

# Custody Services

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## Request for Proposal

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**October 2022**

**Orange County Employees Retirement System (OCERS)**

P.O. Box 1229

Santa Ana, CA 92702

(714)-558-6200

<http://www.ocers.org>

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## Section 1: Introduction

The Orange County Employees Retirement System (“OCERS”) is requesting proposals from qualified firms with expertise in providing a comprehensive set of custody services. The specific services requested via this Request for Proposal (“RFP”) are contained in [Section 3, Scope of Services](#).

Those who wish to be considered must submit their completed proposal by **5:00 p.m., PST, November 15, 2022**. Specific instructions for proposal submissions are contained in Section 7 of this RFP.

Questions about this RFP must be submitted in writing by **5:00 pm, PST, October 21, 2022** to OCERS’ Investment Team, by email at [investmentsrfp@ocers.org](mailto:investmentsrfp@ocers.org).

### ***Intent to Respond***

*If your firm chooses to respond to this RFP, please submit the “Intent to Respond,” attached as [Exhibit A](#), via email to OCERS’ Investment Team, by **5:00 p.m., PT, October 21, 2022**. Failure to submit your Intent to Respond may disqualify your firm from submitting a response to this RFP.*

## Section 2: Background

OCERS was established in 1945 under the provisions of the County Employees Retirement Law of 1937 (1937 Act), and provides members with retirement, disability, death, and cost-of-living benefits. There are approximately 49,000 members served by OCERS, of which over 20,000 are retirees. OCERS is governed by a nine-member Board of Retirement (“Board”) which has plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement system. OCERS has over ninety employees and the Board appoints a Chief Executive Officer who is responsible for the management of the agency.

The [OCERS’ investment portfolio](#), approximately \$22.4 billion in assets as of December 31, 2021, is diversified globally and across multiple asset classes. Currently OCERS’ contributions from members and employers are largely sufficient to fund the retiree payrolls. OCERS invests in separate accounts, commingled vehicles, funds of one, funds of funds, limited partnerships, and co-investments through external investment managers. The Investment Committee has delegated to the Chief Investment Officer (CIO) the responsibility to manage the investment portfolio subject to Investment Committee approved policies.

OCERS’ Basic Financial Statements and required disclosures are prepared in accordance with accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB). These pronouncements require OCERS to make certain disclosures and to report using the full accrual method of accounting.

For additional information about [OCERS’ Investment Portfolio](#), asset allocation, Investment Policy Statement, and Financial Statement, please refer to the OCERS website at [www.ocers.org/investments](http://www.ocers.org/investments) and [www.ocers.org/financial-reports](http://www.ocers.org/financial-reports).

## Section 3: Scope of Services

OCERS requires a comprehensive set of services from a custodian bank, including, but not limited to, safekeeping and asset servicing, performance measurement and analytics, plan and investment accounting, GASB reporting support, short-term sweep cash management, trade processing and settlements, compliance monitoring, commingled fund look through, proxy voting notification support, class action processing support

and corporate actions, derivatives processing, proactive investment manager reconciliation, and alternative investment support.

For global custodial services, the Proposer must be able to provide all of the services listed below unless otherwise indicated. OCERS reserves the right to award less than all of the services to the winning Proposer, or to split the award by awarding some services to multiple Proposers, in its discretion and subject to the agreement of the awardee(s).

The firm selected for this engagement will be expected to meet requirements that include, but are not limited to, the following:

1. The firm must have all necessary permits and licenses to perform the requested services and must be bonded where applicable.
2. Respondent must carry, or be able and willing to obtain if selected, errors and omissions and general liability insurance in amounts reasonably competitive with other semi-finalists as it pertains to OCERS.
3. The firm shall provide all personnel, equipment, tools, materials, vehicles, supervision, and other items and services necessary to perform all services, tasks, and functions as requested in this RFP.
4. The initial term of the contract awarded pursuant to this RFP will be for a five-year period, with OCERS retaining the option to renew the contract for up to one (1) year (5+1).
5. Minimum Qualifications: All respondents are required to sign and return the "Minimum Qualifications Certification," attached as [Exhibit C](#).

#### **A. Accounting**

1. Trade date multi-currency (local and U.S. dollars) accounting for all securities and full accrual accounting for all assets.
2. Accounting services for the following:
  - Corporate actions, including, but not limited to, mergers, acquisitions, tenders, stock splits, warrants, spin-offs, dividends and interest.
  - Securities lending.
  - Domestic and international fixed income and equity portfolios
  - Dividend reinvestment programs.
  - Options and futures.
  - Futures and multi-currency derivatives.
  - Private Placements.
  - Alternative investments, including domestic and non-U.S. limited partnerships for leverage buyouts, venture capital, co-investments, real estate, real assets, etc.
  - Commingled Funds.
  - Hedge Funds.
3. Payable date posting for dividends, bond interest and principal, and interest and paydown on mortgage pass-through certificates.
4. Accounting must be on a fiscal year basis, January 1 to December 31.
5. A secondary pricing source for comparison to the primary source for pricing securities.
6. All investments must be reported at cost and market value. Gains and losses on securities sold must be recognized on the basis of the average cost of the securities.
7. Notification of corporate actions regarding subscriptions, conversion privileges, issuance of rights, mergers, reorganizations, and other actions requiring a decision by OCERS.

8. Monthly reconciliations between custodian and investment manager.
9. Notification of material variances between custodian and investment managers, along with steps taken to reconcile, adjust, or justification for unresolved variances.
10. Provide assistance and support for fair value disclosures related to the implementation of Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application, reflective in OCERS' Comprehensive Annual Finance Report.

#### **B. Security Settlement**

1. Participating member and access to securities settlement through Depository Trust Company, Federal Reserve wire system, and at other depositories (both domestic and international).
2. The ability to settle physically held securities.
3. The ability to execute foreign exchange transactions.
4. Fail float protection; including interest on purchases fail float and contractual settlement date posting of sales.
5. Electronic access to trade data by consultants and investment managers.
6. Settlement on a delivery versus payment basis.

#### **C. Cash Management**

1. Provide a Short-Term Investment Fund (STIF) for daily cash sweeps. Maintain daily sweep activity for the purpose of transferring uncommitted funds from the individual external manager custody accounts.
2. Income earned by STIF or other cash accounts must be compounded daily.
3. Income earned, redemptions and maturities must be credited to the proper account.
4. Cash flow from purchases and sales must be credited on contractual settlement date.
5. At the direction of OCERS, provide overnight investment management services for the funds received too late to be invested.
6. Provide same day settlement of cash trades.
7. Transfer cash between accounts and make and accept wire transfers of funds and ACH transfers of funds.
8. Show here the last twelve (12) and thirty-six (36) months net returns and average maturities for your two (2) most widely used cash sweep vehicles, and the basic investment characteristics (government, Treasury, diversified).
9. Explain negative interest rates on foreign deposits, if any, and estimate the cost to OCERS for such holdings.
10. Provide state-of-the-art cloud-based cash management systems that are able to process capital calls, distributions, internal and external cash flows automatically or with minimal OCERS' involvement.

#### **D. Security Lending**

1. Provide securities lending services for eligible domestic and international securities.
2. Establish a list of eligible borrowers and a maximum amount that may be borrowed by each borrower and conduct ongoing reviews of borrowers' qualifications.
3. Require that all loans of securities be collateralized by cash, securities, or letters of credit of mutually acceptable counterparts.

4. Require competitive market levels of collateralization for domestic and international securities, including accrued income.
5. Monitor collateral levels daily and obtain additional collateral if and when mark to market values fall below acceptable levels.
6. Collect all interest or other distributions with respect to any loaned securities.
7. Provide a daily report on collateral, identifying daily collateral required and pledged, and a monthly report on securities lending activity and outstanding loans, including amounts by borrower.
8. OCERS reserves the right to not loan any of its securities to any borrower on the proposed security-lending list of borrowers.
9. Provide indemnification against borrower default.

#### **E. Direct Brokerage Services**

1. Provide directed brokerage services for specific OCERS investment managers.
2. Establish contractual relationships with various domestic and international brokerage firms.
3. Notify OCERS investment managers of the brokerage firms available for directed brokerage (commission recapture) services.
4. Coordinate and monitor directed brokerage activities on behalf of OCERS.
5. Collect rebated brokerage fees and make distribution quarterly.
6. Provide monthly report on individual investment manager activities.

#### **F. Corporate Actions, Class Actions, and Proxy Processing**

1. Provide company annual reports, proxy voting cards and proxy statements to OCERS or designated proxy voting provider prior to annual and special meetings for U.S. and foreign corporations.
2. Provide notification of pending corporate actions, including conversion privileges, issuance of rights, mergers, tender offers, reorganizations, other actions requiring decisions and applicable legislative actions.
3. Provide notifications of class action litigation and provision of the necessary securities information.
4. File claims for securities class action awards and monitor collection of the amounts to which the Plan is entitled.

#### **G. Technology**

1. Provide a web enabled or internet-based system with access management information and accounting systems with the capability of providing the following information:
  - Current and historical performance.
  - Current and historical prices, market values and exchange rates in effect at times of pricing international securities.
  - Composite portfolios.
  - Current and historical transactions (as defined and agreed to by both parties) by security, by account and by asset class.
  - Current and historical holdings (as defined and agreed to by both parties) in any aggregate.
  - Performance aggregate data.
  - Tracking and reporting of pending class actions, exposures, filings and other deadlines.
  - Customized reports as required.
  - Ad hoc query and reporting.

2. Ability to monitor portfolios for compliance with investment limitations imposed by California State Law or by policy of the Board.
3. Provide state-of-the-art back-up systems to minimize loss of data, minimize system downtime, and provide instant availability of information.
4. Ability to provide disaster recovery and business continuity services in the event of a disaster or other extraordinary event.
5. Ability to provide data feeds to a third-party risk aggregator such as Burgiss.

#### **H. Reporting Requirements**

1. Provide accounting reports, including a balance sheet, and income statement, to be received on a monthly basis no later than seven (7) business days following the end of each month. In addition:
  - Provide preliminary performance report that captures hedge fund statements and performance (including market performance, portfolio performance, and any aggregate performance deemed necessary by OCERS) no later than ten (10) business days following month-end.
  - Four (4) business days prior to the next month-end, accounting reports, including balance sheet and income statement, must be rerun and finalized to capture hedge fund statements and performance.
  - Finalized performance report must be issued prior to the next month-end.
2. Provide an accurate report of all holdings, transactions and other pertinent investment data, in a format agreed to by both parties, no later than thirty (30) calendar days after the end of each fiscal year (December 31).
3. Provide monthly and quarterly analytic reports in a format acceptable to OCERS.
4. Provide quarterly report that includes commitments, drawdowns, distributions and IRRs for alternative assets such as private equity, private credit, real estate, real assets, etc.
5. Provide report for listing of largest assets held, for both stock and bond holdings.
6. Provide tracking of brokerage commissions paid by individual and groups of managers to specific brokers including tracking specific service classes by manager and groups, and the commission per dollar of cost and per share by broker.
7. Provide fiscal year end (December 31) reports to comply with Government Accounting Standards Board (GASB) reporting requirements, including, but not limited to, GASB Statement Nos. 25, 28, 40, 53, 67 and 72.
8. Provide annually the audited internal control report for both information technology and fund accounting systems, including any bridge letters requested by OCERS' auditor.
9. Access to reports for daily transactions including domestic trades, affirmed, unaffirmed, failing, pending, etc.
10. Provide other reports as may be requested by OCERS.
11. Perform and provide monthly reconciliations to Investment Manager accounting reports and provide copies of reconciliations to OCERS. Communicate to OCERS in the event of material variances.
12. Provide a securities litigation report on a bi-annual basis or more often as requested by OCERS.
13. Provide any ad-hoc reports required to fulfill California Public Record Act requests.



