimation of economic capital.
- Report to be submitted covering the above scope in detail.

SCOPE OF WORK FOR OPERATIONAL RISK MANAGEMENT SHALL INCLUDE BUT NOT LIMITED TO:

Stage 1

a) Gap analysis and Review of existing policy documents

- Review the framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches.
- Conduct a diagnostic study and prepare detailed gap analysis report, which should include all existing and proposed ORM framework and structure, policies, systems and procedures. Gap analysis report must cover alternate approaches for addressing the gaps identified along with the recommendations also a comprehensive and detailed project plan for implementation of appropriate ORM structure and framework as per BASEL II and RBI requirements to be included.
- Evaluate gaps in all existing policies suggest enhancements, frame additional policies, if any and suggest methods for their implementation.
- Suggest implementation of a suitable risk governance framework and structure for the Bank including group entities also the roles and responsibilities at each level.
- Review the existing Operational Risk Management assessment system, process and reporting formats for approving New Product/process, expansion into geographical areas and new business lines.
- Conduct gap analysis on risk reporting systems/strategies to identify, assess, monitor, mitigate and control operational risk for Bank


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including group entities and branches abroad and suggest appropriate methods to bridge gaps and develop suitable framework involving major steps such as development of templates for capturing all kinds of Operational Risk loss incidents etc.


- Conduct gap analysis on methodology for mapping and classification of Bank's loss events to different business lines & loss event types and suggest suitable enhancement.
- Review MIS to capture all OR loss events including financial, non financial, potential, near miss events etc and suggest suitable enhancement.
- Conduct gap analysis and suggest suitable templates for submission of Loss Data to Credit & Operational Risk Loss Data Exchange (CORDEX) set up by IBA.
- Assessment of IT risks with respect to Operational risk.
- Conduct gap analysis on IT security architecture as required for Management of Operational Risk and suggest suitable design for enhancement.
- Conduct Gap analysis on the existing framework suggesting suitable enhanced arrangements required with relation to Business Continuity Plan (BCP) including Disaster Recovery (DR) and Operational risk for all areas of Operations (Including Information Technology).
- Assessment of existing methodology, suggest suitable modifications to measure and management of ancillary risk such as people risk, system risk, process Risk, legal risk, outsourcing risk, fraud risk, risk in alternate delivery channels and payment and settlement systems etc.
- Conduct gap analysis on compliance to Home/Host regulations for Operational Risk Management.
- Conduct gap analysis on setting up Qualitative and Quantitative Standards for Operational Risk Management System for TSA and suggest suitable methodology for implementation of TSA.
- Review of existing methodology for mapping Bank's activities, income and expenditure to eight different business lines and suggest suitable methods for enhancements.

Deliverables

- Gap analysis report with respect to framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches.

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- Gap analysis report, which should include all existing and proposed ORM framework and structure, policies, systems and procedures, also covering alternate approaches for addressing gaps identified along with the recommendations.
- A comprehensive and detailed project plan report for implementation of appropriate ORM structure and framework as per BASEL II and RBI requirements.
- Gap analysis report for all existing policies suggesting enhancements, framing of additional policies if any and methods for their implementation.
- Document on implementation of a suitable risk governance framework and structure for the Bank including group entities also the roles and responsibilities at each level.
- Documented reports on review of Operational Risk Management assessment system, process and reporting formats for approval of new products/ process, expansion into geographical areas and new businesslines.
- Gap analysis report on risk reporting systems/strategies to identify, assess, monitor, mitigate and control operational risk for Bank including group entities and branches abroad and suggest appropriate methods to bridge gaps and develop suitable framework involving major steps such as development of templates for capturing all kinds of Operational Risk loss incidents etc.
- Gap analysis report on methodology for mapping and classification of Bank's loss events to different business lines and loss event types suggesting suitable enhancements.
- Report on gap analysis on MIS to capture all OR loss events including financial, non financial, potential, near miss events etc.
- Gap analysis report suggesting suitable templates for submission of Loss Data to Credit & Operational Risk Loss Data Exchange (CORDEX) set up by IBA.
- Document reports on assessment of IT risks with respect to Operational risk.
- Gap analysis report on IT security architecture as required for Management of Operational Risk suggesting suitable design for enhancement.


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- Report on gap analysis on the existing framework suggesting suitable enhanced arrangements required with relation to Business Continuity Plan (BCP) including Disaster Recovery (DR) and Operational risk for all areas of Operations (Including Information Technology).
- Assessment report of existing methodology suggesting suitable modifications to measure and management of ancillary risk such as people risk, system risk, process Risk, legal risk, outsourcing risk, fraud risk, risk in alternate delivery channels and payment and settlement systems etc.
- Gap analysis report on compliance to Home/Host regulations for Operational Risk Management.
- Gap analysis report on setting up Qualitative and Quantitative Standards for Operational Risk Management System for TSA and suggest suitable methodology for implementation of TSA.
- Submit reports covering above Scope Of Work in whole.

Stage 2

a) Implementation of revised/enhanced mechanism, systems, methodology as suggested in Stage 1:


- Implement framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches as per gap analysis report.
- Implementation of appropriate ORM structure and framework as per BASEL II and RBI requirements
- Enhancements in existing policies, framing of additional policies if any.
- Implementation of a suitable risk governance framework and structure for the Bank including group entities also the roles and responsibilities at each level.
- Implement enhanced Operational Risk Management assessment system, process and reporting formats for approving New Product/process, expansion into geographical areas and new business lines.
- Implementation of revised risk reporting systems/strategies to identify, assess, monitor, mitigate and control operational risk for Bank including group entities and branches abroad.

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- Implement revised framework involving major steps such as templates for capturing all kinds of Operational Risk loss incidents etc.
- Implement revised methodology for mapping and classification of Bank's loss events to different business lines and loss event types.
- Implementation of enhanced MIS to capture all OR loss events including financial, non financial, potential, near miss events etc.
- Implementation of revised templates for submission of Loss Data to Credit & Operational Risk Loss Data Exchange (CORDEX) set up by IBA.
- Implementation of enhanced IT security architecture and governance as required for Management of Operational Risk.
- Implementation of revised framework suggesting suitable enhanced arrangements required with relation to Business Continuity Plan (BCP) including Disaster Recovery (DR) and Operational risk for all areas of Operations (Including Information Technology).
- Implementation of enhanced measures and management of ancillary risk such as people risk, system risk, process Risk, legal risk, outsourcing risk, fraud risk, risk in alternate delivery channels and payment and settlement systems etc.
- Compliance to Home/Host regulations for Operational Risk Management.
- Setting up enhanced Qualitative and Quantitative Standards for Operational Risk Management System for TSA.
- Implementation of enhanced methods for mapping Bank's activities, income and expenditure to eight different business lines
- Assist Bank in computation of Operational risk capital under TSA as per regulatory guidelines.

b) Loss event Management:

- Develop suitable mechanism to avoid double counting of operational risk losses and their reconciliation with the losses accounted in Bank's book of account and GL heads.
- Devise methods to identify and classify all loss events to Risk Types like Credit Risk, Market Risk etc.
- Develop guidelines on boundary events.


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- Enhanced mechanism to identify and capture loss data.
- Develop suitable mechanism to integrate external loss data with internal loss data and suggest methods for scaling external data with that of internal data.
- Fixing threshold limits for various operational risk loss event types /Business lines.
- Develop framework to capture any potential increase in risk with account to increased complexities arising out of business activities/volumes.

c). Risk Control Self Assessment (RCSA)

Develop framework for conducting Risk & Control Self Assessment (RCSA):
 The scope of RCSA shall include, but not limited to:

- Develop suitable methodology for assessment, monitoring, control, identification of risk and also suggest alternative approaches.
- Develop methodology for selecting suitable approach/mix of approaches based on cost benefit analysis.
- Develop mechanism for identification of risk taking into consideration external business environment factors and trends. The scope and coverage of exercise should include to various areas / branches/offices/group entities of the Bank.
- Devise mechanism to determine and evaluate major/top risks, weaknesses and prioritizing areas of improvement.
- Develop methodologies to conduct Risk Control Self Assessment (RCSA) exercise (including roll-out plan) across various areas / branches/offices/group entities. The methodology should cover rating scales, matrixes, evaluation methods for risk, control and residual risks.
- Develop suitable templates to measure Operational risks in terms of frequency and severity of events, level and direction of risk etc.
- Devise reports which includes Risk map, heat map, dashboards etc at each level. For eg from process owners to the Bank as a whole.
- Convergence of RCSA exercise with Internal Audit process of the Bank.


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- Conduct RCSA for the Bank including Group entities and Overseas Branches covering all Business and process. Key Business should include but not limited to Priority Credit, Retail Banking, Corporate Credit, Treasury, Information Technology etc.
- The RCSA should be conducted for pilot branches/offices (Not less than 100 Branches/Offices) for the above businesses. Devise implementation plan for rolling-out RCSA exercise across the Bank.
- Develop MIS for analysis and monitoring of RCSA outcomes on an aggregate basis.
- Structure & Conduct trainings, workshops for RCSA (Including methodology of risk and control identification, assessment, rating and for major products, processes).

