

## **State Bank of India, Hong Kong Branch** **REQUEST FOR PROPOSAL**

State Bank of India, Hong Kong (“**SBIHK**”) has taken steps to ensure compliance with letter and spirit of the local regulatory requirements. As a prudent practice SBIHK in its process of periodic review of branch’s Anti-Money Laundering, Countering the Finance of Terrorism and Sanctions Policy and Procedure and SOPs (“**SBIHK AML Requirements**”), invites proposal from licensed Audit Consultancy firms (subject to no conflicts of interest) with SBIHK (hereinafter referred to as “**Bidder**”) for conducting an end-to-end process review on AML/CFT and Sanctions controls (“**AML Process Review**”) effectiveness and adherence to the SBIHK AML Requirements and the below requirements:

- 1) The Anti-Money Laundering and Counter-Terrorist Financing (Financial Institution) Ordinance (AMLO)
- 2) The Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP),
- 3) The Organized and Serious Crimes Ordinance (OSCO),
- 4) The United Nations (Anti-Terrorism Measures) Ordinance (UNATMO),
- 5) The United Nations Sanctions Ordinance (UNSO)
- 6) The Weapons of Mass Destruction (Control of Provision of Services) Ordinance (WMD(CPS)O)
- 7) HKMA Supervisory Policy Manual (SPM): AML-1 “Supervisory Approach on Anti-Money Laundering and Counter-Financing of Terrorism” (For Authorized Institutions)
- 8) HKMA Supervisory Policy Manual (SPM): AML-2 “the Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) revised 25 May 2023” (“HKMA Guideline”)
- 9) Guideline on Exercising Power to Impose Pecuniary Penalty under s23(1) of the AMLO (Revised April 2018)
- 10) Guidance Note on Cooperation with the HKMA in Investigations and Enforcement Proceedings (August 2018)
- 11) Guidance Paper on Transaction Screening, Transaction Monitoring and Suspicious Transaction Reporting (Revised in February 2023)
- 12) Guidance Paper on Anti-Money Laundering Controls over Tax Evasion (March 2015)
- 13) The HKAB Guidance Paper on Combating Trade-based Money Laundering dated 1 Feb 2016
- 14) The relevant HKAB issued FAQs in relation to AML and CFT
- 15) Alert-Combating Human Trafficking/Modern Slavery in Hong Kong and the Asia Pacific Region – October 2018 –issued by HKAB
- 16) FAQs on Customer Due Diligence – Updated on 25 May 2017
- 17) All relevant HKMA issued circulars.

And no conflict with the below SBI requirements (“SBI AML Requirements”):

- 1) KYC standards, AML and CFT Measures – Bank level Policy and Procedural Guidelines dated 01 June 2021
- 2) Guidance on KYC/AML Requirement –June 2018-IBG, Compliance, Corporate Centre
- 3) Guidance on Global Sanctions Programs – May 2017 – IBG, Compliance, Corporate Centre
- 4) Correspondent Banking Policy – July 2022 – IBG

- ❖ The **AML Process Review** should cover the period from 1 April 2023 to 31 March 2025.
- ❖ Please note that all the information desired needs to be provided. Incomplete information and non-compliance with the instruction may lead to non-consideration of the proposal.
- ❖ All Bids must be accompanied by two parts. Part A will be considered first and then Part B.
  - *Part A: Please state the project approach, timeline and deliverables, team structure (including names) and previous experience details in the Bid document via email.*
    1. *Brief Profile of the firm's operation, Globally, and in Hong Kong. Please include your experience in AML Process Review and in particular, systems validation.*
    2. *Profile of proposed team member, such as background and qualification(s) in:*
      - (i) *AML/CFT and Sanctions,*
      - (ii) *AML Systems knowledge and experience on transaction monitoring, name screening (including sanctions, PEP and adverse news)*
      - (iii) *Experience and familiar of regulator thematic review and expectations*
    3. *Review methodology – risk assessment, review scope, use of data analytics, AI for the review.*
    4. *Deliverables on findings, best practice suggestions,*
    5. *Validation of rectification of findings, if any – validation of remediated items.*
    6. *Report: Must be in English and should have the following topics: Executive Summary, Scope, Risk Rating, Findings, Review performed and sampling.*
  - *Part B: Please put the Bid price in password protected document via email. We are looking for best value for money, cost is one of the factors, but other factors such as the quality of work should receive more weight in our consideration, which should be stated in Part A.*
- ❖ SBIHK reserves the right to change the dates mentioned in this RFP document, which will be communicated to the Bidders.
- ❖ The information provided by the Bidders in response to this RFP document will become the property of SBIHK and will not be returned. SBI reserves the right to amend, rescind or reissue this RFP and all amendments will be announced on our official website and be binding to all Bidders.
- ❖ Every Bidder should demonstrate in their bid to provide the skill, knowledge, relevant experience of the working team and the firm's past performance, ability to fulfil the regulatory requirements, and the organization resources, systems, methodology, time, cost, and value to the SBIHK.