## **I. Personnel**

1. Proposer shall assign appropriate accounting and investment performance personnel to the OCERS account and make assigned personnel available as needed. Additionally, assigned personnel should be available to meet with OCERS staff at dates and times determined by OCERS at least semi-annually, or more frequently if required by OCERS, to discuss services related to OCERS needs.
2. Proposer must make presentations to the Board as required to discuss services related to OCERS.
3. Proposer shall provide competent personnel to facilitate access to records and information that may be required for audit purposes.
4. Proposer shall provide the personnel to assist OCERS' auditor with any and all investment inquiries.

## **Section 4: General Conditions**

All terms, conditions, requirements, and procedures included in this RFP must be met for a proposal to be qualified. A proposal that fails to meet any material term, condition, requirement, or procedure of this RFP may be disqualified. OCERS reserves the right to waive or permit cure of non-material errors or omissions. OCERS reserves the right to modify, amend, or cancel the terms of this RFP at any time.

OCERS may modify this RFP prior to the date fixed for submission of a proposal by posting, mailing, emailing, or faxing an addendum to the respondents known to be interested in submitting a proposal. Failure of a respondent to receive or acknowledge receipt of any addendum shall not relieve the respondent of the responsibility for complying with the terms thereof.

A respondent's proposal shall constitute an irrevocable offer for the 120 days following the deadline for submission of proposals. Reference to a certain number of days in this RFP shall mean business days unless otherwise specified.

All proposals submitted in response to this RFP will become the exclusive property of OCERS. Proposals will not be returned to respondents.

By submitting a proposal, the respondent acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements unless clearly and specifically noted in the proposal submitted.

## **Section 5: Point of Contact and Quiet Period**

A quiet period will be in effect from the date of issuance of this RFP until announcement of the selection of a firm or firms under this RFP. During the quiet period, respondents are not permitted to communicate with any OCERS' Investment Team or Board Member regarding this RFP except through the Point of Contact named herein. Respondents violating this quiet period may be disqualified at OCERS' discretion. Respondents having current business with OCERS must limit their communications to the subject of such business.

OCERS' normal business hours of operations are from 8:00 AM PT to 5:00 PM PT Monday through Friday, except for federal and state holidays.

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**The Point of Contact for all matters relating to this RFP is:**

**Name:** OCERS' Investment Team

**Mailing Address:** P.O. Box 1229  
Santa Ana, CA 92702

**Telephone:** (714) 569-4884

**Email:** [investmentsrfp@ocers.org](mailto:investmentsrfp@ocers.org)

**OCERS Website:** [www.OCERS.org](http://www.OCERS.org)

**Status:** See the OCERS website for status of the RFP and announcements. These items can also be found here:  
<https://www.ocers.org/request-proposal>

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## Section 6: RFP Schedule

The following timetable constitutes a tentative schedule for this RFP process. OCERS reserves the right to modify this schedule at any time.

Deliverable	Date
Release of RFP	October 7, 2022
Intent to Respond / RFP Questions Deadline	October 21, 2022
RFP Answers Posted	October 28, 2022
RFP Submission Deadline	November 15, 2022
Selection of Semi-finalists	To be determined [January 2023]
Interviews of Semi-finalists (in Person or Zoom)	To be determined [January 2023]
On-site visit of Finalists	To be determined [February 2023]
Service Award	To be determined [March 2023]

Proposals must be submitted to the Point of Contact identified in [Section 5](#) and delivered by the due date and time stated below in the RFP Schedule.

OCERS will only accept electronic submissions. Proposals may be submitted electronically in Microsoft Word or Adobe Acrobat PDF format to the email address noted in [Section 5](#).

## Section 7: Proposal Requirements

Proposals must include the following information:

1. The “Proposal Cover Page,” attached as [Exhibit B](#).
2. The “Minimum Qualifications Certification,” attached as [Exhibit C](#).
3. The “Executive Summary,” attached as [Exhibit D](#). Provide the respondent’s background, experience, and other qualifications. The summary should identify respondent’s competitive advantages, specialties, limitations, and the reasons why the firm should be selected
4. Response to the “Questionnaire”, attached as [Exhibit E](#).
5. References, attached as [Exhibit F](#). At least three (5) references for which the respondent has provided services similar to those included in the Scope of Services.
6. Fee Proposal, attached as [Exhibit G](#).
7. The names and qualifications of fully trained and qualified staff that will be assigned to OCERS work, including a detailed profile of each person’s background and relevant individual experience.
8. Copies of any pertinent licenses required to deliver respondent’s product or service (e.g., business license).
9. A copy of respondent’s standard professional services contract.
10. Any other information that the respondent deems relevant to OCERS’ selection process.

## Section 8: Evaluation Criteria

Responses will be evaluated based upon the following:

1. Services Offered.
2. Additional Service Model and Capabilities.
3. Client coverage.
4. Experience and reputation of the respondent.
5. Quality of the team proposed to provide services to OCERS, including staffing depth, experience, turnover, and compensation.
6. Technology and Cyber Security.
7. Pricing and value.
8. Transition and Conversion.
9. The organization, completeness, and quality of the proposal.
10. Information provided by references.
11. Other factors OCERS determines to be relevant.

The factors will be considered as a whole, without a specific weighting.

OCERS may require one or more interviews with or personal presentations by finalists to be conducted with Investment Team and Finance Team.

If the information in the proposal is deemed to be insufficient for evaluation, OCERS may request additional information or reject the proposal outright at OCERS' sole discretion. False, incomplete, or unresponsive statements in connection with a proposal may result in rejection of the proposal.

## **Section 9: Non-Discrimination Requirement**

By submitting a proposal, the respondent represents that it and its subsidiaries do not and will not discriminate against any employee or applicant for employment on the basis of race, religion, color, national origin, ethnic group identification, mental disability, physical disability, medical condition, genetic information, marital status, ancestry, sex, gender, sexual orientation, gender identity, gender expression, age, or military and veteran status.

## **Section 10: Notice Regarding the California Public Records Act and the Brown Act**

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying unless specifically exempted under one of several exemptions set forth in the Act. If a respondent believes any portion of its proposal is exempt from public disclosure or discussion under the Act, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and OCERS will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by OCERS under the Act. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY".

If OCERS receives a request pursuant to the Act for materials that a respondent has marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," and if OCERS agrees that the material requested is not subject to disclosure under the Act, OCERS will either notify the respondent so that it can seek a protective order at its own cost and expense, or OCERS will deny disclosure of those materials. OCERS will not be held liable, however, for inadvertent disclosure of such materials, data, and information or for disclosure of such materials if deemed appropriate in OCERS' sole discretion. OCERS retains the right to disclose all information provided by a respondent.

If OCERS denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY", the respondent agrees to reimburse OCERS for, and to indemnify, defend and hold harmless OCERS, its Boards, officers, fiduciaries, employees, and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including, without limitation, attorneys' fees, expenses, and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to OCERS' non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to OCERS' public disclosure of any such designated portions of a proposal if OCERS determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

## Section 11: Contract Negotiations

OCERS will negotiate a contract with the successful respondent, which will contain such terms as OCERS, in its sole discretion, may require. In addition, the selected firm will agree that this RFP and the firm's proposal will be incorporated by reference into any resulting contract. The final Scope of Services to be included in the contract will be determined at the conclusion of the RFP process.

This RFP is not an offer to contract. Acceptance of a proposal neither commits OCERS to award a contract to any respondent, nor does it limit OCERS' right to negotiate the terms of a contract in OCERS' best interest, including the addition of terms not mentioned in this RFP. The final contract must, among other terms and conditions required by OCERS, allow OCERS to terminate the contract a) for OCERS' convenience, b) if funds are not appropriated for the services to be provided, or c) for default.

## Section 12: Reservations by OCERS

In addition to the other provisions of this RFP, OCERS reserves the right to:

1. Cancel or modify this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as OCERS may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in OCERS' sole discretion.
4. Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
5. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of OCERS in OCERS' sole discretion, which may not be the proposal offering the lowest fees.
6. Request additional documentation or information from respondents, which may vary by respondent. OCERS may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.
7. Reject any or all proposals submitted in response to this RFP.
8. Choose to not enter into an agreement with any of the respondents to this RFP or negotiate for the services described in this RFP with a party that did not submit a proposal.
9. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.
10. Defer selection of a bidder to a time of OCERS' choosing.
11. Consider information about a respondent other than, and in addition to, that submitted by the respondent.

## Exhibit A: Intent to Respond

If you choose to submit a proposal in response to this RFP, please submit this Intent to Respond to OCERS' Investment Team via email no later than **5:00 p.m., PT, October 21, 2022**. Failure to submit your Intent to Respond may disqualify your firm from submitting a proposal.

OCERS' responses to written requests for clarification or additional information will be provided to all firms that have submitted an Intent to Respond.

**From:**

<b>Firm Name</b>	
<b>Contact Name</b>	
<b>Title</b>	
<b>Phone Number</b>	
<b>Email Address</b>	
<b>Date</b>	

**To: OCERS' Investment Team**

**Email:** [Investmentsrfp@ocers.org](mailto:Investmentsrfp@ocers.org)

**Re:** Intent to Respond

Our firm intends to submit a response for OCERS' RFP for **Custody Services**

Please forward inquiries to the following contact:

<b>Contact Name</b>	
<b>Title</b>	
<b>Phone Number</b>	
<b>Email Address</b>	
<b>Mailing Address</b>	

## Exhibit B: Proposal Cover Page

<b>Firm Name</b>	
<b>Main Address</b>	
<b>Website</b>	
<b>Contact Name</b>	
<b>Title</b>	
<b>Phone Number</b>	
<b>Email Address</b>	

***By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.***

Respondent specifically acknowledges the following:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of services.
3. The fee schedule submitted in response to the RFP is for the entire scope of services and no extra charges or expenses will be paid by OCERS.
4. Respondent has completely disclosed to OCERS all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of OCERS, or other officer, agent, or employee of OCERS presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.
5. Materials contained in the proposal and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the California Public Records Act.
6. Respondent is not currently under investigation by any state or federal regulatory agency for any reason.
7. Except as specifically noted in the proposal, respondent agrees to all of the terms and conditions included in OCERS Services Agreement.
8. The signatory below is authorized to bind the respondent contractually.

