**Appendix 3 – TECHNICAL/SERVICES QUESTIONNAIRE**

1. **Organization – Corporate**
2. Please provide the name, title, address, e-mail address, telephone, and fax number of the primary individual responsible for responding to this request and answering any questions about this response.
3. Provide a brief description of the history and development of your trust/custody services, including dates of both implementation of key elements and enhancements to the service.
4. Describe the ownership structure of your 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.
5. Within the past five (5) years, have there been any significant developments in your organization, such as changes in ownership, restructuring, executive leadership, or personnel reorganizations? What, if any, near-term changes do you anticipate in your corporate structure, organization structure, leadership, location, or professional staffing?

1. What is the total of all assets held in custody at 9/30/2023?
2. What percentage of the bank’s revenue comes from trust/custody services?
3. How many trust/custody clients does your organization service?
4. What does your organization perceive as the most important (no more than three) needs/requirements of an institution such as SBCERS when considering a partner for the specified scope of services? How are you positioned to exceptionally meet these needs/requirements?
5. How would SBCERS fit into your current client profile? Explicitly describe how our relationship would rank:
   1. Based on asset size;
   2. Based on scope of services to be provided; and,
   3. Based on the experience and level of dedication of proposed staffing.
6. Summarize your business plan for trust/custody services for the next three to five years.
7. List all insurance coverage relevant to the department handling trust/custody functions as of 9/30/2023. Please indicate the type, coverage limits, and applicable deductibles.
8. Please provide your current short term and long term credit ratings as of 9/30/2023.
9. Provide a brief explanation and indicate the current status of any business litigation, regulatory sanctions or other proceedings related to your organization’s custody, global custody or securities lending businesses over the past five years.
10. Has your company or its affiliates been audited or investigated (or are they currently undergoing such proceedings) by the Employee Benefit Security Administration of the United States Department of Labor, the United States Securities and Exchange Commission, or the Internal Revenue Service? If so, what was the outcome (described in detail without omission), including dates, or what is the status?
11. Provide contact information for at least three similarly sized references that can speak to your firm’s capabilities. Please provide at least one reference with greater than $4 Billion in assets and at least one reference who can speak to the relationship/client service team proposed within the RFP.
12. Provide your standard custody agreements (in Additional Attached Materials – SBCERS).
13. Provide a discussion of the methods by which you monitor service delivery to clients, identify opportunities for enhancement, and regularly communicate such items to clients.
14. Will you be relying upon any third-party affiliated or non-affiliated firms to provide services outlined in the scope of services? If so, describe fully.
15. If you are proposing to use any firm other than a wholly owned subsidiary to provide services and reporting output, explicitly describe how such vendor relationships are managed, controlled, and monitored for service quality?
16. For each such non-wholly owned subsidiary, identify:
    1. The nature of your relationship (joint-venture, service contract, etc.);
    2. The length of the relationship; and,
    3. The number (estimated if necessary) of mutual relationships of similar scope to that required by SBCERS.
17. If a problem arises with a third-party resource used to deliver services outlined in the scope of services, what assurance can you provide SBCERS related to the ongoing viability of services provided by your firm?
18. If SBCERS is unsatisfied with the output of services or reporting provided by your firm that rely substantially or wholly upon the services or reporting of a non-wholly owned affiliate, what approaches (contractual or otherwise) to mitigation exist?
19. **Professional Staff**
20. What is your total professional headcount as of September 30, 2023? Describe and provide the figures representing how your firm classifies professionals by job function.
21. List the names of the personnel who will be assigned to this account. Describe these professionals as either dedicated or non-dedicated. For all non-dedicated personnel, describe how many other clients are currently serviced. Provide (in Additional Attached Materials – SBCERS) a professional biography for each of the personnel listed. Include the names of other organizations for which they have performed related duties.
22. Please use the following format to summarize the human capital component of your proposed team (if centers of excellence or shared services locations are proposed, please include and make a good faith estimate of the FTE allocation = 100% = 1 dedicated FTE, etc.):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name / Title / Dedicated? | Office Location | Years with Firm | Years in Industry | Estimated FTE Allocation% to SBCERS Relationship |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

1. How do you propose to service our organization? What regular communications processes do you propose to support this structure?
2. How do you structure your primary day-to-day contact structure for a client like SBCERS?
3. How do you manage continuous coverage for relationships like SBCERS? What commitment can be made to the ongoing stability of teams and the SBCERS’ satisfaction with the relationship management and client service teams that are assigned to the relationship?
4. Do you have a formal relationship team backup structure? If so, please describe.
5. What process is in place to ensure continuous coverage of our relationship in the absence of primary members of the service team?
6. Comment on the personnel turnover your organization has experienced in the administration and client service area in the past three years. Please differentiate between individuals leaving the firm and those moving to other departments within the firm.
7. Where do you anticipate adding additional personnel to your firm in the next five (5) years?
8. Describe your efforts to attract and maintain qualified and experienced staff. What retention programs and policies do you have in place and how successful have those programs been?
9. 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?
10. With regard to personnel turnover either as a result of leaving the firm or moving to other departments, how does the firm handle the training of replacements for existing client relationships?
11. Describe the unit and personnel who would service SBCERS’ external investment managers. Discuss how these individuals would interface with our client service personnel.
12. Discuss how other teams involved in custody, accounting, performance, securities lending, etc. would interface with our client service personnel.
13. How do you propose to coordinate the delivery of service with staff located in different time zones and geographic locations?
14. **Accounts and Assets**
15. Please summarize (as of 9/30/2023) your institutional asset owner client base in the table included below:

|  |  |  |
| --- | --- | --- |
| **Client Type & Size** | **# of Relationships** | **Aggregate Asset Size ($)** |
| **Corporate ALL** |  |  |
| Corporate <$500MM |  |  |
| Corporate $500MM+ - $1BB |  |  |
| Corporate $1BB+ - $5BB |  |  |
| Corporate $5BB+ - $25BB |  |  |
| Corporate $25BB+ |  |  |
| **Public Fund ALL** |  |  |
| Public Fund <$500MM |  |  |
| Public Fund $500MM+ - $1BB |  |  |
| Public Fund $1BB+ - $5BB |  |  |
| Public Fund $5BB+ - $25BB |  |  |
| Public Fund $25BB+ |  |  |
| **Taft-Hartley/Union ALL** |  |  |
| Taft-Hartley/Union <$500MM |  |  |
| Taft-Hartley/Union $500MM+ - $1BB |  |  |
| Taft-Hartley/Union $1BB+ - $5BB |  |  |
| Taft-Hartley/Union $5BB+ - $25BB |  |  |
| Taft-Hartley/Union $25BB+ |  |  |
| **Endowments/Foundations ALL** |  |  |
| Endowments/Foundations <$500MM |  |  |
| Endowments/Foundations $500MM+ - $1BB |  |  |
| Endowments/Foundations $1BB+ - $5BB |  |  |
| Endowments/Foundations $5BB+ - $25BB |  |  |
| Endowments/Foundations $25BB+ |  |  |
| **Other (e.g. Mutual Funds) ALL** |  |  |
| Other (e.g. Mutual Funds) <$500MM |  |  |
| Other (e.g. Mutual Funds) $500MM+ - $1BB |  |  |
| Other (e.g. Mutual Funds) $1BB+ - $5BB |  |  |
| Other (e.g. Mutual Funds) $5BB+ - $25BB |  |  |
| Other (e.g. Mutual Funds) $25BB+ |  |  |
| **TOTAL ALL** |  |  |

1. Provide the number of accounts and aggregate values of their total assets in your custody in USD ($) as of 9/30/2023 and the preceding four calendar year-ends:

|  |  |  |
| --- | --- | --- |
| ACCOUNTS AND ASSETS | | |
|  | Institutional Asset Owner Trust/Custody | |
| Year | Accounts | Value ($) |
| 2019 |  |  |
| 2020 |  |  |
| 2021 |  |  |
| 2022 |  |  |
| 9/30/2023 |  |  |

1. Identify the number of institutional trust/custody accounts gained or lost as specified for the periods listed below. Report corresponding market values in USD ($) as of initiation date for accounts gained and as of termination date for accounts lost.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| INSTITUTIONAL ASSET OWNER TRUST/CUSTODY ACCOUNTS | | | | |
|  | Gained | | Lost | |
| Calendar Year | Accounts | Value ($) | Accounts | Value ($) |
| 2018 |  |  |  |  |
| 2019 |  |  |  |  |
| 2020 |  |  |  |  |
| 2021 |  |  |  |  |
| 2022 |  |  |  |  |
| 9/30/2023 |  |  |  |  |