(d) Key Risk Indicators (KRI)

Develop Key Risk Indicators (KRI) framework shall include, but not limited to:


- Devise methods to define (including usage, purpose etc), develop, identify, capture and monitor KRIs at various levels including point of origination and frame a suitable KRI policy.
- Devise MIS templates for collection, reporting and aggregation of KRIs.
- Develop repository for Key Risk Indicators. Consultant should assess requirements and implement ORM library which includes Risk events, KRIs, Controls etc.
- Develop methodology to determine frequency of reporting, KRI data collection and fixing of threshold limits for KRIs for all business and processes.
- KRI should support historical Operational risk loss events of the Bank, which can be furnished to the model in a useable manner
- Conduct training sessions for branch/ administrative offices on identification, monitoring of KRIs and calibration of threshold limits.
- Provide Risk dashboards covering periodical assessments (including top down, bottom-up), effectiveness of control and mitigation measures.
- Suggest appropriate ranges (Minimum/ Maximum) for number of KRIs for Bank as a whole and reporting mechanism at each level.

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- Develop methodology for scaling of KRIs with respect to the Industry trends/ standards.
- Methodologies to integrate KRI, RCSA and loss data for capital charge estimation for Operational Risk under AMA.

Deliverables

- Report with respect to implementation of framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches.
- Devise Loss event management Policy
- Documented report on methodology and implementation of ORM structure and framework as per BASEL II and RBI requirements
- Revised ORM policies and additional policies, if any.
- Documented report on implementation of suitable risk governance framework and structure for the Bank including group entities and also roles & responsibilities at each level.
- Documented report on methodology and implementation of enhanced Operational Risk Management assessment system, process and reporting format for approving New Product/ process, expansion into geographical areas and new business lines.
- Revised risk reporting systems/strategies to identify, assess, monitor, mitigate and control operational risk for Bank including group entities and branches abroad.
- Implementation report on revised framework involving major steps such as templates for capturing all kinds of Operational Risk loss incidents etc.
- Revised methodology for mapping and classification of Bank's loss events to different business lines and loss event types.
- Enhanced MIS to capture all OR loss events including financial, non financial, potential, near miss events etc.
- Revised templates for submission of Loss Data to Credit & Operational Risk Loss Data Exchange (CORDEX) set up by IBA.

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- Documented report on implementation of enhanced IT security architecture and governance as required for Management of Operational Risk.
- Documented reports on revision of framework and suggestion of suitable enhancements in arrangements required with relation to Business Continuity (BCP) including Disaster Recovery (DR) AND Operational Risk for all areas of Operations (Including Information Technology).
- Implementation report on establishing enhanced measures and management of ancillary risk such as people risk, system risk, process Risk, legal risk, outsourcing risk, fraud risk, risk in alternate delivery channels and payment and settlement systems etc.
- Compliance to Home/Host regulations for Operational Risk Management.
- Setting up enhanced Qualitative and Quantitative Standards for Operational Risk Management System for TSA and suggest suitable methodology for implementation of TSA.
- Implementation report on enhanced methods for mapping Bank's activities, income and expenditure to eight different business lines
- Document on methodology and framework for capital computation as per The Standardized Approach of Basel II and RBI guidelines.
- Prepare documentation of operational risk measurement systems and framework for TSA.
- Documented mechanism to avoid double counting of operational risk losses and their reconciliation with the losses accounted in Bank's book of account and GL heads.
- Document methods to identify and classify all loss events to Risk Types like Credit Risk, Market Risk etc .
- Guidelines on boundary events.
- Fixing of threshold limits for various Operational Risk loss event types /Business lines
- Document mechanism to integrate external loss data with internal loss data and suggest methods for scaling external data with that of internal data.
- Devise RCSA Policy and Methodology.


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- Implement RCSA across the bank for all Key Business.
- Documented methodology for convergence of RCSA exercise with Internal audit process of the Bank.
- Devise implementation plan for rolling-out RCSA exercise across Bank.
- MIS for analysis and monitoring of RCSA outcomes on an aggregate basis.
- KRI Policy as mentioned in Scope of Work for KRI.
- MIS templates for collection, reporting and aggregation of KRIs.
- Document methodology to define (including usage, purpose etc), develop, identify, capture and monitor KRIs at various levels including point of origination and frame a suitable KRI policy.
- Document & Implement methodologies (including data elements, related calculations and assumptions) to integrate KRI, RCSA and loss data for capital charge estimation under AMA.
- Develop methodology to determine frequency of reporting, KRI data collection and fixing of threshold limits for KRIs for all business and processes.
- Develop repository for Key Risk Indicators.
- Implementation of ORM library which includes Risk events, KRIs, Controls etc.
- Submit reports covering above Scope Of Work in whole.

Stage 3

a) Scenario Analysis /BE&ICF/Root Cause Analysis/Insurance


- Develop and Implement suitable framework to quantify operational risk under AMA (including Stresstesting & Backtesting) for the Bank.
- Develop mechanism to quantify Operational risk which includes scenario analysis, usage of external loss data, Business Environment and Internal Control Factors (BE&ICF) of the Bank.
- Provide support to application of BE&ICFs and outcomes, including supporting rationale for any adjustments to empirical estimates, and the same is required to be documented.

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- The development and incorporation of Business Environment and Internal Control Factors (BE&ICF) to ORM framework.
- Develop and Implement methodology for Root cause analysis of loss events.
- Devise appropriate methodology for recognition of Insurance under AMA (including assigning appropriate discounts or haircuts) as per Basel II and RBI guidelines.


b) Internal Models/ Sensitivity Analysis /Documentation:

- Setting up Qualitative and Quantitative Standards for Operational Risk Management System for AMA approaches.
- Provide support to define, assess levels of Correlation and Dependence of loss events, other data elements and their application in AMA Models.
- Provide suitable statistical methodologies including the capture and use of internal (including potential events) and external operational risk loss data (including use of Scenario Analysis).
- Devise methodology for scaling of data and use of other statistical techniques for data mining applicable & risk assessments for Operational risk management.
- Put in place a comprehensive program of sensitivity analysis for suggested Operational risk model under AMA.
- Distributional Assumptions for modelling of Operational Risk under AMA approach.
- Devise Data collection templates and provide road map for modeling of Operational risk under AMA.
- Provide suitable methods for computation of Operational risk capital used for estimating Operational risk VaR and Modeling of Insurance under AMA approach.
- Based on current data standards develop AMA prototype & define future data requirements & model enhancements.
- Perform Capital computation under AMA (including backtesting and stress testing) for the Bank.

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Deliverables-

- Prepare documentation of operational risk measurement systems & framework for AMA.
- Document statistical methodologies including the capture and use of internal (including potential events) and external operational risk loss data (including the use of Scenario Analysis).
- Develop AMA prototype and future data requirements and model enhancements.
- Perform Capital computation under AMA (including Backtesting and Stresstesting) for the Bank.
- Prepare support documents to define, assess levels of Correlation and Dependence of loss events, other data elements and their application in AMA Models.
- Establish comprehensive program of sensitivity analysis for suggested Operational risk model under AMA.
- Document mechanism to quantify Operational risk which includes scenario analysis, usage of external loss data, Business Environment and Internal Control Factors (BE&ICF) of the Bank.
- Document rationales for any adjustments to empirical estimates to support applications of BE&ICFs and outcomes.
- Develop and Implement suitable framework to quantify operational risk under AMA (including back testing & Stress testing) for the Bank.
- Develop and Implement methodology for Root cause analysis of loss events.
- Document methodology for recognition of Insurance under AMA (including assigning appropriate discounts or haircuts) as per Basel II and RBI guidelines.
- Submit reports covering above Scope Of Work in whole.

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Stage 4

Use test, Validation etc:

- Devise methodology to validate RCSA exercise to ensure its effectiveness in measuring risk at various levels and address the gaps identified in the validation process.
- Devise methodology to ensure effective monitoring and validation of KRI to ensure its effectiveness in measuring risk level and address the gaps identified in the validation process.
- Validate and assist the bank in internal reviews of BE&ICF's and address the gaps identified in the validation process.
- Provide validation services for internal and/or vendor models for Capital computation under AMA and address the gaps identified in the validation process.
- Testing and validation of all procedures and processes with regard to Enterprise wide operational risk management and address the gaps identified in the validation process.
- Assist bank in developing document for convergence of internal audit including Risk Based Audits with Operational Risk Management.
- Provide assistance to the bank in "Use test" approaches

Deliverables

- Document methodology to validate RCSA exercise to ensure its effectiveness in measuring risk at various levels.
- Devise methodology to ensure effective monitoring and validation of KRI to ensure its effectiveness in measuring risk level.
- Documented reports for validation of Internal and/ or vendor model(s).
- Documented reports on Internal review of BE&ICFs.
- Documented report on "Use test" approaches.
- Documented report on testing and verification of the processes and procedures with respect to Enterprise wide Operational risk Management.