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Authorized Signature

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Name and Title (please print)

---

Date

## **Exhibit C: Minimum Qualifications Certification**

All respondents submitting a proposal in response to this RFP are required to sign and return this attachment, along with written evidence of how the respondent meets each qualification. The undersigned hereby certifies that it fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP.

### **For All Respondents:**

1. Must agree to be a fiduciary to OCERS under California and other applicable law.
2. Respondent proposing custody services must meet the following minimum client base and experience requirements at the time of submission
  - a. Respondent must have been in continuous operation for at least five (5) years providing services similar to those described in the Scope of Services.
  - b. Respondent must have at least five (5) defined benefit pension plan clients, of which two (2) are public pension plans with total plan assets of at least \$25 billion each.
  - c. Respondent must assign a primary contact to the OCERS' relationship that has a minimum of seven (7) years of client-facing experience providing custody services.
3. Respondent must carry, or be able and willing to obtain if selected, errors and omissions and general liability insurance in amounts reasonably competitive with other semi-finalists as it pertains to OCERS.
4. Respondent must agree in its contract to (a) serve as a fiduciary with respect to its services and (b) defend, indemnify and hold harmless OCERS (and its indemnified parties) for claims, expenses, losses, damages, etc. related to acts or omissions by the firm that are not consistent with the fiduciary standard of care, breaches of representations and warranties, and material misrepresentations.
5. Respondent must agree to disclose all conflicts of interest, all sources of revenue, and all affiliations. Disclose annually to OCERS any revenues, income, fee breaks, soft dollars, hotel, and travel expense, or other items of significant monetary value received from OCERS' holding companies, investment managers, general partners, brokerage firms, investment banks, or other financial services businesses.
6. Respondent must warrant that all information and statements in this RFP are complete and true. Any statement or claim found to be incomplete, misleading, or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.

### **For Custody Services Respondents:**

7. The respondent must meet all of the following minimum qualifications to be given further consideration.
  - Respondent shall be authorized to conduct a trust/custodian/institutional asset management business, including the required services listed in this RFP, and be authorized to conduct business with OCERS in California.  
**YES ☐ NO ☐**
  - The Respondent must have at least \$500 billion U.S. dollars in total assets under custody as of December 31, 2021. This amount must include at least \$100 billion U.S. dollars in international equity and fixed income.  
**YES ☐ NO ☐**
  - The Respondent must have a total number of at least 30 custodial defined benefit clients, including at least 10 public funds, with \$1 billion U.S. dollars each in tax-exempt assets or greater.



YES ☐ NO ☐

- The Respondent must have been providing custody services for a minimum of ten (10) years.

YES ☐ NO ☐

- The Respondent must issue a Service Organization Control (SOC) Report at least once a year.

YES ☐ NO ☐

- The Respondent must complete the RFP questionnaire in its entirety.

YES ☐ NO ☐

- Provide the liability, professional errors and omissions insurance in the minimum amount of \$75 million U.S. dollars.

YES ☐ NO ☐

**For Securities Lending Respondents:**

8. The Securities Lending Proposer must meet all of the following minimum qualifications to be given further consideration.

- The Securities Lending Proposer shall be authorized to conduct securities lending business, including the required securities lending services listed in this RFP, and be authorized to conduct business with OCERS in California.

YES ☐ NO ☐

- The Securities Lending Proposer must have at least \$500 billion U.S. dollars in total securities lending assets as of December 31, 2021. This amount must include at least \$100 billion U.S. dollars in international equity and fixed income.

YES ☐ NO ☐

- The Securities Lending Proposer must have a total number of at least 30 securities lending clients, including at least 10 public funds, with \$1 billion U.S. dollars each in tax-exempt assets or greater.

YES ☐ NO ☐

- The Securities Lending Proposer must have been in the securities lending business for a minimum of ten (10) years.

YES ☐ NO ☐

- The account administrator (the individual primarily assigned to OCERS' account and in charge of the day-to-day contact) proposed for this engagement must have a minimum of five (5) years of experience (three [3] years at the proposing company) in securities lending.

YES ☐ NO ☐

- The Proposer must issue a Service Organization Control (SOC) Report at least once a year.

YES ☐ NO ☐

- The Proposer must complete all relevant securities lending sections of the RFP in entirety.

YES ☐ NO ☐

- Provide the liability, professional errors and omissions insurance in the minimum amount of \$75 million U.S. dollars.

YES ☐ NO ☐

**The undersigned hereby certifies that they are an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.**

---

Authorized Signature

---

Date

---

Name and Title (please print)

---

Name of Firm

## **Exhibit D: Executive Summary**

### **Part I: Background Information**

In a space not exceeding 1,250 words, summarize the key elements of your proposal including:

- One paragraph on your firm, its location, lines of business, # of employees in each area of custody business, and institutional clients (total and all public pension plans).
- The top two (2) or three (3) reasons OCERS should retain your firm.
- A top-level summary of your fee proposal for global custody as outlined in the scope of services in the RFP.
- The service team that will work with OCERS with biographies limited to a few sentences each.
- The core competencies central to your proposal.
- Your value proposition.
- Affirmation that you meet all Minimum Requirements without exception, or identify all exceptions and cross-reference by page number to your rationale within your response.

### **Part II: Competitive Advantages, Distinctive Capabilities, and Differentiators**

- Discuss the investment made in technology by your organization and how it may help a public pension fund such as OCERS.
- What steps has your organization taken in the last three (3) years to ensure that service levels are maintained?
- Summarize other key distinctive competencies and strategies that your proposal offers that are not likely to be available through other global custodians for a comparable fee.

### **Part III: Metrics for your Firm and Core Competencies**

In one (1) single page, please identify the following:

- Given what you know about OCERS, our operations and portfolio, discuss the three aspects of your service where you believe you will clearly outshine your competition.
- Please offer 5-10 proposed penalties and 5-10 performance incentives that you believe would be most effective and motivating for your organization, the OCERS service team.

## Exhibit E: Questionnaire

### Part I: Organization, Administration, and General Information

1. Will your firm act as a fiduciary (as the term is defined by the Employee Retirement Income Security Act of 1974) to OCERS with respect to the services sought in this RFP?
2. Please provide the locations of all of your firm's offices, the primary functions performed at each of these locations, and the number of full-time investment professionals based in each office. Indicate which office will be primary in servicing OCERS, and any other offices that will be involved in the provision of services to OCERS.
3. Please describe the ownership structure of the firm, including but not limited to, the parent company and any affiliated companies, joint ventures, strategic alliances, and employee ownership. Please also provide a list of firm owners with their ownership percentages.
4. Please provide a brief history, going back to the inception, of your firm and your parent organization. Within the past five (5) years, have there been any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations? Does your firm anticipate any near-term changes in its corporate structure, organization structure, leadership, location, or professional staffing?
5. Provide an executive summary of your organization's Institutional Master Trust/Custody business unit.
6. Describe what differentiates your organization from other custodian banks. What is the value your organization provides to clients?
7. Does your organization focus on servicing any particular client types? If so, describe specific strengths and services/products your organization has for meeting the needs of the following client types: Corporate Defined Benefit Plans, Public Funds, Taft-Hartley Plans, Endowments/ Foundations, Hospitals, and Defined Contribution Plans.
8. Include an organization chart of the Institutional Master Trust/Custody business unit, as well as an organization chart showing the position of the unit within the Proposer's overall management structure.
9. What percentage of total firm revenue is derived from each business line? Please provide the approximate contributions of each business to your firm's total revenue. Discuss in details the percentage of revenue attributable to defined benefit clients.
10. Provide the number of your organization's clients as categorized in the following matrix. Report aggregate values of their total assets under custody in US\$ billions for periods specified.

#### Total Tax-Exempt Trust and Custody Clients Only

	Total Number of Clients	Asset Value (US\$ billions)
2017		
2018		
2019		
2020		
2021		

**Public Fund Custody Clients Only**

	<b>Total Number of Clients</b>	<b>Asset Value (US\$ billions)</b>
<b>2017</b>		
<b>2018</b>		
<b>2019</b>		
<b>2020</b>		
<b>2021</b>		

11. Provide the number of tax-exempt trust and custody accounts, including global custody clients, gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US\$ billions as of initiation date for clients gained and termination date for clients lost.

**Total Trust and Custody Clients Only**

	<b>Clients Gained (Number)</b>	<b>Clients Gained (US\$ billions)</b>	<b>Clients Lost (Number)</b>	<b>Clients Lost (US\$ billions)</b>
<b>2017</b>				
<b>2018</b>				
<b>2019</b>				
<b>2020</b>				
<b>2021</b>				

12. Provide your organization's client distribution as specified in the following table. Report aggregate market values of total assets under custody in US\$ billions as of December 31, 2021.

**Tax-Exempt Client Asset Size Distribution**

	<b>Number of Clients</b>	<b>Number of Plans</b>	<b>Market Value (US\$ billions)</b>
Taft Hartley-Union			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and up			
Corporate			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and up			
Public Fund			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and up			

Endowments & Foundations			
Below \$500 million			
\$500+ million to \$1 billion			
\$1+ billion to \$5 billion			
\$5+ billion and up			
<b>TOTAL</b>			

13. What percentage of client portfolios are?

- Hedge Funds
- Private Equity Investments
- Real Assets
- Real Estate
- Derivatives
- Cryptocurrencies
- Other non-traditional investments

## Part II: Client Services

1. Describe the structure of your global custody account administration, (e.g., account team, client account executives, support by administrative units, etc.).
2. How do you propose to staff for OCERS both from a client servicing perspective and actual daily service deliverables point of view?
3. Please provide the names and biographies including experience of the proposed client servicing team members as follows and as specified in the table below:
  - Management Sponsor
  - Client Servicing Team
  - Custody and Accounting
  - Trade Processing and Securities Settlement, including Cash and Expense Reconciliation
  - Technology and Systems Support
  - Performance Measurement and Analytics
  - Alternative Investment Support
  - Banking

Name	Responsibility	Location	Number of Client Relationships	Years with Bank	Years of Experience and Credentials

4. Complete the following matrix for your organization's Institutional Master Trust/Custody business unit.

Team	# of People
Client Service	

Operations / Accounting	
Performance Reporting	
Securities Lending	
Private Market	
IT / Systems Support	
Brokerage Service	
Total	

5. How long has the proposed team worked together and for how many clients?
6. What turnover have you experienced in total client service, accounting, and operations staff during each of the past three (3) years? Of this turnover, what percentage were client relationship officers? (Provide number and percent turnover)
7. Why does your organization believe its client service team has a competitive edge?
8. What retention programs and policies do you have in place to keep experienced staff in accounting, settlement and performance measurement and analytics? How successful have those programs been?
9. On average, how many accounts are assigned to each of the primary client relationship officers?
10. Explain, based on your organization's structure, how the client relationship officer either answers client questions immediately, or how they refer to other relevant experts and how long that process takes.
11. What is the Institutional Master Trust/Custody unit's plan for growth in staff and clients?
12. How much money was spent on product development for Institutional Master Trust/Custody during each of the past three (3) years? What is the targeted amount for this year?
13. How many people are assigned to product research and development? What percentage of the staff are assigned to Systems Support/IT relative to the total staff?
14. Describe your organization's commitment to service quality and customer service.
  - Does your organization have a total quality management program? If yes, please describe.
  - Do you survey your clients? If yes, how often? Please provide the most recent results.
15. Describe any claims in the past five years in which any member of the team has been involved.
16. Describe your client relations process for each of the below:
  - Formal and informal oral and written communications
  - Inquiry and problem resolution processes
  - Information on available services and service delivery issues
  - Training in the use of the services and systems
17. Once a problem or issue is identified, how soon will OCERS be notified? What steps or procedures are taken to ensure that errors or problems are not repeated?
18. Describe the research capabilities and services that your firm or affiliated firms are able to provide to custody clients. Include services such as economic and market overviews and forecasts, research reports, ad hoc analyses, access to data sources, risk analytic tools, and conferences. Please indicate if custody clients receive these services as a part of base custody fees or for a discount (and the extent of the discount). Indicate if there are any limitations or conditions on the access to or use of these services by custody clients.