1. List each country for which you are custodian of assets for clients and provide (in Additional Attached Materials – SBCERS) the following information: The name of the depositories, agents, or sub-custodian banks, which your organization uses directly and with which you have a signed agreement. If more than one is used in any market, list each of them.
2. Please provide summary data as of 9/30/2023 in the following format:
   1. Total number of countries in which assets are custodied;
   2. Total number of depositories, agents, or sub-custodian banks used directly (with a signed agreement); and,
   3. Total market values of foreign assets held for US investors.
3. **Technology**
4. Describe your technology support organization. Include in your description responsibilities, reporting lines, staffing and contractors.
5. How many professional, non-professional, and total personnel work in technology for your firm?
6. How do you handle new and/or special projects? What will be the priority process? How do you plan to coordinate these types of requests?
7. Describe the major systems supporting the custody service, which includes accounting, settlement, safekeeping, reporting, performance, and securities lending. What is your current capacity (ability to process additional electronic instructions, etc.)?
8. Describe any major system architecture changes currently underway or anticipated.
9. Describe what you perceive to be your technology differentiators from competing institutions.
10. Describe your process for working with clients when your planned system changes may affect the client’s systems or processes. How are clients notified and what timeframes/advance notice are given?
11. Please describe your mitigation process should an error be discovered or uncovered in your systems or processes, including client communication, alternative processing approaches, escalation procedures, and overall risk management organization and executive oversight.
12. What has been your investment in systems development and technology in the past five years? Specify the enhancements made and the dollars and percentage of firm revenues committed. 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 market.
13. What is your planned investment in systems development this year and each of the next five years? Specify the anticipated enhancements that will be made and percentage of revenues that will be allocated.
14. Describe the security measures taken for your systems, users and access points. Include remote access, application access, and software access.
15. Provide (in Additional Attached Materials – SBCERS) copies of your most recent SSAE 18/SOC 1 Report or Reports covering all Scope/Service Areas Contemplated by this RFP (including technology, custody, accounting, performance, analytics, securities lending, etc.).
16. Does your firm receive SSAE 18/SOC 2 Reports and/or SOC for Cybersecurity Reports? Under what circumstances will your firm provide copies of such reports to prospective clients, current clients, and their auditors? If possible, please provide (in Additional Attached Materials – SBCERS). What alternative methods for providing assurance on IT Security, Cybersecurity, and related risk assessments can be provided?
17. Briefly describe the major components of the business continuity and disaster recovery plans for your firm. Provide (in Additional Attached Materials – SBCERS) summaries of all pertinent plan documentation with specific examples of plan implementation and results of plan testing.
18. Please describe the security standard upon which your information security program is based.
19. How frequently is your information security program evaluated and updated?
20. Do you utilize any outsourcing/co-sourcing for your information security program?
21. Has your firm experienced a reportable security breach within the last three years? If yes, clearly explain the circumstances and remedial actions taken as a result.
22. Does your company carry cyber security insurance? If yes, provide an overview of the coverage(s) including policy limits.
23. Has your firm filed a claim on such cybersecurity insurance policies, if any, over the past three years? If so, clearly explain the circumstances.
24. Does your company conduct periodic security assessments to identify cyber security threats, vulnerabilities and potential business consequences? If so, how often are they conducted?
25. Do you receive an independent assessment of cyber security processes and systems, including penetration testing, as applicable? If yes, please describe the testing process, the results of such testing process (including the assessed maturity of systems that were tested) and indicate who the independent verifier and/or testing firm was.
26. Does your company have a chief information security officer or an equivalent position?
27. Does your company conduct an annual independent assessment of its cyber security processes and systems? If so, what were the results of that assessment?
28. Are technology systems regularly updated?
29. Are all personnel who deal with personal identifiable information trained on adequate protection of that information? Please describe.
30. Describe your company’s processes and protocols for dealing with cyber threats and protection of personal identifiable information.
31. Does your company have a privacy and security policy, and does the privacy policy apply to personal identifiable information of retirement plan clients and participants? If so, please describe.
32. Is your company’s security policy clear with respect to storing personal identifiable information on laptops, portable storage devices and telecommuting equipment?
33. Does your company have policies on storing personal identifiable information including where and how it is stored, for how long and how it is eliminated? Please describe.
34. Does your company use advanced authentication procedures? Please describe.
35. Does your company sell information, software, research, database, or any other services to investment advisers or other investment related firms? If so, please explain.
36. **Custody and Accounting Services**
37. Describe how your firm will ensure compliance with applicable laws and regulations including the best practices in the Sarbanes-Oxley Act.
38. Who in your organization is responsible for monitoring regulatory compliance and how does that individual and/or group communicate compliance related information to your clients? Specifically comment on your ability to monitor compliance with the Patriot Act, Anti-Money Laundering, Russian Sanctions, Chinese Military Sanctions, and OFAC SDN List.
39. Discuss your policy and procedures for assuring that each client’s assets are properly held in safekeeping and positions are accurately maintained your accounting records. Include information on segregation of assets and distinctions between physical and book entry positions.
40. Please discuss your policies for ensuring that changes in security registration requirements in international markets are properly and promptly implemented in client accounts, e.g. the transition to omnibus security registration.
41. Describe special procedures you employ for processing, valuing, and reporting derivative products, including US and Non-US.
42. How do you determine your responsibility, as well as your agent’s responsibility, for compensation for losses to client accounts due to errors in processing?
43. Describe your process for managing your foreign sub-custodian network of depositories, sub-custodians, and agents, including:
    1. Selection;
    2. Oversight;
    3. Problem resolution; and,
    4. Termination.
44. Do your custody reports include valuation/pricing services?
45. What are your primary and supplemental pricing sources? Please provide (in Additional Attached Materials – SBCERS from Questionnaire) a full schedule of all primary and supplemental pricing sources by asset class.
46. Describe your method of receipt and input of prices for stocks, bonds, options, derivative products, convertibles, real estate, limited partnerships, and futures contracts including how frequently prices are updated.
47. Are all procedures for all asset classes consistent with your accounting systems?
48. Do asset valuations include accrued income and pending transactions? Do you draw a distinction between such transactions at the security level or the portfolio level?
49. How do you price securities not available from a pricing service, such as private placements?
50. Can the client specify alternative pricing sources?
51. What procedures are in place, if any, to investigate unusual or significant pricing changes from the previous pricing period?
52. How do you resolve pricing discrepancies with your clients and/or their other stakeholders including investment managers?
53. What is your policy on updating or changing prices?
54. Is daily pricing available? Please detail by security domicile (US versus non-US if pricing frequency is different).
55. Describe your systems and procedures for securing and providing clients or their investment managers with proxy information for both US and foreign corporations.
56. Describe the services your firm provides for securities and bankruptcy litigation. Can your firm file a proof of claim for such actions on behalf of the client? Please detail your firm’s procedure for ensuring timely delivery of class action and bankruptcy proof of claims to allow clients adequate time to process these claims.
57. Does your firm file proofs of claims for securities that were held in accounts of former clients? What limitations exist in the services you provide on closed accounts (either due to terminated relationships or portfolio restructures)?
58. Will your firm assist with the filing of proofs of claim for securities that were held in custody elsewhere during the class action period? Are you able to receive and back-load data in order to facilitate this activity?
59. Does your firm work with any third-parties (law firms and other institutions) to provide a non-custodial class action proof of claim filings process? Which firms? Please describe the nature and extent of such relationships.
60. Describe your process and procedures for interfacing with the investment managers and external client-selected additional custodians serving your custody clients, including the following:
    1. Dedicated staff positions and responsibilities;
    2. Mode and means of trade instruction communication and validation;
    3. Mode, timing, and content of daily and monthly reports;
    4. Inquiry and problem resolution processes;
    5. Reconciliation and audit processes (please detail process and provide information on acceptable tolerance levels allowed);
    6. Special support for investment managers located outside of the US; and,
    7. Ability to reflect daily transactions and holdings for external assets under custody, in reporting both ad-hoc and established report formats.
61. Discuss your typical process for reconciling monthly accounting and valuation reporting with clients and external investment managers. Is this an included service in your standard offering or are there additional fees associated with this service.
62. Describe your procedures for processing trade instructions. Provide (in Additional Attached Materials – SBCERS) a flow chart, which depicts the inter-unit information and transactional process. This information should contain a summary of the following information elements:
    1. Name and reporting responsibilities of working units performing the processing;
    2. Electronic receipt of securities trade instructions;
    3. Other modes of receiving trade instructions and parties using them;
    4. Trade validation procedures;
    5. Degree of automation of each method of trade validation;
    6. If manual intervention is possible, if required;
    7. Provisions for electronic trade instructions;
    8. Asset transfers, pending trades, pending foreign exchange transactions. Include details as to when you price the portfolio for performance measurement given the occurrence of asset transfers; and,
    9. Procedures utilized to ensure that client-imposed/specified authorization requirements are met.
63. Discuss the processing of trade settlements of securities and currencies including details on settlement performance for processing trades (i.e. settlement rate, failed trades, average age of failed trades, etc., by country for the last three years). Discuss your procedures for a daily proof of settlements of US and non-US trades and foreign exchange reported by your depositories, agents, and sub-custodians. Discuss your procedures for tracking failed US and non-US trades, reporting failed trades to the client and to the investment manager, and how they are resolved. Discuss in which markets you provide contractual vs. actual settlement. Include the following and identify any distinctions among them:
    1. US securities;
    2. International securities (Eurobonds and CDs);
    3. Non-US securities; and,
    4. Foreign exchange.
64. Provide information regarding your procedures for establishing, validating, crediting, and posting entitlements/accruals for dividends and interest income for all asset types. List the alternative sources and procedures used for enriching the accrual establishment database. Distinguish between automated, semi-automated, and manual steps. Describe auto-credit or payable date credit services that may be available.
65. Explicitly discuss your understanding of the SBCERS’ requirement for accurate income posting. Describe any/all experience working with similar client requirements and the set of processes/controls that your institution institutes related to such circumstances and requirements.
66. Describe the processing of tax on foreign income, including:
    1. Sources of information;
    2. Procedures for maintaining information on current treaty provisions;
    3. Responsibilities and processing steps for:

i. Filing to establish status for exemptions and reclamation;

ii. Filing reclamation for tax refunds;

iii. Collecting refunds;

iv. Procedures for accruing, reporting, aging, and posting of reclaimable tax; and,

v. Reporting detail to clients.

1. Provide information regarding your procedures for establishing entitlements/accruals for capital changes/corporate actions. Describe in detail your process for US and non-US capital changes, including:
   1. Sources of information on terms and elections;
   2. Methods of notifying clients;
   3. Timing of notice (please note availability of same day notice);
   4. Methods of receipt of instruction from clients;
   5. Procedures for implementing client elections;
   6. Method and mode of relaying instructions to sub-custodians;
   7. Procedures for controlling sub-custodians’ timely and appropriate action;
   8. Describe your on-line reporting capabilities for capital changes; and,
   9. Discuss your procedures for posting capital changes to client accounts.
2. How do you validate accuracy and timeliness of receipts of income and capital changes reported by your depositories, agents, and sub-custodians?
3. Describe your policy and process of writing off receivables.
   1. What is your procedure for follow up?
   2. What documentation is required for your files?
   3. What is your escalation policy?
   4. At what point do you notify the client of possible problems with receivables?
4. Please provide (in Additional Attached Materials – SBCERS) a diagram summarizing your accounting and service delivery units and the technology supporting them. Provide the names of, and describe in detail, all accounting systems used to support the units and client needs, including systems for SMAC, trust accounting, global custody, securities lending, and multi-currency accounting. This diagram should assist generally with an understanding of the following items (further detail of which may be requested by SBCERS:
   1. Compliance with GAAP;
   2. Master file structure, maintenance and control;
   3. The double-entry features linking securities and cash that would ensure no “one-legged” entries or “netting”;
   4. Reversal procedures and controls;
   5. Proofs of correct receipt of income and capital changes;
   6. Exceptions monitoring and internal control reports;
   7. Special accounting procedures to accommodate local practices for non-US investments;
   8. Extent of integrated system processing between US and non-US securities;
   9. Policies and procedures for your multi-currency accounting for converting data into US $; and,
   10. Policies and procedures for ensuring that any batch-fed or asynchronous information housed in separate data stores are maintained consistently and do not report different data.
5. For each core system used, please define its processing mode – batch or type of on-line, real-time processing – and provide its daily and monthly processing schedule, including starting and ending times.
6. Describe in detail your ability, or steps you are taking, to interface Straight Through Electronic Processing (STEP) trade/settlement activities to accounting transactions and activities to include interfaces down to client accounting needs. What are your current rates?
7. How are periods closed? Can closed periods be opened? How many accounting periods can be “open” at any one time? Can performance figures be updated? Describe all limitations.
8. Specifically outline any potential concerns you may have with meeting the accounting deadlines as outlined in Addendum I.
9. Describe your experience, if any, with Acumatica, including your experience providing file feeds and number of clients you support who use Acumatica.
10. What support, if any, does your firm provide for customized general ledger reports or the mapping of custodian-specific chart of accounts to client and/or system requirements?
11. Will SBCERS have on-line access to account and daily transaction data?
12. How long is daily transaction and holding level custody valuation available for viewing and on-line and exporting? Will SBCERS have direct access to any prior period’s (including intra-month/week) accounting and performance information in an ad-hoc manner?
13. Beyond on-line access to information, what level (duration, information types, etc.) of transaction detail can be made available with notice to the custodian? What is the minimum amount of time for recovering this transaction level detail?
14. Please describe the availability of holdings data. Can SBCERS access portfolio holdings information for any day without special programming via your on-line ad hoc query tools? For what period of time (if limited) is this data available?
15. Describe the security identifier or identifiers used in your system for domestic and international securities. Describe how “Dummy” security identifiers are used. Is there client directed flexibility in their use or lack thereof?
16. Describe the various support approaches your institution offers clients such as SBCERS for alternative asset services under a model where the client provides your firm with alternative asset information for memo posting as well as a model where your firm provides increased levels of support – please include information on the following areas:
    1. System(s) used by client service team and level(s) of access offered to client
    2. Cash Movement and Receipt
    3. Transactional Accounting
    4. Periodic Financial Accounting (including valuations)
    5. Periodic Lagged and Non-Lagged Accounting
    6. Additional Services (including performance / analytics services, commitment and fee reconciliation, and benchmarking)
17. Discuss how your accounting system(s) accommodate derivatives.
    1. Can your system identify the collateral that may be needed to support these positions, i.e. cash, as separate from the cash holdings not used to support these positions?
    2. Can your accounting system(s) identify leveraged positions?
    3. Do derivatives cause any unique performance issues?
    4. Are derivative instruments accurately included in both the daily and monthly NAV calculations?
18. How long can you maintain data in a format readily available to be accessed by the client? Describe your client data archiving policy and procedures.
19. SBCERS is exploring an optional scenario where the OPEB Plan and the SBCERS Retirement Plan would be potentially restructured to create component Master Trust Units comprised of one or more composites containing investable assets (i.e. a domestic/global equity master trust unit and a fixed income master trust unit) that would be held by the OPEB.
    1. Describe your firm’s experience with supporting this type of structure.
    2. What framework decisions would be required to implement this change?
20. **Cash Management**
21. What US investment vehicles are available for overnight investment by clients that are accessed automatically by a “sweep”?