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- Documented report on internal audit convergence with Operational Risk Management.
- Submit reports covering above Scope Of Work in whole.

Stage 5

Other Areas:

- Prepare related operating manuals with detailed description of standard operating procedures for all areas covered under Scope Of Work.
- Developing techniques to review and resolve issues of non-compliance for Operational Risk.
- Advise Bank in devising techniques to create incentives for improving the Operational Risk Management in the Bank.
- The Consultant will provide consultancy for all issues, activities, tasks related to the Operational Risk (any updates as per Basel II and RBI are supposed to be included).


Deliverables-

- Documented reports on techniques to create incentives for improving the Operational Risk Management in the Bank.
- Operating manuals with detailed description of standard operating procedures.
- Developing techniques to review and resolve issues of non-compliance for Operational Risk.
- Submit reports covering above Scope Of Work in whole.


E. SCOPE OF WORK FOR MARKET RISK MANAGEMENT SHALL INCLUDE BUT NOT LIMITED TO:

Stage 1

- Review the framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches.

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- Conduct a Diagnostic Study and prepare a Gap Analysis Report, which should cover the existing risk management architecture for market risk and IT requirements as per RBI guidelines.
- The Gap Study shall also cover the review of the existing market risk policy framework, policies, rating/ scoring models, systems and procedures followed by the bank vis a vis leading industry level practices and compliance with regulatory requirements.
- Assist the Bank in reviewing the market risk related policies like Market Risk Management Policy, ALM Policy, Liquidity Policy incorporating the Contingency Funding Plan, Investment policy, etc., so as to align them with the regulatory requirements, both domestic and branches abroad and identify the gaps in relation to RBI guidelines and existing MIS structure.
- To identify the gaps in the implementation of the Reserve Bank of India guidelines pertaining to:
 - Preparation of ALM Statements
 - Reporting System
 - Projections of Dynamic Liquidity
 - Stress Testing under Liquidity and Interest Rate Risk
 - Requisite Data for comprehensive ALM Statements
 - Behavioural Studies of various Assets and Liabilities whether it conforms and depicts the actual situation.
 - Earnings at Risk and Economic Value of Equity
- Review the support of the IT system and ALM package in the process of Asset Liability Management.
- Review the existing data architecture and devise solution of data integration for centralized generation of all ALM reports.
- Review the existing ALM solutions and suggest enhancements for generation of bank wide reports, regulatory and MIS reports (including Group entities and overseas branches).
- Review the data quality, risk reporting system and suggest improvement, if any, covering Market Risk exposures, limit breaches, risk Management, risk analysis and compliance/ monitoring/ reporting as per Regulatory Guidelines/ internal limits for both domestic as well as branches abroad.
- Assess the Bank's preparedness for compliance with regulatory guidelines for implementation of Advanced Approaches for market


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risk (detailed study of all the qualitative criteria for IMA approval – Corporate Governance of Risk & quantitative criteria for Value at Risk models as prescribed by RBI).

- Review the database design and parameters used in the existing VaR calculation and suggestions for improvements, if any.
- Ensuring computational requirements for Interest Rate, Equity Risk as well as Exchange Rate Risk.
- Review the model validation documentation / UAT documents prepared by the Bank at the time of system implementation and suggest enhancements and address the gaps identified in the validation process.
- Review the model for computation of stressed VaR and suggestion for improvements.

Deliverables –

- Gap analysis report with respect to framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches
- Detailed Gap analysis report on findings and recommendations for enhancement of Market Risk Management framework and bank's readiness for moving towards Internal Model Approach as per Basel 2 recommendations and also guidelines issued by RBI with a detailed project plan and implementation road map.
- A report on the review of market risk related policies and MIS as stated in the Scope Of Work and the adequacy of the risk reporting systems and IT requirements with suggestions for enhancement.
- A report on the data quality, risk reporting system and improvements with respect to Market Risk exposures, limit breaches, risk Management, risk analysis and compliance/ monitoring/ reporting as per Regulatory Guidelines/ internal limits for both domestic as well as branches abroad.
- Review of the database design and parameters used in the existing VaR calculation and suggestions for improvements, if any.
- Report on computational requirements of Interest Rate, Equity Risk as well as Exchange Rate Risk.
- Review the model validation documentation / UAT documents.
- Computation of stressed VaR.

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- Report on compliance of various RBI guidelines on ALM as per Scope Of Work above.
- Report on support of the IT system and ALM package, existing data architecture, data integration for centralized generation of all ALM reports, generation of bank wide reports, regulatory and MIS reports, etc.

Stage 2

- Implement framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches as per gap analysis report.
- Back testing and exception handling policies and procedure for the Value-at-Risk Models.
- Develop methodology for Value adjustment for illiquid positions stipulated by RBI.
- Suggest a model for specific risk VaR and Incremental Risk Charge.
- Suggest MIS and other reporting framework for back testing results.


Deliverables –

A detailed report on

- Back testing and exception handling policies and procedure for the Value-at-Risk Models
- Methodology for Value adjustment for illiquid positions as per RBI guidelines.
- Model for specific risk VaR and Incremental Risk Charge.
- MIS and other reporting formats for communicating back testing results.

Stage 3


- Identification of the range of factors for stress testing to cover various risk elements and assist the Bank in stress testing using the internal/VaR models complying with the requirements, along with required scenario analysis.

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- Review of the computation of market risk across the entire Bank including overseas branches on a net basis.
- Assist the Bank in computation of Group wide market risk and suggest enhancements.
- Assist the Bank in computation of portfolio VaR and risk aggregation and suggest enhancements.
- Suggest the parameters for limit setting process
- Suggest methodology for computation of market risk for securitization and mutual fund investments.
- Suggest methodology for validation of marking to market of the Bank's trading book including all the asset classes (Equity, Fixed Income and Forex) and Derivatives and address the gaps identified in the validation process.
- Suggest methodology for validation of calculation of various risk factors such as PV01 for interest rate risk, Greeks for option portfolio, Duration and convexity for fixed income instruments and address the gaps identified in the validation process.
- Suggest methodology for VaR calculation for derivative positions

Deliverables –

- Identification of the range of factors for stress testing to cover various risk elements and assist the Bank in stress testing using the internal/VaR models complying with the requirements, along with required scenario analysis.
- Computation of market risk across the entire Bank including overseas branches on a net basis.
- Computation of Group wide market risk.
- Computation of portfolio VaR and risk aggregation.
- Deciding the parameters for limit setting process.
- Computation of market risk for securitization and mutual fund investments.
- Validation of Mark to Market methodology for the Banks trading book including all the asset classes (Equity, Fixed Income and Forex) and Derivatives.

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- Validation of calculation methodology of various risk factors such as PV01 for interest rate risk, Greeks for option portfolio, Duration and convexity for fixed income instruments.
- Methodology for VaR calculation for derivative positions.
- A detailed report to be submitted covering all the above Scope Of Work

Stage 4

- Assisting the Bank in ensuring availability of adequate documentation of Vendor model as per RBI requirement.
- Define the approach and methodology for addressing the quantitative standards to comply with RBI guidelines.
- Assist in setting up of internal model validation
- Assist in getting the model validated by external agencies and address the gaps identified in the validation process.
- Define criteria for periodical review of the performance of vendor based models.
- Simulation of general scenarios and specific scenarios for analysing correlation within risk factors as also to suggest hedging mechanism to mitigate the risks in the portfolio.
- Assist the Bank in preparation of Market Risk Model Dossier as per RBI guidelines.
- Assist the Bank in submitting application to RBI along with requirement for approval of the model

Deliverables –

- Ensuring availability of adequate documentation of Vendor model
- Defining an approach and methodology for addressing the quantitative standards required for internal models by Basel/RBI
- Guidance for setting up of internal model validation method
- Validation of model by external agencies
- Define criteria for periodical review of the performance of vendor based models.

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- Simulation of general scenarios and specific scenarios for analysing correlation within risk factors as also to suggest hedging mechanism to mitigate the portfolio risk.
- Preparation of Market Risk Model Dossier as per RBI guidelines.
- Assist the Bank in submitting application to RBI along with requirement for approval of the model.
- A detailed report to be submitted covering all the above Scope Of Work.

Stage 5

- Suggests improvements/ modifications in the techniques, analysis and monitoring/reporting structure to align with the introduction of IMA.
- Design reporting templates as required for Internal Models for the regulator (RBI) as well as the Bank's Senior Management and the Board, including group entities and branches abroad.
- Evaluation of the qualitative and quantitative disclosures under Pillar III and suggest enhancements.
- Suggest IT security and internal audit requirements pertaining to market risk management.
- Suggest change management structure for systems, processes and methodologies which shall include but not limited to:
 - Methodologies of MTM or calculation of VaR
 - Source or input data type
 - Procedures / processes pertaining to market risk management, capital calculation, etc.
 - Software systems
 - Process related to internal approval.