19. How do you monitor legislative and/or regulatory changes affecting Institutional Trust and Custody administration? How are these changes communicated to clients?
20. What other auxiliary services are offered through your organization? (i.e. transition management, securities lending, commission recapture, etc.)
21. Explain in detail your capabilities and experience in the areas of transition management and commission recapture.
22. What processes does the team follow to ensure timely response and customer focus, even in the face of competing priorities from other customers?
23. Please discuss opportunities, which your financial institution offers to clients for training and continuing education, and whether those educational opportunities would be available to OCERS and the cost to be incurred for such training and education.
24. Does the team handle other public fund clients, with a similar configuration as that of OCERS? Kindly list other clients handled by the team.

### Part III: Legal, Compliance, and Conflicts of Interest

1. What regulatory bodies is the firm registered with [in the U.S.]?
2. Are you willing to be subject to the laws of the State of California and local jurisdictions and the jurisdiction of its court system in the administration of this contract?
3. Has your firm or its legal predecessor(s) ever been cited by a regulator for violations of securities laws or regulations? Warned?
4. Please address any substantive issues raised by independent auditors in your SSAE 16, SAS 70, SOC 1's and/or issues published in your Form 10-Q. Provide a copy of the most recent annual reports and label appropriately.
5. Provide your firm's ADV documents, audited financial statements with Management letter.
6. Does your firm have a written code of conduct or a set of standards for professional behavior? How is employee conduct and compliance monitored and enforced?
7. Describe the financial stability of your organization, including debt/equity, debt/total assets, other pertinent ratios, and whether your firm has the ability to meet its expected financial obligations. Is your firm (a) in breach of or in default under any agreement, or (b) aware of the occurrence of any facts which, with the passage of time or the giving of notice, could result in breach of or default under any such agreement.
8. Provide the following data and explain how it meets the Federal Reserve stipulated requirements.

**As of December 31, 2021**

Capital Requirements	Actual	Current Requirements
Tier 1 Capital Ratio		
Total Capital Ratio		
Leverage Ratio		
Tangible Common Equity		

9. Provide your organization's current short-term and long-term credit rating.



10. Has your firm, its principals, or any affiliate ever been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state, or self-regulatory body or organization? If yes, please describe the nature of the investigation and outcome.
11. Has the firm, its principals or any affiliate over the last five (5) years been:
- The focus of a non-routine SEC inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization;
  - Been a party to any litigation concerning fiduciary responsibility or other investment related matters; or
  - Submitted a claim to your errors & omissions, fiduciary liability and/or fidelity bond insurance carrier(s)?
  - If yes to any, please provide details.
12. Please furnish a copy of a Standard Trust/Custody Agreement for a Public Fund for OCERS's review. Kindly label accordingly as a separate attachment.
13. Describe the various types of insurance coverage and indemnification provided by your firm to protect clients of service(s) proposed. Each description should include:
- Risk Coverage
  - Carriers
  - Levels
  - Limits
  - Deductibles
  - Expiration
14. List all insurance coverage relevant to Institutional Master Trust/Custody functions. Indicate the type and the amount of coverage, including, but not limited to:
- Umbrella Liability/Excess.
  - Employee Dishonesty.
  - Network Security and Privacy Liability.
  - Blanket Bond.
  - All Risk Physical Loss

Line of Coverage	Credit Rating of Carriers	Term (Dates) of Coverage	Total Policy Coverage	*Max Per Occurrence Limit Coverage / Max Coverage if Different from per Occurrence Coverage	*Max Per Occurrence Limit Payout to Client / Max Payout if Different from per Occurrence Payout
Umbrella Liability / Excess					
Employee Dishonesty					
Network security & Privacy Liability					
Blanket Bond					
All Risk Physical Loss					
Errors & Omissions					
General Liability					
Directors &					

<b>Officers</b>					
<b>ERISA Fiduciary</b>					

15. Does your organization subcontract any of the services required by OCERS? Kindly state contract vendor name and for which service a subcontractor would be used (e.g., sub custody network, pricing, accounting & reporting, internet delivery, securities lending, performance measurement, proxy, disaster recovery, data storage and retention, etc.).
16. Describe how your risk management approach is structured, its main objectives and any enterprise risk management programs, tools, or policies you have in place.
17. Provide a brief overview of the internal control environment of your organizations.
18. Identify the internal and external entities that audit, regulate, and/or review your custody services. Describe each and include a summary of when and what types of reports are supplied.
19. Describe your data retention, data transfer, and vendor relationship processes specific to custody and related services requested in this RFP. Please describe.
20. When was your last on-site SEC (or national-regulatory) inspection? What other regulators have inspected, reviewed or audited your operation in the past five years, if any? Explain.
21. Have you been a participant in any regulatory "sweeps" in your industry? If so, explain the context and any issues or deficiencies that would be relevant to OCERS as an investor.
22. What issues, irregularities, deficiencies or compliance/control weaknesses were noted in any of the regulatory reviews, audits or externally-performed internal control reviews of your operations in the past five years, and how were those addressed? Are there any unresolved or un-remedied items still outstanding?
23. Please make available to OCERS the past two (2) years:
  - Audited financial statements of the advisor, and the fund (if any) in which we are or would be invested? Please indicate whether these audit opinions were unqualified. If not, please explain.
  - Also please identify and explain any negative findings, irregularities, material weaknesses identified or flagged by any independent or internal auditor during the past three years.
24. Please identify, summarize and explain any outstanding securities or client litigation.
25. If your firm or an owner or principal of your firm has ever settled a case for more than \$1 million U.S. dollars, or been found liable for fraud, misrepresentation, malfeasance, breach of fiduciary duty or any similar investment-related offenses, transgressions or torts, in the past ten (10) years, please identify and explain.
26. Please identify any specific "headline risks" or controversies associated with your firm, its affiliates, predecessors, and current or former personnel or owners, in the past seven (7) years.
27. Who is your compliance provider? In-house? External? How long? Please provide contact information.
28. Do you maintain an in-house legal staff? If yes, describe its role, staff profile, and the number of employees assigned to the department. If not, list the names of the external firms you use.
29. What internal resources are dedicated to overseeing operational or business risk within the firm (e.g., compliance, risk committee, governance committee, internal audit, etc.)?
30. Please describe your capabilities for monitoring compliance with the Patriot Act, anti-money laundering requirements, OFAC and other relevant conflict of interest laws such as anti-pay to play laws

31. For the past ten (10) years, has your organization or any of its affiliates or parent, or any officer or principal, or any member of your proposed team been involved in any professional discipline, litigation, investigations, or legal proceedings? If so, provide a detailed explanation and indicate the current status. Please include any anticipated litigation, investigations, regulatory or legal proceedings known at this time.
32. Does your firm, its principals, or any affiliate own any part of a money management firm, broker-dealer, or other organization that sells services to institutional investors and/or SEC-registered investment advisors? If so, identify the firm(s) and describe the service and the relationship to the consulting group.
33. Does your firm, its parent company or any affiliate sell information, software, research, database, or any other services to investment advisers or other investment related firms? If so, please explain.
34. Does your firm permit its staff members to serve on boards of directors? If so, are any restrictions placed on this activity and how is their director compensation treated?
35. Does your firm, or any affiliate, accept soft dollars in exchange for services?
36. Describe in detail any potential conflicts of interest your firm may have in providing the services sought by OCERS. Include any activities of affiliated or parent organizations, brokerage activities, or any past or current relationships with any OCERS' Trustees, Consultants or Staff Members.
37. Describe your firm's policies and procedures for managing conflicts of interest. Would your organization notify a client of any apparent or potential conflicts of interest, regardless of whether it was required by regulations?
38. Has your firm, its principals, or any affiliate ever submitted a claim to your errors & omissions, fiduciary liability, and/or fidelity bond insurance carrier(s)? If yes, provide details and indicate the current status.
39. Describe your firm's disaster recovery plan, especially as it relates to your ability to continue providing custody services.

## Part IV: Services Offered

### *Part IV – A: Performance Measurement, Risk Analytics, and Compliance*

1. Review the [Scope of Services \(Section 3\)](#) of the Request for Proposal, and list which of the services your firm is capable of providing.
2. Provide the breakdown of client types who utilize your organization for performance measurement and analytics services.

Client Types	Number of Clients	AUM
Corporate		
Taft-Hartley		
Public Fund		
Endowments / Foundations		
Investment Managers		
Others		

3. What reporting systems does your firm offer? Describe the types of reports clients receive. Please provide examples of monthly/annual client reports and any other relevant reporting.
4. Describe the types of research reports OCERS should expect to receive from your firm. Please provide a representative example.

5. How many people work in the performance measurement group? Describe the size of the group that will be servicing OCERS for each of these services.
6. Describe your domestic and international performance measurement system. Is global performance evaluation provided before and after currency adjustments (realized and unrealized)?
7. Describe the methodology used to calculate performance. Provide process for calculating performance (including pricing sources and hierarchy) for each asset class, treatment of large cash flows, partial month funding or terminations, treatment of cash in transit/receivables, frequency.
8. Discuss the level of automation of your performance calculation and risk analytics system. Do any manual processes still exist in performance calculation and risk analytics?
9. Can you provide daily, monthly, quarterly and annual performance calculations, gross and net of fees?
  - How soon after month-end is performance data available online?
  - Does the client have the ability to create custom reports?
10. Can you produce custom benchmarks?
11. Describe and provide an overview of your risk analytics capabilities. Are risk analytics part of the general performance measurement services, or would this be considered an additional service, with an additional fee? If so, describe the available risk services and state the associated fees.
12. Describe your process for providing customized reports to our specifications. Provide turnaround times for customized reporting requests. Is customization available to the end-user through ad hoc query tools?
13. What plans do you have for enhancing your performance, investment guideline, and risk analytics systems? Please provide a release schedule for enhancements.
14. Describe the systems and procedures for the processing, valuing and reporting of alternative investments including real estate, private equity, venture capital, private credit, real assets, etc.
15. Discuss your performance measurement capabilities for alternative assets (private equity, venture capital, real assets, private credit, real estate, etc.). How are these returns combined with public market returns for total fund reporting? Are separate systems used? If so, describe in detail.
16. Discuss lagged and non-lagged performance calculations.
17. How is information loaded into your performance measurement system (manually, electronically)? Delineate by asset class, including alternatives if there is a difference in approach?
18. Discuss the timing of performance calculation. How many business days after accounting close is performance available? Describe your process for daily versus monthly/quarterly returns closing.
19. For Non-U.S. portfolios, explain what type of security and country level return information you provide.
20. Explain how your performance system handles derivative securities such as futures and options, forward contracts, warrants and rights, and convertibles with currency features.
21. For commingled funds, describe the performance and holdings level information available on your platform.
22. Do you provide guideline compliance monitoring services? Online? What percentage of your clients utilize these services? What systems are in place to ensure accuracy and timely communication of any violations?
  - Does the custodian help to set up compliance rules? Does the custodian provide any training on the compliance system?