1. Provide (in Additional Attached Materials – SBCERS) a description of each overnight investment vehicle including, investment philosophy, objectives and guidelines, performance measurement techniques, investment performance, investment management fees, and the revenue share (if any) received and retained by your custodial services unit for the provision of such option. Please attach a prospectus for relevant “sweep” vehicles.
2. Describe your process of maintaining full investment (a daily “sweep”) of US cash, including:
   1. Investment vehicles available to sweep (discussed in this section as STIF for “short-term investment funds”);
   2. How sweep ties into trust accounting and cash forecast;
   3. Process and timing of notification of investment managers of available cash;
   4. Timing requirements for notification of cash needs;
   5. Treatment of unexpected receipts after sweep cut-off;
   6. Identification of automated procedures and manual procedures;
   7. Explicitly describe all fees related to sweep and idle investment of funds;
   8. Client and investment manager electronic access to information including:

i. Cash sweep (investment) transactions;

ii. Details of the day’s cash remittances and disbursements; and,

iii. Detail supporting calculation of day’s deposit to or withdrawal from STIF.

1. Do you provide alternative investment options other than Short-Term Investment Funds (STIF)?
   1. Examples could include commercial paper programs, demand deposit accounts, or un-invested cash receiving earning credits.
   2. If so, please clearly describe and articulate interface with sweep processes identified above, all fees (including calculation), earnings rates (spreads or fixed rates), and other key parameters.
2. Describe your method for calculating any debit interest that may be charged for overdrawing an account explicitly defining the rates that would be offered to the SBCERS relationship.
3. Discuss your capabilities for transmitting wires on behalf of our fund to external parties. Discuss your capabilities for receiving wires for deposit to our fund. Discuss any limitations on transmissions or receipts.
4. When is your cut-off time for cash transactions? What flexibility exists?
5. What processes are in place to authenticate wire transfers and maintain security over wire transfers? Please describe both standard levels of authentication (levels of approval and cash template creation, etc.) as well as the maximum capabilities of your automated system? Please discuss any and all future and in-progress developments in this area.
6. Please discuss your ability to maintain separate wire accounts for individual portfolios to facilitate the tracking of cash movement as well as to provide non-omnibus DDA relationships. Is this a standard practice for you? If not, please describe how you would provide SBCERS with ready access to transactional information directly linked to specific portfolios.