Deliverables –

- Suggestions for improvements/ modifications in the techniques, analysis and monitoring/reporting structure as per IMA.


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- Design reporting templates as required for Internal Models for the regulator (RBI) as well as the Bank's Senior Management and the Board including group entities and branches abroad.
- Quantitative & Qualitative disclosures under Pillar III.
- IT Security requirements and audit requirements for market risk management.
- Establish a change management framework as stated in the Scope Of Work above.
- A detailed report to be submitted covering all the above Scope Of Work

F. INTEGRATED RISK MANAGEMENT (PILLAR II AND INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)) & GROUP RISK MANAGEMENT SHALL INCLUDE BUT NOT LIMITED TO:

Stage 1


- Review the framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches
- Review of the ICAAP framework of the Bank and suggest enhancements to quantifiable risks and non quantifiable risks and for testing materiality of risks to the Institution.
- Suggest ways for ICAAP validation, review and risk aggregation and address the gaps identified in the validation process.
- Develop standards and framework to integrate ICAAP in the day to day management and business decisions.
- Evaluate the gaps in MIS covering all areas of risk management and suggest enhancements including measures to ensure data quality.
- Conduct a diagnostic study and prepare a GAP analysis report which should cover the existing governance structure, policies, procedures & systems in risk identification, measurement, control and management in an exhaustive manner in the group entities mentioned in para A page 40 & branches abroad and suggest methods to bridge the gaps.
- Suggest measures to meet the adequacy of IT requirements (including XBRL) as prescribed by regulator

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- Develop more sophisticated and data-intensive methodology models for quantitative assessments.
- Study the risk philosophy of the Bank, future growth strategies and stakeholder expectations and define qualitative and quantitative tolerance levels to assist the Bank in formulating the risk appetite of the Bank for various risks faced.
- Advising on risk governance architecture suitable to the organizational structure of the Bank as a whole and for each business unit and detail the roles and responsibilities at each level.
- Study the existing Stress testing frameworks and suggest enhancements.
- Study the counter party credit risk framework, suggest enhancements and advise methods of conducting stress tests.

Deliverables


- Gap analysis report with respect to framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches
- The gap analysis report should include alternate approaches, enhancements for addressing the identified gaps covering all findings along with a project plan & implementation road map with time lines for upgradation of existing risk management systems & processes in the Bank & group entities for Enterprise-wide Integrated Risk Management and implementing Advanced Approaches to comply with the Basel II as per RBI guidelines and leading Global best practices in risk management.
- Report on methods to improve the existing MIS through gap analysis and cover all areas of risk management.
- Report on sophisticated and data-intensive methodology models for quantitative assessments.
- Report to be submitted on study of the risk philosophy of the Bank, future growth strategies and stakeholder expectations to assist the Bank in formulating the risk appetite for various risks under Pillar I & Pillar –II including quantitative and qualitative tolerance levels.
- Framework to integrate ICAAP in the day to day management and business decisions.
- Report on Stress testing framework.

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- Report to be submitted covering the above scope in detail.

Stage 2

- Implement framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches as per gap analysis report.
- Identification of non-capital responses to all risk areas.
- Study the existing corporate governance standards and identify the gaps. Suggest enhancement to corporate governance standards as per Basel II guidelines/ industry best practices.
- Framework to address risk aggregation/ and capital allocation, country risk, risk analytic, off-balance sheet exposures, implications of IFRS guidelines on the Risk Management.
- Identify data elements to be captured for RAROC, Risk Based pricing and suggest data remediation.
- Develop a risk based pricing framework containing:
 - i) Methodology to estimate hurdle rate for individual business units.
 - ii) Mechanism to allocate costs to a new transaction and assess the marginal capital requirement for the new transaction.
 - iii) Methodology to compute RAROC, EVA and SVA on an ex-ante basis and price a new loan at account level/ Portfolio level/ each business unit level etc.
 - iv) Mechanism for Risk Adjusted Performance Measurement (RAPM).
- Assist in formulation of group ICAAP and consolidated ICAAP.
- Formulation of the procedures used to evaluate the correlation between various risks.

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Deliverables

- Report with respect to implementation of framework for the group-related entities as per Basel II/RBI guidelines for Advanced Approaches
- Report on risk based pricing framework
- Report on risk return analysis and Risk Adjusted Performance Measurement (RAPM) at account level/ portfolio level/ each business unit level etc.
- Suggest suitable framework for corporate governance standards as per Basel II guidelines/ industry best practices.
- Assistance in formulation of group ICAAP and consolidated ICAAP
- Report to be submitted covering the above scope in detail

Stage 3


- Review compliance with the New Capital Adequacy Framework of RBI and all other related guidelines issued from time to time including those for Supervisory Review Process (SREP), Internal Capital Adequacy Assessment Process (ICAAP) as well as Market Discipline.
- Study the existing FTP mechanism and suggest measures to bridge the gaps for optimising efficiency.

Deliverables

- Report on compliance with the New Capital Adequacy Framework of RBI and all other related guidelines issued from time to time including those for Supervisory Review Process (SREP), Internal Capital Adequacy Assessment Process (ICAAP) as well as Market Discipline.
- Report to be submitted covering the above scope in detail.

Stage 4

- Assist the Bank in bridging the identified gaps pertaining to the branches abroad and group entities
 - Identify the gaps in regulatory compliance of the host countries in respect of branches abroad and suggest initiatives.

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- Assisting Bank in submission of application to the Regulator for moving over to Advanced Approaches of Basel II under Credit Risk, Operational Risk and market risk.

Pillar II - Capital Planning & Capital Allocation including Basel III requirements

- Evaluate the capital planning process in the Bank and suggest at a holistic design for capital planning & budgeting based on the envisaged risk environment and proposed Basel III requirements.
- Suggest Methodology and framework for computation of VaR for Credit, Operational and Market risks and capital allocation.
- To assist in integrating risk & performance management and to develop & implement pricing standards of Fund Transfer mechanism.

Deliverables


- Report on Capital Planning & Capital Allocation
- Report on economic capital allocation.
- Design dashboards for capturing various risk areas.
- Report to be submitted covering the above scope in whole.

Stage 5

- Suggest a range of remedial actions in case supervisor is not satisfied with the review.
- Assist the Bank in attending to regulator's queries, inspection, validation etc. to enable the Bank to obtain approval from the relevant authorities to migrate to advance approaches in Risk Management.

Pillar 3 – Disclosure Aspects

- Compliance to disclosure standards as per Advanced approaches of Basel II / RBI guidelines.
- Evaluation of Pillar 3 disclosures made by the Bank and suggesting suitable enhancements.
- Suggests the voluntary disclosures both qualitative and quantitative.

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Compliance functions:

- Review of existing compliance framework vis-à-vis regulatory / statutory requirements and suggest enhancement for improvement including system and manpower support.
- Assist in designing a method to monitor compliance with internal policies for the purpose of Board and senior management oversight.
- Methodology for Pillar 2/3 compliance assessment.
- Consultant is expected to make presentation to the Board of the Bank on successful completion of the entire project.

Deliverables

- All aspects related to credit risk, market risk, operational risk mentioned in the above scope is to be carried out with respect to branches, group entities and branches abroad.
- Report on Corporate governance & Compliance structures.
- Report to be submitted covering the above scope in detail.

The suggestions/ recommendations/ reviews should be in compliance with all regulatory requirements as applicable to the Bank and its group entities.


G. Risk Solution Selection:

Stage 1


- Evaluation of existing software applications in use in the Bank and make a gap study.

Stage 2

- Assist the Bank in finalising the required solution for moving towards Advanced Approaches for Credit, Market & Operational Risks as per Basel II /RBI guidelines, for meeting ICAAP requirements and also for Enterprise wide Integrated Risk Management Architecture for the Bank including group entities and branches abroad.
- Rendering assistance to the Bank in procurement of the required solution. The major steps involved (which are not exhaustive) include –

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- Defining the Scope of project, evaluation methodology, eligibility criteria, penalty clauses, bill of materials, payment terms and other terms & conditions of the project.
 - Defining Functional & technical requirement, formats & schedules for the bidders to submit the technical information, format for commercial bid.
 - Defining fair cost estimation of the RFP to be floated, hardware /software requirements, programme management for software solution implementation, UAT and escalation matrix.
 - Collate all the documents including the defined and agreed service levels and prepare the RFP for Procurement of Solution for Enterprise wide Integrated Risk Management Architecture in the Bank.
 - Delivery of the final RFP documents to the Bank for floating the same
- **RFP(s) Evaluation and Selection of Software solution.**
 - Assist the Bank in conducting pre-bid meetings.
 - Assists the Bank in opening of bids and carry out technical bid evaluation based on defined criteria and format in RFP & provide a report to the Bank listing all technically qualified Consultants for RFP.
 - Assist the Bank in opening commercial bids of technically qualified Consultants and assist the Bank to carry out commercial bid evaluation based on defined criteria and format in RFP.
 - Assist in Total Cost of Ownership (TCO) analysis & provide a report to Bank detailing the results of commercial evaluation.
 - **Hardware and Network Related Issues.**
 - Assess the Hardware benchmark, with the expected volume levels as specified by Bank
 - Assessment of the hardware configurations required to implement the proposed solution/s including sizing of server (CPU, main memory required, storage requirements etc.) taking into consideration the present and future volume estimates, current technology and path for upgrade/growth.