- What type of investment guidelines can be monitored (i.e., prohibited securities, maximum security weighting, maximum cash)?
  - Do you provide guideline monitoring for commingled funds?
  - Can you provide guideline monitoring for portfolio characteristics (i.e., average duration and average quality for fixed income portfolios)?
  - How flexible is the product for customization? Are there limitations on the level of customization?
23. List all indexes and universes available for comparison, their source, and the manner and timing in which you receive them.
  24. List all indices, benchmarks and universe returns available to OCERS. What is the source of benchmark information? Do clients need independent contracts to utilize benchmark returns? Can clients access benchmark returns online? Do you have the ability to load prior months and/or years returns? Describe your ability to accommodate custom benchmarks. Is there a limit on how many custom benchmarks a client can have?
  25. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire/TUCS), or both? Please describe your capabilities in detail.
  26. Describe how the performance reports are reconciled with accounting statements for the same period. Are they audited?
  27. Describe the process for revising returns, when necessary.
  28. What procedures exist to verify the accuracy of rates of return? Describe the process for reconciling performance with investment managers. How are return differences resolved and by when?
  29. Describe your attribution capabilities. Do you offer both returns- and holdings-based attribution? How are alternative investments and commingled funds treated? Discuss your attribution capabilities regarding currency effects and describe your capabilities for fixed income portfolios.
  30. Provide a list of descriptive statistics available in your exposure reporting (i.e., geography, sector, industry, bond characteristics, etc.).
  31. Do you provide portfolio characteristics (versus benchmark), style analysis, and ex-post risk statistics? What are the sources of the portfolio characteristics data?
  32. Are you able to assist OCERS with the monitoring and reporting of risk in the portfolio? Do you offer multiple levels of risk management reporting/analytics? If so, please state what services are included in your fee proposal and what services are available for an additional fee.
  33. How does the system measure risk? What model is used? If you offer multiple, please describe.
  34. Is your software or application able to produce reports for stress testing, scenario analysis, what-if risk analysis, and Value at Risk (VAR)? Please provide a sample report.
  35. Describe the approach to modeling each asset class. Provide detail on how you proxy risk for alternative assets (private equity, real estate, real assets, private credit, etc.) and what is done at the total fund level to ensure that risk at the aggregate level is sensible.
  36. Do you have an online portal for client to access? Can clients extract data and create custom reports?
  37. Please provide a complete description of your capabilities for monitoring required compliance with the Patriot Act, Anti-Money Laundering, Russian Sanctions, Chinese Military Sanctions, and OFAC SDN List. Are you able to identify companies held in OCERS accounts which have been fined by OFAC?

38. Provide a description of the different levels of compliance monitoring (i.e., basic, intermediate or advanced) you provide and advise which services are included in your fee proposal and which are available for an additional fee.
39. Is compliance monitoring performed for all asset classes? Is it performed daily? Is it on a Post-Trade, Pre-Settlement basis? Is it available on-line?
40. Describe your system as it relates to testing portfolio holdings (max, minimum weights), external data that may require data available from external sources, derivatives tests, liquidity thresholds, risk management tests.
41. Please provide an example of what a monthly summary compliance exception report would look like.

#### ***Part IV – B: Investment Manager Relations & Reconciliation Process***

1. How do investment managers communicate trade instructions to your organization for settlement? What are the instruction deadlines?
2. Describe your organization’s competitive advantage as it relates to servicing manager terminations and hires.
3. Does your organization have a separate investment manager liaison group that handles the reconciliation process? If so, please describe the structure of the group and how it communicates with the accounting group. If not, please describe how investment manager relationships are handled?
4. Describe the role your organization plays in the investment manager reconciliation process. What specific procedures are performed on the reconciliations prepared by managers?
  - Are the reconciliations completed pre- or post-report mailing?
  - Do you formally reconcile your records with those of the investment managers?
  - Describe the process and frequency of reconciliation. Do you reconcile and research pricing and market value differences with the investment managers?
  - How are reconciling items communicated to the client?
5. Does your organization monitor tolerance levels for pricing discrepancies with investment managers in the public markets space? How are pricing challenges resolved?
6. Describe your cost allocation method used when corporate actions occur (i.e. spin-off, reorganization). How do you handle discrepancies with investment managers for cost allocation rate?
7. What is your reconciliation policy and procedure of handling the commission recapture program with investment managers? How do you handle the commission recapture delay with the brokerage firms?
8. Do you have specific client service accounting staff with the responsibility of reconciling exception items between you and the alternative investment General Partners and/or investment managers? Is the process different when dealing with non-traditional investment managers?

#### ***Part IV – C: Accounting & Reporting***

1. Discuss the level of automation of your Institutional Master Trust/Custody accounting system.
2. Describe where any manual processes still exist that could potentially lead to errors.
3. Describe procedures for ensuring that all interest and dividends for clients are paid.
4. How does your accounting system track Alternative Investments in terms of booking capital call activity, updating net asset values, calculating IRRs, etc?

5. Provide examples of all accounting reports. How often are such reports produced?
6. Is reporting provided on a trade-date, accrual basis? Do asset valuation and transaction statements reflect pending transactions? Is accrued interest included in asset valuations? What, if any, transactions are not accrued?
7. How soon after accounting periods are fully audited reports available?
8. How many days are the statements left open to record late receipt of trades completed and not settled? Do you offer a fee rebate in the event of late reports? How soon after fiscal year end are annual reports available? Can you provide interim valuations and reports to meet a one-time or ongoing special client need? Is there an additional charge? Do you currently do this for existing clients?
9. When reporting lagged statements, do you identify the date of the reported value on your reports so clients can determine how stale the value is?
10. What steps are taken to ensure the accuracy of client reports? Who is responsible for ensuring accuracy?
11. Do you have an accounting system for the commission recapture program? Can you provide payment detail at the security level?
12. How long is your data retention period? How long is data available online vs. archived?
13. What reporting is provided to assist in satisfying the following GASB Statements? Please provide examples of each):
  - GASB Statement No. 40 - Deposits and Investment Risk Disclosures
  - GASB Statement No. 28 - Accounting and Financial Reporting for Securities Lending Transactions
  - GASB Statement No. 53 - Derivative Instruments
  - GASB Statement No. 72 - Fair Market Value requirements
14. Describe the valuation methodology and performance reporting for private market managers with drawdown structures, including compliance with GASB 72.
15. What provisions are in place for future GASB requirements? How do you prepare for new GASB requirements?
16. Does the client have the ability to create custom reports? Is access available 24 hours a day?
17. Is data available real-time (access trade information as it changes throughout the day) or batch processed (data is updated each night)?
18. Do you offer a help desk for online services? Is there any special hardware or software required to use your online service?
19. Provide us with a description of your company's daily valuation service process. Include your NAV calculation methodology. How many of your public pension clients use daily valuations versus monthly? Are you seeing a trend towards daily valuations?
20. Can you provide daily reconciliation of investment activity, corporate actions and valuations?
21. What is the process for identifying and resolving share/market value differences between the investment manager, record keeper and you? What are your materiality guidelines? How are errors beyond acceptable tolerances corrected and will you indemnify for such errors?
22. Please describe how you calculate NAVs for mutual funds, collective trusts, and fund-of-fund structures. Can you receive prices directly from the investment manager or mutual fund? What is your time deadline?

23. Some investment managers utilize third-party administrators to produce market values for reporting purposes. Does your accounting system keep track of their names to ease in identifying market values upon receipt?
24. Does your system have a general ledger interface managed by the bank? Please describe your general ledger feed capabilities. How long does it typically take to implement a general ledger feed? Is there a cost?
25. How do you value and report options and futures instruments?
26. Discuss your procedures for tracking and reporting failed trades.
27. How do you determine exchange rates for your reports?
28. Will you act as fiduciary on foreign exchange transactions?
29. Describe your systems, controls, and procedures for providing best execution on foreign exchange transactions.
30. Describe your capabilities for filing all foreign tax reclaim forms, monitoring foreign tax liability and tax reclaim collection, including monthly reconciliations of tax reclaims from a prior custodian.
31. Describe in detail the process by which you transmit data to third-party risk aggregators. Please provide the names of the vendors to whom you have transmitted such information and provide some detail around the information shared.

#### ***Part IV – D: Security Movement and Control***

1. Describe your depository memberships (i.e., DTC, FRB) and the services you use at these depositories. Describe your system for registration and custody of assets.
2. Discuss the level of automation of your security transaction processing system.
3. How and where are physical settlements transacted?
4. What, if any, securities have been misplaced or lost in the last three (3) years? If any, please describe the circumstances.
5. Are the custody and settlement groups solely dedicated to the Master Trust/Custody Department? What is the reporting relationship?
6. How and when are corporate actions processed?
7. What percentage of fails did you experience in the last three (3) years for sales and purchases?
8. Fail Float:
  - How are accounts compensated?
  - How do failed transactions affect cash balances?
  - How frequently are managers advised of fails?
  - Provide fail experience as a percent of trades.
9. Explain your procedures or policy for:
  - Income collection.
  - Timely settlement of purchases and sales.
  - When dividend and interest become available for reinvestment.
10. Are you able to transmit proxy information to third-party agents for clients?
11. Please answer the following questions regarding pricing:



- What are your sources for pricing securities? Please provide a full schedule of all primary and supplemental pricing sources by asset class.
  - What procedures are in place to investigate unusual or significant pricing changes from the previous pricing period?
  - How do you price securities that are not listed on pricing services, such as private placements? Bank Loans?
  - What is the frequency of your pricing updates?
  - Do you utilize “matrix pricing” for fixed income instruments?
12. Describe how difficult securities (i.e., infrequently traded bonds, derivatives) are priced.
13. Indicate your pricing sources for the following types of securities:
- Listed stocks.
  - Over-the-counter stocks.
  - International stocks.
  - Convertibles.
  - Corporate bonds.
  - Treasury bonds.
  - Agency bonds.
  - Mortgage pass-throughs and derivatives.
  - Asset-backed securities.
  - Commercial paper.
  - Non-U.S. bonds.
  - Bank Loans.
  - Real Estate.
  - Venture Capital.
  - Private Placements.
  - Futures.
  - Options.
14. Do you have a brokerage division? If so, please describe in detail any expertise in transition trades and crossing capabilities.
15. Do you offer alternative prime brokerage products? If so, provide a description.
16. Do you offer fund administrative services? If so, provide a description

#### ***Part IV – E: System Capabilities & Disaster Recovery***

1. How long on average does it take to get a new OCERS employee setup with access to the system?
2. Please answer each of the following questions about your disaster recovery plan:
  - Are there back-up capabilities for your systems in case of malfunction or disaster?
  - How many hours before data can be retrieved?
  - Is there a business continuity plan? Describe in detail.
  - How often do you test the plan?
  - When was the last test?
  - What was the longest duration of any such outage and what was the cause?
3. Do you have hot-site back up for systems? Do you have a back-up location for personnel as well? Where are back-up sites located?
4. Describe recent modifications of significance to the core accounting system, and to the security movement and control system. When were they implemented?