**G. Foreign Exchange**

1. Summarize your institution’s support structure and services offered for custodial foreign exchange services and accommodation for third party foreign exchange offerings, emphasizing differentiation relative to your peers and competitors.
2. Discuss how restricted market currencies are defined/determined and priced. Clearly define how contractual relationships with agent sub-custodians work and if your firm receives any revenue for transactions priced through agent sub-custodians or local market banks.
3. Please comment on the rationale for offering a custodial foreign exchange service and the competitiveness of your rates.
4. Do you ensure that a custodial client or its managers that opt to use your FX execution desk achieve best execution? Is another standard applied?
5. Fully describe your ability to support individual contracted third-party foreign exchange executions on a spot or forward basis. Include in your discussion the markets in which you are unable to provide such support due to market restrictions – clearly distinguish between markets for which there are operational hurdles and regulatory hurdles.
6. Do you anticipate offering any new features within your custodial/indirect foreign exchange suite of services? If so, fully describe.
7. Please discuss what information you would provide regarding an indirect/non-negotiated/standing instruction FX execution to SBCERS or the investment manager.
8. Please discuss what information you would provide to SBCERS or the investment manager regarding a direct FX execution (describe all time-point, specific abilities and exclusions as applicable) with your principal exchange desk. Will you time-stamp executions and maintain and provide such records to SBCERS?
9. Please discuss all available processes for repatriating foreign exchange balances.
10. For standing instruction repatriation processes, provide information that clearly specifies how rates are determined and document the process used to perform the repatriation.
11. Are clients/investment managers free to opt out of repatriation processes?
12. Are you willing and able to provide time-stamped executions or pricing reference points for all standing instruction trades? If not, please discuss factors which prevent you from providing this data.
13. Would you agree to provide specific reference rates and documentation of the explicit spread applied to such rates for all standing instruction trades? If not, please discuss factors which prevent you from providing this data.
14. Will you disclose the amount of direct (spread-based or revenue shared with sub-custodians) revenue earned by your institution on SBCERS account for all standing instruction trades? If not, please describe why you are unable to provide this information.
15. Based on the timely receipt of instructions from the investment managers who execute third-party FX contracts, will you credit client accounts on contractual value date for receipt of funds expected from third-parties?
16. Describe in detail your model for pricing and executing FX through your indirect FX processes (as well as availability of settlement of third-party executions) on behalf of your clients in the following markets: Brazil, India, Taiwan and South Korea.
17. Can your custody clients directly execute with your FX trading desk to buy/sell the local currencies in Brazil, India, Taiwan and/or South Korea? Please discuss in detail if this capability is currently unavailable to your clients and whether you expect this to become an option in the near future.
18. Can you provide timestamps and benchmark pricing for executions in restricted markets?
19. Do you monitor the rates provided by your subcustodians for restricted market currencies? Do you independently confirm that these rates are reasonable? Do you add a spread on to the FX execution provided by your subcustodian or are you compensated in any other way from the execution of FX in restricted markets? If so, please discuss how you are compensated or otherwise derive revenue / benefits from such arrangements.
20. Do you provide netting programs? If so, provide a detailed example of how your netting process works. Include which account, accounts, or client groups are included; the pricing used (including reference rates and explicit spread utilized) and any other elements necessary to explain your process.

**H. Performance and Analytics Services**

1. Describe your performance measurement and analytics organization. Explicitly define the number of clients, assets under performance measurement, number of employees, and other details.
2. How many performance and analytics personnel do you propose for coverage of the SBCERS relationship?
3. What are your hours of coverage?
4. What is the typical staff-to-client ratio?
5. What is the average number of years of professional performance measurement and analytics experience?
6. How do you propose to coordinate the delivery of service with staff located in different time zones and geographic locations?
7. Describe the resources available to support the staff analyzing the data.
8. Discuss your products in terms of content, timeliness and delivery method. Please comment on your abilities to report on the performance of alternative investments in addition to traditional asset classes.
9. Describe the types of performance attribution analysis reports you provide.
10. Provide (in Additional Attached Materials – SBCERS) sample copies of:
    1. Monthly performance measurement
    2. Total fund performance attribution
    3. Analytics reports for:

i. a domestic equity portfolio,

ii. an international equity portfolio,

iii. a fixed income portfolio,

iv. a consolidation of all portfolios.

* 1. For each sample report, identify the portfolio characteristics that are tracked. What is the earliest date after the end of the reporting period each is available?

1. In what delivery formats are reports available (Hard copy, electronic, etc.)? With what frequency do you produce each report and when does the client receive them? Identify which of the reports are the result of:
   1. Internal development; and,
   2. External development
2. Are performance measurement and analytics available on an on-line system? If so:
   1. Can raw data be downloaded? (Raw data would include portfolio aggregate statistics as well as security specific characteristics, such as rate of return, risk, P/E ratios, dividends, yields, and similar items.)
   2. Can a report writer be used to customize reports?
   3. How soon after the end of the reporting period will the data be available on-line?
   4. What performance measurement, performance attribution, and analytical information are available on-line?
   5. What additional external or internal performance measurement and analytical databases are accessible?
   6. What historical period is available on-line?
3. In the context of a monthly audited valuation environment discuss your methodology for calculating performance at the individual portfolio, aggregate portfolio, and benchmark levels when intra-month cash/asset flows occur. What threshold flow levels would trigger an intra-month pricing of the portfolio and relevant aggregates to enable the calculation of time-weighted rate of returns?
4. When performing a stop-the-clock (breaking performance up into sub-periods based on significant cash flows) methodology, please describe the process for ensuring intra-month accounting valuations are reasonable and accurate.
5. Please discuss turnaround time for adding new accounts/composites to your system and loading history, if needed.
6. Are the default performance measurement methodologies consistent at the portfolio, aggregate, and benchmark levels? If not, discuss why they differ.
7. Specify your retention schedule for daily portfolio holdings within your performance calculation engine.
8. Explain how your performance system handles financial futures, options, index futures, convertibles with currency features, warrants, rights, swap transactions, forward contracts, venture capital and private equity limited partnerships, and real estate, both US and non-US where applicable.
9. Describe your ability to calculate, blend and monitor custom benchmarks.
10. How are benchmark IDs assigned? Are they a unique ID per account or are they assigned generically?
11. Please discuss how aggregate customized benchmarks (i.e. actual/floating weight) are calculated? What methodology is used? Is this a manual or automated process?
12. Discuss the policy of your organization on 1) maintenance of consistency between information of the trust accounting and performance measurement reports for a given period, vs. 2) improving the accuracy of performance-sensitive data.
13. What report is provided to clients to reconcile accounting information of the performance reports with accounting statements for the same period? Can performance data remain unchanged when “effective date” postings are made to accounts?
14. Discuss the delivery mode and timing of your ability to provide raw data and rates of return to clients’ performance measurement vendors.
15. What types of portfolio performance attribution, risk analysis, and peer comparisons would be available to SBCERS as a standard part of the relationship with your organization? Discuss whether you will accept feeds of our portfolio holdings from commingled managers (not custodied with you) and provide us with the ability to perform portfolio performance attribution, risk analysis, and peer comparisons on these portfolios.
16. Do you have a transaction record that shows transfer information between accounts in a readily accessible format?
17. What level of detail (supporting multi-period valuations and cash flows) do you provide for time weighted return calculations?
18. What are your internal deadlines (number of business days) for providing final performance numbers for Insurance market asset classes?
19. What are your pricing sources and hierarchy of usage for all global Insurance market asset classes? Ensure that you include all major classes and sub-classes of US equities & fixed income, non-US equities and fixed income.
20. Discuss your typical process for reconciling monthly returns with clients and external investment managers. Is this an included service in your standard offering or are there additional fees associated with this service.
21. Please describe process for ensuring that performance returns reported at the composite level are accurate relative to the underlying returns of composite members.
22. Describe how composite returns are generated, i.e., viewed as one large portfolio or as a roll-up of weighted portfolio returns.
23. Are you capable of applying a stop-the-clock methodology on benchmark returns? Describe process. Is this an automated or manual calculation process?
24. Describe your capabilities to calculate partial period returns on the managed as well as the benchmark returns.
25. What system(s) do you utilize to calculate dollar weighted returns for private market accounts?
26. What supporting data do you rely on for dollar weighted returns for private market accounts – e.g., are you able to calculate these returns using actual transactions initiated by manager versus contributions/withdrawals initiated by SBCERS? What limitations or issues surround this process?
27. Does your on-line reporting system provide composite membership information? Will it also show what composites an account is a member of? If not, how do you provide a detailed summary of composite membership?
28. Discuss the process by which your firm stores managed returns, benchmarks, analytics, and other data calculated and provided to and by SBCERS or its current custodian? Will it be connected to live data?
29. Is the generation of data feeds automated? What technical issues can occur with delivery? What technical support is available or accessible to performance team?
30. What additional performance and analytics services does your firm offer clients such as SBCERS – both as standard services and for additional fees? Examples may include ex-ante risk modeling, additional attribution models, value-at-risk, etc.