#### CONFIDENTIALITY AND NON-DISCLOSURE CLAUSE

The Bidder recognizes that during the bidding, it may be necessary for SBIHK to disclose to the Bidder certain Confidential Information (as defined below). The Bidder agreed to maintain the confidentiality of the information and materials, whether oral, written or in any form whatsoever, of the other that may be reasonably understood, from legends, the nature of such information itself and/or the circumstances of such information's disclosure, to be confidential and/or proprietary thereto or to you owes a duty of non-disclosure (collectively, "Confidential Information"). The Bidder agreed the obligation of a person to protect the confidentiality of any information, or materials shall be and remain the property of SBIHK, and any documents containing or reflecting the Confidential Information, and all copies thereof, shall be promptly returned, or destroyed immediately, as applicable. Nothing herein shall be construed as granting or conferring any rights by license or otherwise, express, or implied, regarding any idea made, conceived, or acquired prior to or after the Effective Date, nor as granting any right with respect to the use or marketing of any product or service. The Confidential Information disclosed is solely for the purpose of RFP.

## SCHEDULE OF EVENTS

Bid Document Availability	Request for proposal shall be delivered via email.
Date and Time for submission of bid	Part A via email on or before <b>7 March 2025</b> Part B via email in a password protected document to the designated email as stated in Address for Part B Submission and below on or before <b>7 March 2025</b> .
Engagement Date issuing work order	<b>Within April 2025</b>
Email address for Part A submission	TO: <a href="mailto:coo.hk@statebank.com">coo.hk@statebank.com</a> TO: <a href="mailto:vpsys.hk@statebank.com">vpsys.hk@statebank.com</a> TO: <a href="mailto:vpriisk.hk@statebank.com">vpriisk.hk@statebank.com</a> TO: <a href="mailto:vpcomp.hk@statebank.com">vpcomp.hk@statebank.com</a> TO: <a href="mailto:avprpt.hk@statebank.com">avprpt.hk@statebank.com</a> TO: <a href="mailto:vpdeposits.hk@statebank.com">vpdeposits.hk@statebank.com</a> CC: <a href="mailto:avpcomp1.hk@statebank.com">avpcomp1.hk@statebank.com</a> CC: <a href="mailto:avpcomp2.hk@statebank.com">avpcomp2.hk@statebank.com</a> CC: <a href="mailto:vpcta.hk@statebank.com">vpcta.hk@statebank.com</a> <i>Note: Please put this in the subject "Re: (Name of Your Firm): AML Process Review – Part A" in the email communication.</i>
Address for Part B Submission	TO: <a href="mailto:vpcomp.hk@statebank.com">vpcomp.hk@statebank.com</a> CC: <a href="mailto:avpcomp1.hk@statebank.com">avpcomp1.hk@statebank.com</a> CC: <a href="mailto:avpcomp2.hk@statebank.com">avpcomp2.hk@statebank.com</a> <i>Note: Please put this in the subject "Re: (Name of Your Firm) AML Process Reivew – Part B" in the email communication.</i>
First Round	We shall identify three best bidders for selection by Head Office. First round selection on <b>10 March 2025</b> .
Second Round (Final)	If there is no clear winner of the bid and upon consultation with Head Office and regulator, if required, we may or may not vary this RFP. We will inform the bidders qualify for the second round. We may request for supplement information and revised submission for Part A and Part B on or before the date determined by SBIHK.
Initial IRA Report issue date	<b>During the first week of September 2025 (tentative)</b> It is followed by meetings, on a need basis, to discuss any issues
Final IRA Report issue date	<b>Before the end of September 2025 (tentative)</b> The report and covering letter must be signed off by a partner who has the sufficient seniority and experience.
Submission of findings rectification	<b>Before the end of January 2025 (tentative)</b> Together with supporting.
Issuance of certification of validation	<b>Before the end of February 2025 (tentative)</b>
<b><i>Please Note: The above date is subject to change at the discretion of SBIHK.</i></b>	