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- The Consultant will define the requirements of various other service providers, assist in evaluating and selecting the prospective service providers. Consultant will also monitor and assist the Bank in execution of services by said service providers.
- **The consultant should also present a hardware topology diagram depicting the following:**
 - Overall hardware architecture Hardware requirements including sizing of the hardware
 - Operating system and Relational Database Management System (RDBMS) requirements.
 - Consultant will analyse the networking requirement. Consultant to provide solutions ensuring compatibility and integration of various existing/proposed networks relating to Enterprise-wide Integrated Risk Management Architecture.
 - While advising on Network, connectivity and infrastructure issues, the Consultant will ensure connectivity with expected levels of availability, fault tolerance, performance and scalability.
 - While preparing the Implementation Strategy and Plan, the Consultant needs to ensure that the process of switching over to the new systems/projects/processes is smooth and assures prompt and continuous uninterrupted customer service.
 - The systems and procedures for migration to the new projects/systems should be clearly defined for archiving the past data for access at a later date.

Stage 3

- Review of Software Requirement Specifications (SRS) and suggest improvements.
- Assist in conducting the UAT of the software solution & Hardware during the Pilot implementation.
- Assist the Bank in implementation of the solution in tune with the deliverables provided.
- Regular updates by way of presentations to the committee/s agreed in accordance with the consultancy agreement

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- Assist the Bank in constructing test scenarios for functional testing of solution procured
- Report on test results and level of compliance of the implemented solution

Stage 4

- Assist the Bank in addressing the gaps identified during Pilot implementation of the Solution.
- Assist in integration of various existing/proposed networks relating to Enterprise-wide Integrated Risk Management Architecture solution.
- Assist in validation of the Enterprise-wide Integrated Risk Management solution by an independent validating agency acceptable to the Bank.
- Full rollout of the solution across all the branches and assess the gaps.

Stage 5


- Assist in addressing the gaps identified during independent validation of the Enterprise-wide Integrated Risk Management solution.
- Assist in Bank wide integration of the Enterprise-wide Integrated Risk Management solution and fine tuned with the deliverables.

H. Training

The Consultant is expected to provide training at various stages in all areas of risk management. The target group will include:

- Board of Directors / Executives / Officials of Risk Management Wing, Circle /branches / Offices (domestic and international)
- Trainers/faculty members from different staff training colleges
- Inspectors, IS-auditors/ DIT personnel etc.

The number of sessions and number of trainees will depend upon the adequacy required to implement the concepts in the organization. The contents of the training programme will be finalized after discussions with the Bank. The consultant has to provide user manuals, case studies and training materials to the participants. The Training programme should cover all the stages and is not limited to:


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Stage- 1

- Evaluate the existing training framework for Risk Management in the Bank and assess the training requirements of the staff at various levels to prepare to implement Advanced Approaches compliant with Basel/RBI requirements.
- Assess the requirement of support from the Bank in the form of Project Implementation Team to be deployed at Branch Level/Circle Level/ Head Office level to assist in this project.
- Impart extensive training to the Project Implementation Team for enhancing skill sets for risk measurement, risk analytics and risk modeling and provide them Training manuals, user manuals, case studies, Presentations etc.
- Impart training to the officials from Risk Management Wing along with Project Implementation Team covering all the Scope Of Work covered in Stage 2 for Credit, Operational, Market and Integrated Risk to enable them to implement the revised/ enhanced mechanism, systems, methodologies as suggested in gap analysis report.

Stage-2

- Impart training for the staff involved in risk identification, measurement, monitoring and control of risks, implementation of the policies, procedures and reporting of risks.
- Training covering the following aspects;
 - o Credit Risk: Modeling PD, LGD, EAD, and M separately for large and retail credit portfolios including validation of the models.
 - o Market Risk: VaR modeling, Stressed VaR, Stress testing etc.
 - o Asset Liability Management: Interest rate risk and liquidity risk and all other aspects of ALM.
 - o Operational Risk Areas: Conduct training sessions on KRI identification and monitoring methodology including calibration of thresholds for key risk indicators. RCSA, Loss Data Management etc.
- Impart training to the officials from Risk Management Wing along with Project Implementation Team covering all the Scope Of Work covered in Stage 3 for Credit, Operational, Market and Integrated Risk to

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enable them to implement the revised/ enhanced mechanism, systems, methodologies as suggested in gap analysis report

Stage –3


- Testing and measurement of non-quantifiable risk areas/ICAAP
- Internal Validation for Market Risk. Training on computation of portfolio VaR & Risk Aggregation.
- Training on Scenario Analysis, AMA methodology, BE&ICF, Business continuity planning (BCP), Disaster Recovery (DR), Data capturing, analysis of LFHS events, Building external Data, Back Testing, Stress Testing etc.
- Use of statistical tools in risk modeling, Quantitative Risk Analytics
- Impart training to the officials from Risk Management Wing along with Project Implementation Team covering all the Scope Of Work covered in Stage 4 for Credit, Operational, Market and Integrated Risk to enable them to implement/validate the revised/ enhanced mechanism, systems, methodologies as suggested in gap analysis report

Stage- 4

- Validation of internal rating models.
- Impart training to the officials from Risk Management Wing along with Project Implementation Team covering all the Scope Of Work covered in Stage 5 for Credit, Operational, Market and Integrated Risk to enable them to implement/ validate the revised/ enhanced mechanism, systems, and methodologies.
- Evaluation of the effectiveness of the training imparted till stage 3 of this section based on the feed back from the participants and to discuss improvements /enhancements and identify the areas to be covered for next stages of training needs.

Stage-5

- Impart training to the Officials from Risk Management Wing and Project Implementation Team addressing the gaps observed during the evaluation of effectiveness of training in previous stage.

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Annexure-II

FORMAT FOR TECHNICAL BID (On organization's letter head)

Part A: Particulars of the Bidder

Details filled in this form must be accompanied by sufficient documentary evidence, in order to verify the correctness of the information.


Sl No	Item	Details
1	Name of Company/Consultant/Bidder	
2	Company incorporation date	Certificate of Incorporation
3	Country of incorporation	
4	Postal address (Corporate office)	
5	Telephone/mobile and Fax number	
6	Name & Address of Directors/ Promoters	
7	E mail address	
8	Office/contact address in Bangalore	
9	Name and designation of the person authorized to make commitments to the Bank	
10	Experience in terms of volume of business, number and value of projects handled	
11	Brief profile indicating presence in Indian market	
12	Details of domain expertise	
13	Global Net Profit for the last 3 years in USD (in millions) and INR (in crores)	(Annual report, Annual Balance sheet & P&L a/c)
14	Net Profit from business in India for the last 3 years (in crores)	-do-
15	Tangible Net Worth for the last 3 years (in Crores)	-do-
16	Turnover for the last 3 years (in crores)	
17	Geography focus, number of employees etc	
18	Global and local experience in the field under reference, including experience in BASEL II implementation as a Consultant.	Credential letters giving full details (global & local experience)
19	Number of personnel in each team to be deployed for the assignment in respective risk areas viz. credit risk, market risk, operational risk, Pillar-I and Pillar-II aspects, Risk Management system Integration and software solution selection and pilot phase implementation and other work as mentioned in the RFP with their brief profile and experience of project team in financial service	

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	sector as per the format given in annexure-IX.	
20	Past credentials of the Bidders	
a.	The Bidder should furnish the details of works implemented / under implementation in Indian Banks indicating the type of assignment, date of commencement and date of operationalisation.	(Copies of the Credential letter from clients)
b.	Details of the works completed/under execution pertaining to Enterprise wide integrated risk management architecture in at least one public sector Bank in India and one or more private sector Banks/ International banks operating in India, with name and location of the client and number of their branches, nature and type of the project, services delivered/rendered, scope of the services provided, value/cost of the project and duration of the project, contract details of the client.	(Copies of the Credential letter from clients)
c.	Name of the Bank/s where consultancy assignments in other areas of Risk Management were undertaken or being undertaken	(Copies of the Credential letter from clients)
d.	Proven reference sites in India where such type of job already undertaken (reference should be to Banks with similar environment as Canara Bank)	
21	Requirements from the Bank for implementing the assignment	
22	Any other information the bidder wish to inform (furnish full details, if any)	