**I. Compliance Services**

1. Describe the nature of your compliance monitoring tool, its development and how it is provided to clients (standalone application, reporting output, online system, etc.)?
2. Is compliance performed on a pre-trade or post-trade (pre-settlement) basis? Can compliance be monitored on all trades, including those traded for same day settlement? Discuss all limitations.
3. Does your institution program compliance rules into the system or would this be the responsibility of the client? Is this service provided at an additional charge to the client? If rule maintenance is the responsibility of the client, then what is the level of difficulty for writing logic rules for compliance testing? Is training provided to the client?
4. Please provide a general list of portfolio parameters which may be tested on your compliance module. For example, can your system test parameters such as concentration limits, sector weights, credit ratings, currency, modified adjusted duration, net asset value (using amortized cost), dollar weighted average maturity, and weighted average life, etc.?
5. Does your compliance module have multiple standard classification schemes available for monitoring a portfolio or only a preset scheme? Would your compliance module allow for screening on any of the preset data input fields listed on a new account setup form? For example, could an account be screened on whether securities lending is permitted or on whether the portfolio is a commingled fund?
6. How does your compliance module handle prohibited lists of securities, brokers, or regions?
7. Is your compliance module integrated with your accounting system? Are there discrepancies in how the holdings data are accessed and reported through the compliance tool versus the accounting system? When are “final” holdings, transactions, and other types of reporting available in the compliance monitoring module?
8. Does your compliance system have the ability to monitor the use of authorized exchanges? Does your transaction system capture only the primary exchange for a security or does it have the ability to capture the exchange on which a security is actually traded?
9. Can compliance reports be customized according to client need or preference? Is underlying data accessible in raw form?
10. How long are client reports retained on your compliance module?
11. Can compliance reports be scheduled by the client for automatic execution and distribution? Do you offer reports both in summary and detail forms? Can the reports be viewed online and also printed?
12. Can compliance testing be performed both at the security and fund levels?
13. Which vendors (system development and component data) support your compliance tool? Are additional licenses and data fees required? Describe your approach to assisting clients with vended data access.

**J. Alternative Investment Support Services**

1. Outline your approach to meet the alternative investment support transactional and valuation services sought within the scope of services.
2. Discuss the team resources (number, experience, and location) that would be leveraged by your firm to support these services and their level of integration and involvement with ongoing client service and accounting professionals.
3. Specifically comment on your ability to process all transactions related to SBCERS associated alternative investment accounts including the process for contributions and distribution support.
4. Discuss the methods, means, and supporting resources used to record alternative investment cash flows, periodic valuations, and associated financial statement reporting. Identify the options available to clients, including methodologies, cash flow treatment approaches, and other associated decisions a client may be required to make to implement your solution.
5. Specifically comment on your ability to provide or incorporate the provision of independent valuation of such investments (i.e. separate and distinct from the capital account statement), if any.