5. What enhancements of significance are you currently planning to make, and when do you expect to implement them?
6. Describe the system's security procedures.
7. What down-time have you experienced in the last year? What are the normal hours of availability?
8. Do you have one multi-currency system for domestic and global accounting?
9. Please discuss your plan/participant accounting system capabilities. Specifically, does your organization have the ability to track the participation of multiple plans or participants in one pool of assets? Please provide detail on how you would propose handling such a situation.

#### ***Part IV – F: Cash Management***

1. Provide the guidelines, objectives, fact sheets, and management fees for each short-term investment option.
2. Specific to money movement, expense payment, wires and/or capital calls initiated by OCERS, what are your policies and procedures (i.e., authorization, approval, tracking/monitoring, access codes, authentication process, etc.)? Describe a progressive cash flow movement and control process for OCERS.
3. Do you provide cash management systems that are able to process capital calls, distributions, internal and external cash flows automatically or with minimal OCERS' involvement? How many of your clients outsource the processing of capital calls/wires directly to their custodian? Are you seeing a trend of clients utilizing their custodians for these processes?
4. Describe the daily procedure for investing client cash.
5. When is STIF interest credited to the customer?
6. When are funds withdrawn for purchases? Credited for sales?
7. When do you invest funds received for interest, dividends and sales? When do you debit purchases?
8. How are instructions for wires and book transfer transactions communicated to you?
9. How many of your clients currently utilize separate short-term cash managers to manage their cash balances?
10. At what rate will the bank reimburse the client for the overnight use of client funds if the bank erroneously debits an account overnight?
11. Do you notify your clients of bank overdrafts? Does your organization charge fees for bank overdrafts? Do you determine the cause of the problem before charging the account?
12. In what currencies are short-term investments available?
13. Which currencies pay interest on account balances? Is there a charge that is netted against these earnings?
14. List any countries where your standard cash management policies are currently not enforced and explain.

#### ***Part IV – G: Securities Lending***

1. Provide a description and brief history of your securities lending business.

2. Describe the various types of insurance coverage and indemnification provided to protect your securities lending clients. Each description should include:
  - Risk Coverage
  - Carriers
  - A.M. Best Rating
  - Levels
  - Limits
  - Deductibles
  - Expiration
  - Dishonesty Coverage
3. Do you offer a securities lending program? When was it established? Is it offered directly or indirectly? If indirectly, who provides the program? What is the total size of securities lending program? What is the dollar size of your securities lending cash collateral reinvestment commingled investment pools? Separate accounts? List the markets in which you currently participate.
4. Describe your securities lending program philosophy and how you are able to negotiate the most favourable rates on loans for clients. Provide details on differentiating factors of your program.
5. Attach to this questionnaire the most recent benchmark report from a third-party service (i.e. Markit) that demonstrates your firm's market share in lending.
6. Describe your current client base. How many clients participate in your lending program? Without disclosing client names, list as follows as of December 31, 2021.

Plan Sponsor Type	No. of Clients (Agent Relationship)	Lendable Base (Agent Relationship)
<i>Corporates</i>		
<i>Public</i>		
<i>Endowment and Foundations</i>		
<i>Taft-Hartley, Union</i>		
<i>Mutual Funds, Investment Manager's Commingled Funds</i>		
<i>Insurance Companies</i>		
<i>Others</i>		
<b>TOTAL</b>		

7. What was the daily average dollar volume of securities loans outstanding for the last 12 months, ending December 31, 2021? Specify in US\$ billions.

Asset Classes	Daily Avg. Lendable Base (US\$ billions)	Daily Avg. Out on Loan (US\$ billions)	Utilization Rate (%)	Avg. Rebate Rate/Fees (bp)	Average Demand Spread (bp)	Average Reinvest Spread (bp)	Avg. Daily Spreads Net of Rebate (bp)
US Large Cap Equities							

US Mid & Small Cap Equities							
US Corp Bonds							
High Yield							
REITS							
US Govt Bonds							
TIPS							
Non-US Equity							
Non-US Fixed Income							
Other Assets (describe)							

8. Provide the number of clients (all market segments) gained and/or lost for the periods listed in the following matrix. Report corresponding market values in US\$ billions as of initiation date for clients gained and termination date for clients lost.

	Clients Gained (Number)	Clients Gained (US\$ billions)	Clients Lost (Number)	Clients Lost (US\$ billions)
<b>2019</b>				
<b>2020</b>				
<b>2021</b>				

9. Does your organization have Internet based/electronic lending capability? If so, describe – including inception, extent of applications, competitive bidding process, volume and percent of loans executed through this process.
10. Is securities lending available to all Master Trust/Custody clients? If not, explain.
11. How many Master Trust/Custody clients participate in your securities lending program? What percentage of your U.S. client base is that?
12. Describe your collateralization policy. What forms of collateral do you accept? If you use cash collateral, how is it invested? Describe your cash collateralization policy on both a domestic and global basis.
13. How is loan income apportioned to clients owning the same security? How are securities prorated from the various client accounts?
14. How do you provide equal opportunity to all participating clients to lend their securities? Do you use a rotation (queuing) system; have you ever overridden the allocation process to accommodate a client? Are there clients outside the rotation system?
15. How is borrower creditworthiness determined? Who is responsible for determining borrower creditworthiness and establishing and monitoring lending limits? What are your credit and lending limits? Can the client select or eliminate a given borrower for their account? Can the client establish a limit for loans to a given borrower?

16. Does your firm stress test your securities lending program (collateral and borrowers)? Describe the methodology and procedures utilized for stress testing, including the frequency of testing.
17. Have you ever experienced a default/impairment in your collateral reinvestment commingled pools? Separate Accounts? If so, explain.
18. List and describe all pending or threatened litigation against your organization in reference to securities lending services. List and describe all agency supervision associated with the pending or threatened litigation. What has been your experience with regard to litigation or agency supervision over the past five years?
19. OCERS requires that the securities lending agent act as a fiduciary for the securities lending function. Please verify that your firm is able to do this.
20. What is the primary form of lending your firm offers - agent, principal, or both? Describe. What is the percentage breakdown between agent and principal lending from a total client basis?
21. Has your program ever experienced a borrower default? If so, explain.
22. What has been the incidence of sell fails impacting your securities lending program?
23. Describe your policy when a sale fail occurs because a security was out on loan.
24. Do you provide any indemnification, insurance or bank guarantee, other than collateralization, to protect a client against loss on either borrower default or collateral reinvestment? If so, describe.
25. What is the compensation to the bank for administering the program? Please provide security lending revenue splits on a fully indemnified and non-indemnified basis.
26. Does administration include all recordkeeping and reporting? Does your securities lending system interface with your security movement and control system? Include a copy of sample reports.
27. How are holdings information and transactions communicated between parties (SWIFT, ISITC, E-mail, fax, etc.)?
28. On average, what percentage of eligible assets is on loan, and what is the average loan spread by asset type:
  - Domestic large cap equities.
  - Domestic small cap equities.
  - International equities.
  - Corporate bonds – Investment grade.
  - Corporate bonds – High yield.
  - U.S. government treasures and agencies.
  - Mortgage pass-through securities.
  - Non-U.S. bonds.
  - Other.
29. What is the current rate of earnings for each asset class identified in the previous question? How does this rate compare with past anticipated levels?
30. What is the current yield on the short-term assets in the securities lending program? Are assets invested in a commingled fund or as a separate portfolio? Are there any choices for investment vehicles? If yes, please describe.
31. Is there a fee for managing the cash collateral? Are any other fees or charges deducted from the earnings remitted to the client before or after the earnings split? If so, specify the amount(s).

32. Include a sample securities lending contract. Describe all risks to which clients are exposed through the lending of securities, domestically and internationally, with your bank. Include a discussion of a potential bankruptcy of a borrower or a sub-custodian and the impact of foreign law upon the account.
33. How do you coordinate your securities lending activities with the client's investment managers?
34. Describe the procedures and frequency of marking to market for all types of securities on loan. Is it based on each individual client's positions or on the entire pool of securities with a particular borrower?
35. Describe your policy if your cash management area buys an instrument that drops below the credit parameters set forth in the investment guidelines?
36. Are there any countries in which you lend securities where securities lending is not regulated?
37. How often do you audit the securities lending program internally and externally? Who is your outside auditor?
38. Do you keep your securities lending traders separate from the operational aspect of securities lending such as:
  - Delivery of loan securities.
  - Receipt of collateral.
  - Maintenance of borrower and/or client credit limits on the system.
  - Mark-to-market process.
  - Billing of borrowers and cash transfers.
  - Oversight of daily cash collateral investment decisions.
  - Transfer of cash to collateral investment accounts.
  - Measurement of duration or other risk associated with the management of cash portfolios.
  - Performance measurement and reporting.
39. What is your timeframe for the recall of securities from a borrower? (Examples would be one day for U.S. government securities, three (3) days for U.S. equities and corporate bonds and three (3) to five (5) days for foreign securities depending upon the country.)
40. What changes to the loan recall procedure will be made to accommodate T + 1?
41. Does your Securities Lending program permit the lending of securities to the custodian or a sub-custodian?
42. When is securities lending income credited to clients?
43. What reports on securities lending activity do clients receive and at what frequency? Do you provide collateral reinvestment transparency reporting, i.e., maturity schedules, credit quality, sector breakdown, guideline compliance, etc? Please provide samples.
44. Did any of your organization's collateral reinvestment or sweep vehicles suffer losses where the NAV fell below \$1.00 in the past fifteen years? If so, were any capital support programs offered by your organization? Please provide the NAVs for your short term cash and sweep vehicles for any month that was below \$1.00, since January 2005.
45. Please describe your online capabilities for securities lending.
  - What type of reports can be generated?
  - Can the client download the data to create custom reports?
  - What level of detail is available in reporting (attribution, trade, sector, credit, country, aggregate)?
46. Provide a list of your current borrowers. Identify the top ten borrowers and the percentage these borrowers represent of the total program.

47. Provide a detailed accounting of the percentage of income your program has lost, year by year since 2007, from collateral defaults, impairment and market valuation losses.
48. What controls have been put in place to limit any such defaults, impairments or losses?
49. OCERS requires full operational and borrower default indemnification within the securities lending program. Is your organization able to comply with this requirement? Describe your full operational and borrower default indemnification policy.
50. Does your firm provide additional types of indemnification beyond broker default (i.e., collateral, negligence, trade settlement, etc.)? If so, can your firm provide OCERS with these additional levels of indemnification? Describe.
51. Is your organization able to provide for total or partial collateral investment risk indemnification? Does your organization have clients with such arrangements? If so, please describe?
52. What are the specific limitations of your indemnification?