Part B: Other Information

Sl.No.	Parameters	Details
1	Whether the bidder is doing direct consulting Or In case of third party consultancy whether the company holds authorized agency of the Principal.	Please attach relevant documents
2	Point-wise details of the Work Flow Process of the consultancy.	Please attach separate sheets giving details such as list of deliverables as per Scope Of Work
3	Detailed Integrated risk management framework development including process flow on end-to-end basis	Please attach separate sheets giving details indicating the milestones and time frame of completion of different

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	activities of the project
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Part C: SITE information

(Please refer point 2/ d of Part A)

Name of the Bank (client name)	
Full Address of the Bank with PIN code	
Brief description of the nature of business/process	
Contact details (At least two contact details of senior staff of the client are to be provided for each reference)	
Contact 1 Name:	
Designation:	
Landline No:	
Cell No:	
Email id:	
Contact 2 Name:	
Designation:	
Landline No:	
Cell No:	
Email id No:	
Brief Description of the scope of consultancy service provided (may attach a separate write up)	
Duration of assignment including start date and end date	

Note: Use separate sheets for each site information

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Annexure III

COMMERCIAL BID FORMAT (On organization's letter head)


- (a) The commercial Bid should contain the Total Project cost on a fixed cost basis. Bank will not provide any reimbursement for traveling, lodging / boarding, local conveyance or any other related expenses.

Commercial bid should be submitted in the following format covering all the activities mentioned in Scope of Work given in Annexure no: 1

Stage	Activities	Estimated Effort (In man days)	Quoted Price (Professional Fee in INR)
I			
II			
III			
IV			
V			
	Taxes		
	Total		

Note:

1. Some of the activities can be taken up by the selected bidders simultaneously for completion of the assignment in time.
2. Bid Cost should be on absolute basis and not on the basis of man-hour or Time & Materials (T & M) basis etc.
3. The bidder may note that L1 bidder will be arrived on the basis of the total consultancy fees excluding taxes indicated above.

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Annexure IV

FORWARDING LETTER FORMAT (On organization's letter head)

General Manager,
Canara Bank,
Risk Management Wing,
112, J C Road,
Bangalore - 56002.

Dear Sir,
Subject: Consultancy for Integrated Risk Management Framework

In respect of the providing consultancy support on Integrated Risk Management Framework meant for Canara Bank, please find enclosed our response to your RFP dated

We agree and undertake that if our bid is accepted, we shall provide the Services comprised in the Contract within timeframe specified, starting from the date of receipt of notification of award from Canara Bank.


We confirm that we have noted the contents of the RFP, we have not made any modification in the original copy of RFP, have ensured that there is no deviation in filing our response to the RFP and are aware that the Bank will have the right to disqualify us in case of any such modifications or deviations.

We agree and undertake to abide by the RFP terms and conditions, provisions, stipulations and covenants including the price quoted therein for the period of 180 days from the bid closing date and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

All the details mentioned by us are true and correct and if Bank observes any misrepresentation of facts on any matter at any stage, Bank has the absolute right to reject the bid / proposal and disqualify us from the selection process.

We agree and undertake to execute a Consultancy Agreement and Non Disclosure Agreement in the form to be communicated by Canara Bank, incorporating all agreements with such alterations or additions thereto as may be necessary to adapt such agreement to the circumstances of the standard and notice of the award within time prescribed after notification of your intention to accept this proposal.

Unless and until a formal Consultancy Agreement is prepared, finalized

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and executed this bid together with the entire set of documents, technical presentations and the written acceptance thereof by Canara Bank, shall constitute a binding Agreement between Canara Bank and us.

We understand that you are not bound to accept the lowest or any bid that you may receive; not to give any reason for rejection of any bid and that you will not defray any expenses incurred by us in bidding.

We are also aware that Canara Bank has also right to re-issue / re-commence the bid, to which we do not have right to object and have no reservation in this regard; the decision of Canara Bank in this regard shall be final, conclusive and binding upon us.

We enclose a Demand Draft /Bankers' Cheque bearing No..... dated//20 drawn by Bank,..... branch, in favour of Canara Bank. payable at Bangalore for a sum of Rs.....(Rupees..... only) towards Bid document price

We enclose a Demand Draft /Bankers' Cheque bearing No..... dated//20 drawn by Bank,..... branch, in favour of Canara Bank. payable at Bangalore for a sum of Rs.....(Rupees..... only) towards Earnest Money Deposit (EMD)

We understand that the EMD, in case of successful bidder, will be discharged / returned upon the Bidders signing the Consultancy Agreement and after furnishing the Performance Bank Guarantee or other security. We also understand that in case we are unsuccessful, EMD will be returned 10 days after the Bank entering into consultancy agreement with the successful bidder.


We are aware that EMD shall not carry any interest

The entire set of RFP documents together with Canara Bank's acceptance of expression of interest, etc. are enclosed hereto and form the part of this Bid.

Dated this _____ day of _____ 2011 at

Signature
(Seal)

In the capacity of
Duly authorized to sign bids for and on behalf of:

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Annexure V
POWER OF ATTORNEY FORMAT
(On Stamp Paper of relevant value)

Know all men by these presents, we (name of the company and address of the registered office) do hereby appoint and authorize Mr. (full name and residential address) who is presently employed with us and holding the position of our attorney, to do in our name and on our behalf, all such acts, deeds and things necessary in connection with or incidental to our bid for offering Consultancy on Integrated Risk Management in response to the Request for Proposal (RFP) issued by Canara Bank, including signing and submission of all documents and providing information/responses to Canara Bank in all matters in connection with our bid / offer.

We hereby agree and undertake to ratify all acts, deeds and things lawfully done by our said attorney pursuant to this Power of Attorney and that all acts, deeds and things done by our aforesaid attorney shall and shall always be deemed to have been done by us.

Dated this _____ day of _____ 20

For

(Signature)
(Name, Designation and Address)


Accepted

(Signature)
(Name, Title and Address of the Attorney)

Date:

Note:

1. To be executed by all the authorized signatories.
2. The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executants and when it is so required the same should be under common seal affixed in accordance with the required procedure.
3. Also, wherever required, the bidder should submit for verification the extract of the charter documents and documents such as a resolution/power of attorney in favour of the Person executing this Power of Attorney for the delegation of power hereunder on behalf of the Bidder.
4. In case the Application is signed by an authorized Director / Partner or Proprietor of the Applicant, a certified copy of the appropriate resolution / document conveying such authority may be enclosed in lieu of the Power of Attorney.

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Annexure VI
Undertaking Format
(On organization's letter head)

1. This is to certify that the information furnished here in and as per the document submitted is true and accurate and nothing has been concealed or tampered with. We have gone through all the conditions of RFP document and is liable to any punitive action for furnishing false information / documents.

2. We (and our employees) shall not, unless Bank gives permission in writing, disclose any part or whole of this RFP document or any addition or amendments thereof, of the proposal, and / or contract, or any specification, plan, drawing, pattern, sample or information furnished by the Bank (including the users), in connection therewith to any person other than a person employed by the bidder in the performance of the proposal and/or contract. Disclosure to any such employed person shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance. The employees or the third party engaged by us will maintain strict confidentiality.

3. We (and our employees and agents) shall not without prior written consent from the Bank make any use of any document or information given by the user, except for purposes of performing the contract award.

In case of breach, the Bank shall take such legal action as deemed fit.


4. We hereby declare that no inquiries or investigations have been threatened, commenced or pending against by any statutory or regulatory or investigative agencies or lending institutions.

5. We undertake that in competing for and if the award is made to us, in executing the subject Contract, we will strictly observe the laws against fraud and corruption in force in India namely "Prevention of Corruption Act 1988".

Dated this _____ day of _____ 20

Signature
(Company Seal)

In the capacity of
Duly authorized to sign bids for and on behalf of

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Annexure VII

Performance Bank Guarantee Format

Bank Guarantee No.
Bank Guarantee Amount

Expiry Date

Claim Period

Account

GUARANTEE FOR PERFORMANCE OF CONTRACT/AGREEMENT

THIS GUARANTEE AGREEMENT executed at _____ day of _____ Two Thousand Ten

BY :

_____ Bank, a body corporate constituted under _____, having its Registered Office/ Head Office at _____, and a Branch Office at _____


(hereinafter referred to as "the Guarantor", which expression shall, unless it be repugnant to the subject, meaning or context thereof, be deemed to mean and include its successors and assigns)

IN FAVOUR OF:

Canara Bank, a body corporate, established under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970 and having its Registered Office at 112, J. C. Road Bangalore 560002 (hereinafter referred to as "Bank" which expression shall unless it be repugnant to the subject, meaning or context thereof, be deemed to mean and include its successors and assigns),

WHEREAS Bank had called for the bids for engagement of Consultant who can provide professional, objective and impartial advice on the domain of Integrated Risk Management and procurement of the related software solution and for the purposes M/s..... have been appointed as the Consultant (hereinafter referred to as " Consultant") and accordingly has entered into Contract / Agreement on (Agreement) with Bank subject to the terms and conditions contained in the said documents and the Consultant has duly confirmed the same.

