



**Ministry of Urban Development
Smart Cities Mission**

Advisory No. 8

18th May 2017

Subject: Engagement of Merchant Banker

To provide support to the Smart Cities in issuance of Municipal Bond, MoUD under the CBUD programme of World Bank is funding their Credit Rating. A panel of Transaction Advisors has also been prepared and circulated by MoUD vide OM No. K.14012/101(16)-SCM-III-V dated 24th October 2016. These Transaction Advisors will provide technical assistance to the ULBs in raising funds through issue of municipal bonds including appointment of the Merchant Banker.

To have the best offers, it is prudent that cities follow a competitive and transparent process to engage most suitable Merchant Banker. The following process is suggested for engagement of Merchant Banker:

- After identification of the project(s) to be funded through municipal bonds, Transaction Advisor will prepare a term sheet clearly defining inter alia, the financing structure of the project, tenor and minimum commitment amount.
- The bids for the Merchant Banker can be invited from all the Merchant Bankers accredited with SEBI or selected Merchant Bankers based on a sorting process as per the requirement to be decided by the cities.
- Bid documents will be uploaded on the E-bidding platform of NSE or BSE, as per the prior date obtained from the exchange.

- The cities shall ensure that all SEBI guidelines related to bond issue will be followed strictly while issuing Municipal Bonds.