#### ***Part IV – H: Global Custody***

1. Does your organization have the ability to custody separately managed, non-U.S. assets? If not, what relationships has your company established to meet the needs of clients who wish to utilize separately managed non-U.S. accounts?
2. Provide a brief history of your global custody operations including the dates of implementation of key elements and enhancements.
3. What are the total global assets under custody and/or administration? Total non-US assets under custody and/or administration?
4. How many clients do you currently have using global custodial services?
5. For each country in which you provide custody services, list your custodial agent bank and the year that the current relationship was initiated. How many assets are held with each sub-custodian?
6. What criteria do you use to select your global sub-custodians? How frequently do you review your sub-custodian relationships? In the past three (3) years, what sub-custodians have been terminated? Please list and give the reason for termination.
7. Outside of the U.S., do you use any central depository facilities? Describe your settlement and clearing facilities for depository eligible and physical securities.
8. How are settlements communicated?
9. When are funds withdrawn for purchases and credited for sales?
10. Describe, in detail, your ability to handle foreign exchange transactions including all the alternatives available.
11. What are your dividend and income collection and crediting policies, by country? How much of the foreign tax receivable is collectable? On a quarterly basis, please provide an aging of the tax receivable and estimates of the collectability.
12. Describe your tax reclaim policy and procedures. How do you notify clients of any changes in local tax laws? How frequently are reclaims performed?
13. How does your multi-currency accounting system handle forward foreign exchange contracts? Please describe in detail and include definitions of terms used.

14. How does your multi-currency accounting system handle options? When a put or call is sold short, please describe the processing method? What is different in the handling of short options carried over a month end as compared to closing out in the same month?
15. How frequently do you reconcile your records with depositories and your sub-custodians – cash, securities, and corporate actions?
16. Does your insurance coverage apply to securities held in your sub-custody network?
17. Are accounting and reporting capabilities available in both local currency and in U.S. dollars? Please describe.
18. What percentage of the Master Trust/Custody business unit's revenue comes from foreign exchange trading? Please provide dollar amounts, as well as the percentage of revenue for each of the last five (5) years.
19. Describe how you handle "failed" transactions and how these are reported to the client. Provide statistics by market on the percent of trades settled on time.
20. Describe your systems, controls and capabilities, to identify, track and manage class action, both U.S. and international, litigation or settlement proposals for securities either currently held or previously owned and eligibility requirements for participation in such actions.
21. Please describe your class action capabilities upon your appointment and termination. Do you acknowledge and accept OCERS requires you file all proofs of claim and other required filings in security class action litigation?
22. Describe your domestic and international safekeeping network. How many markets are currently covered in your sub-custodian network? Provide the name of each sub-custodian agent and the amount of assets held with that sub-custodian.
23. Fully outline and describe the custody, accounting and performance analytics business model that your company employs. Please outline all groups and functions and how those groups/ functions interact in producing client ready reporting. Include business model differentiators including how your service model is integrated into this strategy where you deem appropriate.
24. List and describe five (5) new products brought to market in the past five (5) years that your company considers to be best in class solutions in the custody accounting space.
25. Does your company offer different levels of service when choosing custody, accounting and performance analytics services? If yes,
  - Describe the levels of service clients can choose from in choosing a custody, accounting and performance analytics solution. For each level of service outline the expected benefits and value added in each level of service. Outline the incremental cost associated with each level of service. Under each level of service outline when accounting reporting is final and client ready following a month-end and when performance analytics reporting is considered final and client ready after month-end. Include service levels in daily and monthly models as well as service quality agreements and incentives available under each model.
  - How do you monitor and measure quality of service? How do you monitor and measure client satisfaction? Describe your standard Service Level Agreement?
  - Describe the process the team uses in tracking quality and accuracy of data reported to clients. Include the interval of quality control tracking.
  - Do you share quality control metrics with clients? Which metrics are shared and how often do you review quality with clients? To what extent are clients involved in the quality assessment metrics that are reviewed? Are you willing to work with the proposed client in setting standards on quality control and service level accuracy?



- Describe how your performance team is involved in communicating valuation and transactional errors to your accounting team and what is the process in making retroactive updates to valuation and transactional data?
- 26. How many client assignments do client relationship personnel have? How are those relationships chosen? If client tiers are established, please provide the number of clients, on average, that each client relationship person has at each client tier level.
- 27. Describe the underlying databases that are used in providing client solutions. Include how many databases feed the core custody, accounting and performance analytics functions and how many feed the core custody, accounting and performance analytics reporting function describing how these underlying databases are integrated into the reporting user-interface that clients interact with.
  - Include a description of the quality control functions and processes that exist within the structure of any multi-database structures.

#### ***Part IV – I: Audit Controls***

1. Who is responsible for monitoring audit recommendations made to management?
2. Provide copies of your most recent 10-k and 8-k filings, SSAE 16 (SAS 70) and SOC 1 report (Service Organization Controls Report).
3. Provide copies of any Internal Control opinions issued by your independent auditors specifically related to your custody services within the last three years.
4. Are you willing to afford OCERS staff and contracted CPA firms continued access to the corporate audit reports and the working papers of the custodian's internal audit division?
5. List your current credit rating from all credit agencies that rate your organization for the past four (4) fiscal years along with the specific part of your company that was rated.
6. Are trust department records and procedures included in audits by your external auditor? To what degree? What level of certification is provided with annual reports? May client auditors examine bank records pertaining to client accounts?

#### ***Part IV – J: Corporate Actions, Proxy Voting Services, and Class Action Claims Filing***

1. Describe the structure of your dedicated unit for corporate actions, proxy voting support, securities litigation and class action claims filing.
2. Describe your procedures and timing for establishing domestic and international entitlements and accruals for capital changes (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.).
3. In connection with providing securities class action claims filing services for OCERS, please confirm, with adequate detail as to how you would do so, whether and how your firm will provide the following services:
  - Obtain all of OCERS's current and historical securities trading and holdings information as necessary directly from its current custodial bank, State Street Bank and Trust Company, and, as necessary, OCERS's prior custodial bank, Bank of New York/Mellon.
  - Identify all open securities class actions as of and after the date of the executed contract between OCERS and the successful firm involving claims of alleged violations of securities and/or antitrust laws or regulations filed in state or federal court within the United States, as well as in foreign jurisdictions ("Class Actions"), where your firm determines OCERS is a class member and

- eligible to share in any recovery obtained by virtue of its trading and holdings in the underlying security or securities;
- Submit timely, complete and accurate proofs of claim on OCERS's behalf in connection with those class Actions where OCERS is eligible to participate, including all necessary information and supporting documentation, unless instructed in writing prior to the filing deadline by OCERS not file a proof of claim in a particular Class Action.
  - Receive and review deficiency or rejection notices from the court-appointed Class Action claims administrator and respond as necessary prior to the applicable deadline.
  - Recover funds owing and distributed to OCERS from the Class Action claims administrator, verify accuracy of distribution, and remit funds to OCERS; and
  - Provide reports to OCERS no less than quarterly on identified Class Actions, including case name; claims filing deadline; date a claim is submitted on behalf of OCERS or reason(s) for non-filing; amount of expected recovery; date and amount of actual recovery; amount of service provider's fee, if any; net amount recovered; date of deposit in OCERS's bank account; and any other pertinent information.
4. Is class action monitoring and filing of claims performed in-house or subcontracted? What is the extent of limitation of your service? Be very specific.
  5. Are you willing to file all claims with class periods that predate the conversion using data supplied by a third-party service provider?
  6. Are there any cut-off date requirements specified with respect to class action processing?
  7. Describe in detail your process for providing notice to clients of capital changes/corporate actions requiring their decisions and notification from the prior to processing including:
    - All Sources of information on terms of elections, U.S., and non-U.S.
    - Methods of notifying clients.
    - Deadline requirements for client response.
    - Methods of receipt of instruction from clients (including online access).
    - Procedures for implementing client elections.
    - Method and mode of relaying instructions to sub-custodians.
    - Procedures for controlling sub-custodians' timely and appropriate action; and
    - Provide information on your procedures and timing for posting income receipts and capital changes to client accounts.
  8. Specific to proxy services, please answer the following:
    - Briefly describe the custodian's proxy services for domestic and foreign securities, including providing proxy notification, monitoring, etc. Include a list of the various sources the custodian uses for corporate meeting announcement.
    - Describe your process for sending share positions to a 3rd party. Do you have the capabilities to transmit holding information on a daily, weekly, or monthly basis?
    - Please describe your share reconciliation process including shares held on record date, shares on loan, and shares entitled to vote on meeting date. How are clients notified of any discrepancies identified through a share reconciliation process?
    - Are you able to recall shares on loan or coordinate with 3rd party lending agents to recall shares are on loan prior to record date to participate in the proxy process?
    - Describe your process for monitoring and ensuring Power of Attorney's are in place and current. How often are power of attorney forms reviewed for expirations? How far in advance of PoA expirations do you notify clients for rectification?
    - Provide a list of which countries/markets/securities which you or your sub-custodians will not represent OCERS at local meetings due to operational issues, share blocking requirements, or re-registration requirements (requiring OCERS to pay additional fees to sub-custodian or other 3rd

party to represent OCERS for vote to be counted). As part of your response to the above, please specify which markets comprising the MSCI ACWI IMI Index you do not offer coverage for all constituent securities? For any markets where you do not provide coverage, what is the process for a client to execute a proxy vote?

- Provide a list of proxy services which would be considered additional or add-on services to standard services.
9. Describe your experience with ISS as a proxy voting service provider.
  10. Provide a description of Environmental, Social, and Governance data services and analytics provided. What data points are collected, tracked, and can be reported at portfolio and composite level? Are the ESG data analytics integrated into other data and portfolio analytics services the firm provides? If so, please provide a description of services and ESG data available in each.

#### ***Part IV – K: Technology***

1. Describe the systems enhancement team at your company, outlining the number of employees, team structure and service model.
2. Describe in detail the quality control and testing team and how your company ensures systems enhancements meet quality control standards. Please provide detail using specific examples of a new product launch or enhancement that was pursued within the last year that targeted a business solution using technology.
3. Describe the system enhancements your company implemented in the past year in core-accounting, corporate actions, trade processing, benefit payments, performance, and risk analytics. How many are planned in the next 1-to-3 years in these areas and outline the business processes that these systems are enhancing.
4. Does your company engage in the use of joint ventures or outside contractors in its technology solutions strategy? If so, please describe these arrangements and the extent to which outside businesses are engaged in the technology strategy and where they enter the processes described in the systems enhancement and production environment structure?