AND WHEREAS pursuant to the Bid Documents, the Agreement, and the other related documents (hereinafter collectively referred to as "the said documents", the Bank has agreed to avail from

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M/s..... and M/s..... has agreed to provide to the Bank, the Services / Systems / IRMA, more particularly described in the Schedule/Annexure to the said documents (hereinafter collectively referred to as "the Services"), subject to payment of the contract price as stated in the said documents and also subject to the terms, conditions, covenants, provisions and stipulations contained the said documents.

AND WHEREAS the Consultant has duly signed the said documents.

AND WHEREAS in terms of the said documents, inter alia, the Consultant is required to procure an unconditional and irrevocable performance Bank guarantee, in favour of the Bank, from a Bank acceptable to the Bank for a sum of Rs.....(Rupees..... Only) being 10% of the total contract value for the faithful observance and performance by the Consultant of the terms, conditions, covenants, stipulations, provisions of the Agreement /the said documents.

AND WHEREAS at the request of the Consultant, the Guarantor has agreed to issue the guarantee in favour of the Bank for a sum of Rs. (Rupees.....Only) being the 10% of the total Contract value


AND WHEREAS at the request of the Consultant, the Guarantor has agreed to guarantee the Bank that the Consultant shall faithfully observe and perform the terms of the said documents

NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:

In consideration of the above premises, the Guarantor hereby unconditionally, absolutely and irrevocably guarantees to the Bank as follows:

(1) The guarantor hereby agree and guarantee that the Consultant shall faithfully observe and perform all the terms and conditions stipulated in the Contract/Agreement and the said documents.

(2) The Guarantor hereby guarantees and undertakes to pay, on demand and without demur, reservation, contest, recourse or protest or without any reference to the Consultant, to the Bank at its office at Bangalore forthwith, and all monies payable by the Consultant to the extent of Rs..... against any loss, costs, damages, etc. suffered by the Bank on account of default of the Consultant in the faithful observance and performance of the terms, conditions, covenants, stipulations, provisions of the Agreement / said documents, without any demur, reservation, contest, recourse or protest or without any reference to the Consultant. Any such demand or claim made by the Bank, on

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the Guarantor shall be final, conclusive and binding notwithstanding any difference or any dispute between the Bank and the Consultant or any dispute between the Bank and the Consultant pending before any Court, Tribunal, Arbitrator, or any other authority.

(3) The Guarantor agrees and undertakes not to revoke this Guarantee during the currency of these presents, without the previous written consent of the Bank and further agrees that the Guarantee herein contained shall continue to be enforceable until and unless it is discharged earlier by the Bank, in writing.

(4) The Bank shall be the sole judge to decide whether the Consultant has failed to perform the terms of the Agreement / said documents for providing the Services by the Consultant to the Bank, and on account of the said failure what amount has become payable by the Consultant to the Bank under this Guarantee. The decision of the Bank in this behalf shall be final, conclusive and binding on the Guarantor and the Guarantor shall not be entitled to demand the Bank to establish its claim under this Guarantee but shall pay the sums demanded without any objection, whatsoever.

(5) To give effect to this guarantee, the Guarantor will be deemed to be the Principal Debtor to the Bank.

(6) The liability of the Guarantor, under this Guarantee shall not be affected by

(a) any change in the constitution or winding up of the Consultant or any absorption, merger or

(b) amalgamation of the Consultant with any other company, corporation or concern; or


(c) any change in the management of the Consultant or takeover of the management of the Consultant by the Government or by any other authority; or

(d) acquisition or rationalization of the Consultant and/or of any of its undertaking(s) pursuant to any law; or

(e) any change in the constitution of Bank / Consultant; or

(f) any change in the set up of the Guarantor which may be by way of change in the constitution,

(g) winding up, voluntary or otherwise, absorption, merger or amalgamation or otherwise; or the absence or deficiency of powers

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on the part of the Guarantor to give Guarantees and/or Indemnities or any irregularity in the exercise of such powers.

(7) This Bank guarantee shall be valid upto.....

(8) Notwithstanding anything contained in this Guarantee, the Guarantor hereby agrees and undertakes to extend the validity period of this guarantee for a further period as may be requested by the Bank, from time to time.

(9) This guarantee shall be binding upon us and successors -in - interest and shall be irrevocable.

(10) For all purposes connected with this Guarantee and in respect of all disputes and differences under or in respect of these presents or arising there from the courts of Bangalore city where the Bank has its Registered Office shall alone have jurisdiction to the exclusion of all other courts.

(11) Notwithstanding anything contained herein above

I. Our liability under this Bank Guarantee shall not exceed Rs (Rupees only)


III. This Bank Guarantee shall be valid up to.....

IV. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if you serve on us a written claim or demand on or before (mention validity period + claim period)

IN WITNESS WHEREOF the Guarantor has caused these presents to be executed on the day, month and year first herein above written as hereinafter appearing.

SIGNED AND DELIVERED BY
the within named Guarantor,

by the hand of Shri. _____, its authorised official.

CANARA BANK (HO: Bangalore)	RFP for providing Consultancy Services for implementation of Enterprise-wide Integrated Risk Management Architecture	 केनरा बैंक Canara Bank
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Annexure VIII

Authorization Letter Format
(On organization's letter head)

Place:
Date:

To

The General Manager,
Canara Bank
Risk Management Wing,
112, J C Road,
Bangalore-560 002

Dear Sir,

SUB: Authorization Letter for attending the Pre-bid meeting and Bid Opening.

REF: YOUR RFP NO: - _____ Dt _____.

This has reference to our above RFP for providing consultancy services for Integrated Risk Management Framework. Mr. / Ms. _____ is hereby authorized to attend the Pre-bid meeting & Bid opening of the subject RFP _____ on _____ on behalf of our organization.

The specimen signature is attested below:


Attested photograph of the Authorized Representative

Specimen Signature of Mr. /Ms.

Signature of Authorizing Authority

Signature of Attesting Authority

Name and designation of Authorizing Authority

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Annexure -IX

Format for furnishing the profile of the consulting Project Manager, team leader and members:

(On organization's letter head)

1. Name:
2. Designation:
3. Professional Qualifications:
4. Period and nature of experience with the consulting (bidding) organization:
5. Period and nature of experience with other organizations:
6. IT Expertise in terms of years and areas of expertise:
7. Details of projects handled / consultancy services rendered with details of client, representing which organization, as member of the team or team leader or project leader etc:

Note: The detailed CV to be submitted along with the Technical Bid including at the minimum above mentioned details.

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Annexure-X
Notification of Acceptance
(On organization's letter head)

Place:
Date:

To

The General Manager,
Canara Bank
Risk Management Wing,
112, J C Road,
Bangalore-560 002

Dear Sir,


SUB: RFP No _____ Dt _____ for providing of consultancy services for Enterprise wide Integrated Risk Management Architecture in the Bank and Group Entities.

REF: Your Letter No: - _____ Dt _____.

This has reference to your letter on the subject, notifying us about the selection of our bid.

We hereby convey our absolute, unconditional and unqualified acceptance for the work and activities as per the Scope Of Work mentioned in the subject RFP.

Signature of Authorised Person
(Seal)

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Annexure - XI

Format of Certificate Regarding no change in ownership (On organization's letter head)

Date:
Place:

The General Manger,
Canara Bank,
Risk Management Wing,
112, J C Road,
Bangalore-560 002

Dear Sir,

Sub: RFP No _____ Dt _____ for providing of consultancy services for Enterprise wide Integrated Risk Management Framework in the Bank

Referring to the subject proposal submitted by us, we would like to inform you that, as on date, we do not anticipate any change in the ownership of our Company during the next 3 years.

In case of any change in ownership, we shall inform you in advance.


Thanking you,

Yours faithfully,

Authorised Signatory

Remark:

Please give details, in case you anticipate any change in your ownership during next 3 years.

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Annexure- XII

Non-Disclosure Agreement Format

This Non-Disclosure Agreement made and entered into at..... thisday of.....20 .

BY AND BETWEEN

..... Company Limited, a company incorporated under the Companies Act,1956 having its registered office at (hereinafter referred to as the consultant which expression unless repugnant to the context or meaning thereof be deemed to include its permitted successors) of the ONE PART;

AND


Canara Bank, a body corporate, established under the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970 and having its Registered Office at 112, J. C. Road Bangalore 560002 (hereinafter referred to as "Bank" which expression shall unless it be repugnant to the subject, meaning or context thereof, be deemed to mean and include its successors and assigns) of the OTHER PART.