**Broad Scope of Work:**

- a) The Bidder to conduct the **AML Process Review** against HKMA requirements and the areas should cover at least the followings:
  - a. AML Governance and Framework
  - b. Onboarding due diligence and Ongoing due diligence process flow (Please include departmental policy, procedure and SOPs, identification of ultimate beneficial owners, risk assessment, name screening including sanctions, adverse news, PEP identification and monitoring)
  - c. Department handling of transactions and transaction monitoring systems (Wire Transfer, TBML, Syndications loans), sanctions screening on transaction and due diligence information collected, STR Reporting,
  - d. AML Systems validations
    - i. Use of tools to test above-the-line and below-the-line testing, to help identify the best configuration of the system to improve efficiency.
    - ii. Validate the models used in AML system to ensure it is consistent and appropriate with the Bank's risk appetite.
  - e. Customer education, internal Training and record keeping
  - f. Gap analysis all disciplinary actions against on AIs by the HKMA vide the Statement of Disciplinary Action relevant to the Branch and ensure the branch having effective controls on applicable areas.
  - g. Implementation of technology (such as artificial intelligence) – road mapping and align with HKMA direction.
- b) The Initial Report and Final report are required to be submitted by the date stated above.
- c) The reports submitted shall be exclusive property of the SBIHK. The SBIHK reserves the right to share the report with parties such as HKMA, RBI, SBIHK head office, regional office, relevant internal and external parties on a need basis, and applicable regulators, which has an oversight on SBIHK.

**Important Notice:**

- I. The information contained in this RFP or information provided subsequently to Bidder(s) whether verbally or in documentary form/email by or on behalf of SBI, is subject to the terms and conditions set out in this RFP.
- II. This RFP is not an offer by State Bank of India, but an invitation to receive responses from the eligible Bidders.
- III. The purpose of this RFP is to provide the Bidder(s) with information to assist preparation of their Bid proposals. This RFP does not claim to contain all the information each Bidder may require. Each Bidder should conduct its own investigations and analysis and should check the accuracy, reliability and completeness of the information contained in this RFP and where necessary obtain independent advice/clarifications. Bank may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information in this RFP.
- IV. The Bank, its employees and advisors make no representation or warranty and shall have no liability to any person, including any Bidder under any law, statute, rules or regulations or tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this RFP or otherwise, including the accuracy, adequacy, correctness, completeness or reliability of the RFP and any assessment, assumption, statement or information contained therein or deemed to form or arising in any way for participation in this bidding process.
- V. The Bank also accepts no liability of any nature whether resulting from negligence or otherwise, howsoever caused arising from reliance of any Bidder upon the statements contained in this RFP.
- VI. The Bidder is expected to examine all instructions, forms, terms, and specifications in this RFP. Failure to furnish all information required under this RFP or to submit a Bid not substantially responsive to this RFP in all respect will be at the Bidder's risk and may result in rejection of the Bid.
- VII. The issue of this RFP does not imply that the Bank is bound to select a Bidder or to award the contract to the Selected Bidder, as the case may be, for the Project and the Bank reserves the right to reject all or any of the Bids or Bidders without assigning any reason whatsoever before issuance of purchase order and/or its acceptance thereof by the successful Bidder.
- VIII. Interested Bidders are advised to go through the entire RFP before submission of Bids to avoid any chance of elimination. The eligible Bidders desirous of taking up the project for supply of proposed Software Solution/ service for SBI are invited to submit their technical and commercial proposal in response to this RFP. The criteria and the actual process of evaluation of the responses to this RFP and subsequent selection of the successful Bidder will be entirely at Bank's discretion. This RFP seeks proposal from Bidders who have the necessary experience, capability & expertise to provide SBI the proposed Software Solution/ service adhering to Bank's requirements outlined in this RFP.