#### ***Part IV – L: Strategy Relating to OCERS***

1. Please refer to the [attached summary of OCERS portfolio](#) (as shown in the [drop box](#)). Given the configuration and complexity of our portfolio, please identify what you consider to be the 3-5 most complex and challenging aspects of our portfolio as it affects your ability to service OCERS.
2. Please identify the ten most frequently used performance indicators that you presently provide to clients with portfolios in our size range \$20-\$30 billion U.S. dollars).
3. Please offer 5-10 proposed penalties and 5-10 performance incentives that you believe would be most effective and motivating for your organization, the OCERS service team, and the financial terms you would recommend we consider. Indicate the number of clients you presently serve that employ each of these penalties/incentives, by item.
4. Given what you know about OCERS, our operations and portfolio, identify the three aspects of your service where you believe you will clearly outshine your competition.
5. What is your business plan for improved transparency of underlying holdings in alternative asset funds including hedge funds, private equity? What do you offer presently, and where are you planning to offer increased visibility of underlying holdings in the future? How will this be priced?

6. Do you have a strategy for risk reporting as an adjunct service that would be beneficial to OCERS? If so, explain.
7. OCERS wishes to consider stand-alone third-party securities lending proposals. If you wish to submit an optional free-standing proposal for only securities lending, you may do so. Please ensure that if you choose to do so, you must still complete all relevant sections of the RFP in entirety as well as [Exhibit C Minimum Required Qualifications - Securities Lending](#).

## **Part V: Transition & Implementation**

1. Describe your approach to the implementation and conversion process. Include an estimated conversion calendar, including actions required on the part of the Fund and the Master Custodian and the timeframe to complete each task.
2. What dedicated resources (personnel, equipment, training of personnel, consultants, etc.), procedures and controls will you provide or recommend in the conversion period to ensure that the conversion is completed successfully in both a timely and accurate manner?
3. How long will the conversion process take? What is your plan if the process takes longer than you expect? What remedy will you offer if your plan takes longer than you expect?
4. Provide the breakdown of time commitment between OCERS and your organization to the transition & implementation process.
5. What is the relationship between the transition team and the permanent account administration staff?
6. How do you handle transactions and claims that are in process during the transition/conversion period?
7. How do you handle the performance measurement files during the transition/conversion period?
8. Are you able and willing to backload historical data? Is there an additional fee?
9. Give a detailed description of any specific problems that occurred during transitions over the past year and solutions that were instituted.
10. What fees or costs might a client face transitioning away from your company?

## Exhibit F: References

Please provide a minimum of five (5) references, using the format below.

At least three (3) references must be for your three most recent conversions that are comparable in size and scope to OCERS.

Please use this format for all references. Please use a separate form for each reference. OCERS may contact any of the clients named as references.

<b>Name of Offeror</b>	
<b>Client Name &amp; Address</b>	
<b>Contact Name &amp; Position or Title</b>	
<b>Contact Phone Number &amp; E-mail Address</b>	
<b>Contract Term (Start &amp; End Dates as applicable)</b>	
<b>Nature of Services Provided</b>	

## Exhibit G: Fee Proposal

1. Provide an annual flat fee for custody services required by OCERS. The flat fee should be quoted in a flat dollar (in US dollars) basis. OCERS' manager list is attached for your review.
  - *If the function of securities lending is allowed (Bundled): (Please note that OCERS is asking "if your organization is given the mandate" to lend securities and not to net the revenue stream generated from securities lending to the flat dollar fee.)*

OCERS	Flat Dollar Custody Fee
1 <sup>st</sup> Year	
2 <sup>nd</sup> Year	
3 <sup>rd</sup> Year	
4 <sup>th</sup> Year	
5 <sup>th</sup> Year	

- *If the function of securities lending is not allowed (Unbundled): (Please note that OCERS is asking "if your organization is not given the mandate" to lend securities.)*

OCERS	Flat Dollar Custody Fee
1 <sup>st</sup> Year	
2 <sup>nd</sup> Year	
3 <sup>rd</sup> Year	
4 <sup>th</sup> Year	
5 <sup>th</sup> Year	

2. Securities lending split with broker default indemnification:  
OCERS \_\_\_\_\_ % Bank \_\_\_\_\_ %  
If you are proposing additional indemnification beyond broker default, kindly specify.
3. What are the short-term investment vehicles you propose as applicable to OCERS? What is the total expense ratio, including management fees?
4. What are the overdraft charges?
5. Identify the services included in the flat fee stated above for Custody Services:

Full Custody Services for all Asset Types (i.e., domestic and international)?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

Safekeeping \$\_\_\_\_\_ charge or fee

Asset Servicing \$\_\_\_\_\_ charge or fee

Transaction Processing \$\_\_\_\_\_ charge or fee

Multicurrency Full Accrual Trade Date Accounting and Reporting?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

Standard Accounting \$\_\_\_\_\_ charge or fee

Fund Accounting \$\_\_\_\_\_ charge or fee

Customized reporting \$\_\_\_\_\_ charge or fee

Daily Online/Internet services?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

User Interface, including Read Only \$\_\_\_\_\_ charge or fee

Asset Values \$\_\_\_\_\_ charge or fee

Transactions \$\_\_\_\_\_ charge or fee

Cash \$\_\_\_\_\_ charge or fee

Standard reports \$\_\_\_\_\_ charge or fee

Customized reporting \$\_\_\_\_\_ charge or fee

Executive and Board reporting \$\_\_\_\_\_ charge or fee

Securities lending reporting \$\_\_\_\_\_ charge or fee

Income Inquiry Reports \$\_\_\_\_\_ charge or fee

Corporate 2.Actions Reporting \$\_\_\_\_\_ charge or fee

Rate of Return Calculations \$\_\_\_\_\_ charge or fee

Performance Analytics \$\_\_\_\_\_ charge or fee

Trading cost analysis \$\_\_\_\_\_ charge or fee

Terminal charge \$\_\_\_\_\_ charge or fee

Communication software \$\_\_\_\_\_ charge or fee

CPU connect time \$\_\_\_\_\_ charge or fee

Others: (specify) \$\_\_\_\_\_ charge or fee

Performance measurement and analytics?

yes \_\_\_ no \_\_\_

*If no, what is the flat fee for each service level?*

Daily return calculation	\$ _____
Monthly return calculation	\$ _____
Historical data download	\$ _____
Executive Board Reports	\$ _____
Monthly Flash Reports	\$ _____
Drill Down Commingled funds	\$ _____
Customized benchmarks/universes	\$ _____
Bond Analytics	\$ _____
Attribution	\$ _____
Trading cost analysis	\$ _____
Universe Comparisons	\$ _____
Others: (specify)	\$ _____

Specific to advance analytical tools, are any of the following included?

yes \_\_\_ no \_\_\_

MSCI Analytics	\$ _____
Vestek	\$ _____
Style Analyzer	\$ _____
TUCS	\$ _____
BondEdge	\$ _____
BlackRock Solutions	\$ _____
Wilshire Analytics	\$ _____
Venture Economics	\$ _____
Burgiss Group Private I and Informant	\$ _____
Others: (Please specify)	\$ _____

Contractual Settlement and Auto credit program for income collection?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

Domestic	\$ _____ charge or fee
International	\$ _____ charge or fee
ADR's	\$ _____ charge or fee



Transition, conversion, and re-registration costs?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

\$\_\_\_\_\_ charge or fee

\$\_\_\_\_\_ charge or fee

\$\_\_\_\_\_ charge or fee

Penalty costs?

yes \_\_\_ no \_\_\_

*If no, what are the costs?*

Overdraft Charges \$\_\_\_\_\_ per trade

Third-party FX trades \$\_\_\_\_\_ per trade

Third-party securities lending support:

Administration \$\_\_\_\_\_

Per Transaction \$\_\_\_\_\_

Out-of-pocket expenses?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

Wire transfer \$\_\_\_\_\_ charge or fee

Courier service \$\_\_\_\_\_ charge or fee

Telex charges \$\_\_\_\_\_ charge or fee

Computer processing \$\_\_\_\_\_ charge or fee

Staff training \$\_\_\_\_\_ charge or fee

Stamp duty \$\_\_\_\_\_ charge or fee

Registration \$\_\_\_\_\_ charge or fee

Others: (specify) \$\_\_\_\_\_ charge or fee

Investment compliance checking?

yes \_\_\_ no \_\_\_

*If no, list the service and associated charge.*

Basic \$\_\_\_\_\_ charge or fee

Intermediate \$\_\_\_\_\_ charge or fee

Others: (specify) \$\_\_\_\_\_ charge or fee

Risk Management and Analytics?

yes \_\_\_ no \_\_\_

*If no, list the service and associated charge.*

Basic \$\_\_\_\_\_ charge or fee

Intermediate \$\_\_\_\_\_ charge or fee

Others: (specify) \$\_\_\_\_\_ charge or fee

Proxy Notification and Voting?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

Ballot Preparation \$\_\_\_\_\_ charge or fee

Notification \$\_\_\_\_\_ charge or fee

Discretionary Voting \$\_\_\_\_\_ charge or fee

Support of 3rd party vendor \$\_\_\_\_\_ charge or fee

Reporting: \$\_\_\_\_\_ charge or fee

Online Access: \$\_\_\_\_\_ charge or fee

Others: \_\_\_\_\_ \$\_\_\_\_\_ charge or fee

Class Actions?

yes \_\_\_ no \_\_\_

*If no, what are the charges?*

Reporting: \$\_\_\_\_\_ charge or fee

Online Access: \$\_\_\_\_\_ charge or fee

Legal Filings: \$\_\_\_\_\_ charge or fee

Alternative Investments – Private Equity, Private Debt, Real Estate, etc.?

yes \_\_\_ no \_\_\_

*If no, list the service and associated charge.*

Basic Line Item Reporting \$\_\_\_\_\_ charge or fee

Reporting and Monitoring \$\_\_\_\_\_ charge or fee

Full Drill Down \$\_\_\_\_\_ charge or fee

Full Alternative Inv. Support \$\_\_\_\_\_ charge or fee

Shadow Accounting \$\_\_\_\_\_ charge or fee

Distributions \$\_\_\_\_\_ charge or fee

Capital Calls                \$\_\_\_\_\_ charge or fee  
Income Collection        \$\_\_\_\_\_ charge or fee  
Others: (specify)        \$\_\_\_\_\_ charge or fee

Independent Derivatives Valuation and Processing?

yes \_\_\_\_ no \_\_\_\_

*If no, list the service and associated charge.*

\_\_\_\_\_ \$\_\_\_\_\_ charge or fee  
\_\_\_\_\_ \$\_\_\_\_\_ charge or fee  
\_\_\_\_\_ \$\_\_\_\_\_ charge or fee

*Ad-hoc reports for third-parties to fulfill Freedom of Information Act requests.*

\_\_\_\_\_ \$\_\_\_\_\_ charge or fee  
\_\_\_\_\_ \$\_\_\_\_\_ charge or fee  
\_\_\_\_\_ \$\_\_\_\_\_ charge or fee

*Specify other charges and fees not included in the proposed FLAT FEE. If a charge or fee is in direct response to a particular RFI question, identify both section and question.*

\_\_\_\_\_ \$\_\_\_\_\_ charge or fee  
\_\_\_\_\_ \$\_\_\_\_\_ charge or fee  
\_\_\_\_\_ \$\_\_\_\_\_ charge or fee