The Consultant and Canara Bank are hereinafter collectively referred to as "the Parties" and individually as "the Party"

WHEREAS:

1. Canara Bank is engaged in the business of providing financial services to its customers and intends to engage consultant for Integrated Risk Management framework.
2. In the course of such assignment, it is anticipated that Canara Bank or any of its officers, employees, officials, representatives or agents may disclose, or deliver, to the Consultant some Confidential Information (as hereinafter defined), to enable the Consultant to carry out the aforesaid consultancy assignment (hereinafter referred to as " the Purpose").
3. The Consultant is aware and confirms that all information, data and other documents made available in the RFP/Bid Documents/Agreement /Contract or in connection with the Services rendered by the Consultant are confidential information and are privileged and strictly confidential and or proprietary of Canara Bank. The consultant undertakes to safeguard and protect such confidential information as may be received from Canara Bank.

NOW, THEREFORE THIS AGREEMENT WITNESSED THAT in consideration of the above premises and the Canara Bank granting the consultant and or his agents, representatives to have specific access to Canara Bank property / information and other data it is hereby agreed by and between the parties hereto as follows:

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1. Confidential Information:

(i) "Confidential Information" means all information disclosed/furnished by Canara Bank to the consultant whether orally, in writing or in electronic, magnetic or other form for the limited purpose of enabling the Consultant to carry out the proposed IRMA assignment, and shall mean and include data, documents and information or any copy, abstract, extract, sample, note or module thereof, explicitly designated as "Confidential"; Provided the oral information is set forth in writing and marked "Confidential" within seven (7) days of such oral disclosure.


(ii) The consultant may use the Confidential Information solely for and in connection with the Purpose and shall not use the Confidential Information or any part thereof for any reason other than the Purpose stated above.

Confidential Information in oral form must be identified as confidential at the time of disclosure and confirmed as such in writing within seven (7) days of such disclosure. Confidential Information does not include information which:

- (a) is or subsequently becomes legally and publicly available without breach of this Agreement by either party.,
- (b) was rightfully in the possession of the consultant without any obligation of confidentiality prior to receiving it from Canara Bank,
- (c) was rightfully obtained by the consultant from a source other than Canara Bank without any obligation of confidentiality,
- (d) was developed by for the consultant independently and without reference to any Confidential Information and such independent development can be shown by documentary evidence, or is/was disclosed pursuant to an order of a court or governmental agency as so required by such order, provided that the consultant shall, unless prohibited by law or regulation, promptly notify Canara Bank of such order and afford Canara Bank the opportunity to seek appropriate protective order relating to such disclosure.
- (e) the recipient knew or had in its possession, prior to disclosure, without limitation on its confidentiality;
- (f) is released from confidentiality with the prior written consent of the other party.

The recipient shall have the burden of proving hereinabove are applicable to the information in the possession of the recipient.

Confidential Information shall at all times remain the sole and exclusive property of the disclosing party. Upon termination of this Agreement, Confidential Information shall be returned to the disclosing party or destroyed, if incapable of return. The destruction shall be witnessed and so recorded, in writing, by an authorised representative of each of the parties. Nothing contained herein shall in any manner impair or affect rights of

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Canara Bank in respect of the Confidential Information.


In the event that any of the Parties hereto becomes legally compelled to disclose any Confidential Information, such Party shall give sufficient notice to the other party to enable the other Party to prevent or minimize to the extent possible, such disclosure. Neither party shall disclose to a third party any Confidential Information or the contents of this Agreement without the prior written consent of the other party. The obligations of this Clause shall be satisfied by handling Confidential Information with the same degree of care, which the receiving party applies to its own similar confidential information but in no event less than reasonable care. The obligations of this clause shall survive the expiration, cancellation or termination of this Agreement

2. Non-disclosure: The consultant shall not commercially use or disclose any Confidential Information or any materials derived there from to any other person or entity other than persons in the direct employment of the Consultant who have a need to have access to and knowledge of the Confidential Information solely for the Purpose authorized above. The consultant shall take appropriate measures by instruction and written agreement prior to disclosure to such employees to assure against unauthorized use or disclosure. The Consultant may disclose Confidential Information to others only if the Consultant has executed a Non-Disclosure Agreement with the other party to whom it is disclosed that contains terms and conditions that are no less restrictive than these presents and the Consultant agrees to notify Canara Bank immediately if it learns of any use or disclosure of the Confidential Information in violation of terms of this Agreement.

Notwithstanding the marking and identification requirements above, the following categories of information shall be treated as Confidential Information under this Agreement irrespective of whether it is marked or identified as confidential:

- a) information regarding Canara Bank and any of its Affiliates, customers and their accounts ("Customer Information"). For purposes of this Agreement, Affiliate means a business entity now or hereafter controlled by, controlling or under common control. Control exists when an entity owns or controls more than 10% of the outstanding shares or securities representing the right to vote for the election of directors or other managing authority of another entity; or
- b) any aspect of Canara Bank's business that is protected by patent, copyright, trademark, trade secret or other similar intellectual property right; or
- c) business processes and procedures; or
- d) current and future business plans; or
- e) personnel information; or
- f) financial information.

3. Publications: The Consultant shall not make news releases, public announcements, give interviews, issue or publish advertisements or publicize in any other manner whatsoever in connection with this

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Agreement, the contents / provisions thereof, other information relating to this Agreement, the Purpose, the Confidential Information or other matter of this Agreement, without the prior written approval of Canara Bank.

4. Term: This Agreement shall be effective from the date hereof and shall continue till expiration of the Purpose or termination of this Agreement by Canara Bank, whichever is earlier. The Consultant hereby agrees and undertakes to Canara Bank that immediately on termination of this Agreement it would forthwith cease using the Confidential Information and further promptly return or destroy, under information to Canara Bank, all information received by it from Canara Bank for the Purpose, whether marked Confidential or otherwise, and whether in written, graphic or other tangible form and all copies, abstracts, extracts, samples, notes or modules thereof. The Consultant further agree and undertake to Canara Bank to certify in writing upon request of Canara Bank that the obligations set forth in this Agreement have been complied with.

Any provisions of this Agreement which by their nature extend beyond its termination shall continue to be binding and applicable without limit in point in time except and until such information enters the public domain


5. Title and Proprietary Rights: Notwithstanding the disclosure of any Confidential Information by Canara Bank to the Consultant, the title and all intellectual property and proprietary rights in the Confidential Information shall remain with Canara Bank.

6. Remedies: The Consultant acknowledges the confidential nature of Confidential Information and that damage could result to Canara Bank if the Consultant breaches any provision of this Agreement and agrees that, if it or any of its directors, officers or employees should engage or cause or permit any other person to engage in any act in violation of any provision hereof, Canara Bank may suffer immediate irreparable loss for which monetary compensation may not be adequate. Canara Bank shall be entitled, in addition to other remedies for damages & relief as may be available to it, to an injunction or similar relief prohibiting the Consultant, its directors, officers etc. from engaging in any such act which constitutes or results in breach of any of the covenants of this Agreement. Any claim for relief to Canara Bank shall include Canara Bank's costs and expenses of enforcement (including the attorney's fees).

7. Entire Agreement, Amendment and Assignment: This Agreement constitutes the entire agreement between the Parties relating to the matters discussed herein and supersedes any and all prior oral discussions and / or written correspondence or agreements between the Parties. This Agreement may be amended or modified only with the mutual written consent of the Parties. Neither this Agreement nor any right granted hereunder shall be assignable or otherwise transferable.

8. Governing Law: The provisions of this Agreement shall be governed by the laws of India and the competent court at Bangalore shall have exclusive jurisdiction in relation thereto even though other Courts in India may also have similar jurisdictions.

9. Indemnity: The Consultant shall defend, indemnify and hold harmless Canara Bank, its affiliates, subsidiaries, successors, assigns, and their respective officers, directors and employees, at all times, from and against

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ANNEXURE XIII

UNDERTAKING / DECLARATION FORMAT

(On organization's letter head)

General Manager,
 Canara Bank,
 Risk Management Wing,
 112, J C Road,
 Bangalore - 56002.

Dear Sir,
 Subject: Consultancy for Enterprise wide Integrated Risk Management Framework

With reference to our response to the RFP floated by the Bank for providing Enterprise-wide Integrated Risk Management Architecture in the Bank we hereby undertake that:

The key personnel to be deployed for assignment have required qualifications and adequate previous work experience in implementation of Enterprise-wide Integrated risk management architecture including system implementation projects for BASEL II compliance and that once they are assigned to the project, they will not be moved out of it, except with the written permission of the Bank for reasons beyond the control of the bidder.

Further, we declare that:

- a. We have never been blacklisted / barred / disqualified by any regulator / statutory body.
- b. We have obtained all necessary statutory and obligatory permissions wherever required to carry out the consultancy work.

Dated this _____ day of _____ 20

Signature
 (Company Seal)

In the capacity of
 Duly authorized to sign bids for and on behalf of