**K. Custodial Securities Lending Support Services**

1. Describe your securities lending program including a brief history.
2. Identify any distinctive abilities or service offerings.
3. Describe the organization and its structure (clearly discussing its relationship to other service areas).
4. How many clients currently participate in your securities lending program? List the total number of security lending relationships among existing custody clients and the dollar value of security lending relationships among custody clients.
5. What is the total dollar size of your securities lending program? What is the average daily percentage outstanding on loan?
6. Provide the following organizational statistical information at September 30, 2023.
   1. Number of employees;
   2. Operational Locations (identifying function);
   3. Names of key staff and their experience; and,
   4. Staff turnover in the last three years.
7. How has your lending organization changed over the past five years?
8. Are there any key style/strategy approaches of your program (volume/value approach, open/term loan approach, duration mismatch, maturity mismatch, etc.)?
9. For each of the last five (5) years (2023 YTD, 2022, 2021, 2020, and 2019) provide the following information for each of the listed asset classes:
   1. Average Monthly Lendable Securities In Program
   2. Average Monthly Eligible Securities on Loan
   3. Average Monthly Intrinsic Lending Spread (utilize Fed Funds Open or another clearly disclosed assumption for a risk-free rate as your breakpoint on intrinsic) for the following asset classes:
      1. Domestic equities;
      2. Government bonds;
      3. Corporate bonds;
      4. International equities;
      5. Mortgage-backed securities; and,
      6. US agencies.
10. How do you handle failed trades that might result from lending activities? What has been the frequency of their occurrence and how they are handled? Do you have any trade settlement protection or compensation that you provide related to this item? Specifically comment on your policy and procedures with respect to buy-ins.
11. Have you or your clients ever sustained a loss as the result of your lending activities within the last ten years? If yes, provide an explanation of the loss, loss mitigation efforts, support provided by your organization (cash funding, reduced earnings, other) and the magnitude of the loss.
12. What procedural and contractual protections exist for clients (if any) related to the following areas address:
    1. Transaction Failures
    2. Counterparty Failures
    3. Cash Collateral Investment Experience
13. What are the terms of indemnification available to your clients? Describe in detail your indemnification policy against losses to lending participants. Explicitly comment upon circumstances where cash may be provided in lieu of lent securities and the value date that would be used and whether you provide indemnification for any investments made with cash or non-cash collateral received.
14. Describe your initial and ongoing credit analysis program. Provide a description of your credit review process and how often the names are reviewed. How are dealer, bank, or other lending limits determined and who makes those decisions?
15. How many brokers are authorized to borrow in your program? Provide a list of your current approved borrowers.
16. Describe the monitoring procedures in place for ensuring the appropriate collateral levels are maintained, which pricing sources you use and how often portfolios are priced.
17. What transparency do clients have for loan-level collateralization on an original collateral (plus margin) basis as well as relative to current mark-to-market valuations of collateral reinvestments?
18. Discuss your firm’s risk management tools/systems related to securities lending.
19. Describe your compliance process related to your securities lending program. What tools or reporting is provided to clients to monitor program compliance with investment guidelines and lending parameters?
20. How do you coordinate lending activity with investment managers? What level of manager visibility to positions on loan is provided? When are notifications of security sales required? How do you handle position restrictions?
21. How are recalls, corporate actions, and income collections handled for securities on loan?
22. Discuss your policy and resolution procedure relative to failed trades. Who assumes responsibility for settlement failures?
23. What is the timeframe for the recall of securities on loan? How does your firm reduce the likelihood of sell fail costs and overdraft charges through the prompt receipt of securities? Please describe your current process and any initiatives to improve this operational aspect of your support to our program.

**L. (At SBCERS Option) Benefit Payment Services**

1. Provide a summary of what you believe distinguishes your organization as a provider of benefit payment services.
2. Fully describe the organizational division or unit that provides services to clients opting to use your firm for benefit payments.
3. When did your firm start offering benefit payment services to custodial and master trust clients?
4. To how many pension plans do you currently provide benefit payment services? How many pension plans have added or terminated your benefit payment services in the past 3 years?
5. What is your firm’s staffing for benefit payment support services? Describe fully. Do any members of your benefit payments staff have retirement credentials (actuarial, CEBS, ASPPA, etc.)?
6. What was the average volume (number of payments and assets disbursed) of periodic benefit payments processed by your firm on a monthly basis in 2023?
7. What percentage of periodic payments is made in check form vs. ACH/EFT?
8. What was the volume of lump sum payments processed (number of payments and assets disbursed) by your firm in 2023?
9. What percentage of lump sums are made in check form vs. ACH/EFT?
10. What are your general timelines for processing periodic and lump sum pension payments? What advance funding requirements do you have and how is this integrated with your custodial servicing team?
11. Please provide a 2024 FTP payment cutoff calendar (in Additional Attached Materials – SBCERS).
12. How does your firm ensure high quality, secure, accurate processing of benefit payments to clients electing to use your services? Do you have any organizational quality standards or mechanisms to ensure a quality service offering?
13. Discuss the systems used for supporting benefit payment services. Specifically address how benefit payment systems are integrated with custodial accounting and reporting technology and mechanisms.
14. What online access would you provide to SBCERS Staff?
15. Does your online system provide pensioners with access to their accounts for informational purposes or to self-administer address changes, etc.? Describe your online participant offering fully, if any.
16. How are beneficiary changes processed? What controls are present to manage and authenticate beneficiary changes?
17. Describe the online and phone support resources offered to pensioners and SBCERS Staff.

**M.** **Transition and Conversion Planning**

**Incumbent only needs to respond to the first two questions.**

1. **Incumbent Only Question:** Articulate the benefits of staying with your firm. What associated transition activities (for new and updated services, alternative models, etc.) might SBCERS expect to receive from a continuation of its relationship with your organization? Describe how (and under what timeframe) these services would be provided to SBCERS.
2. **Incumbent Only Question:** Describe the approach your firm would take to deconversion should the RFP process result in another firm being selected. Include explicit detail about the support (and any fees for such support) that would be provided for the successor custodian including, but not limited to, provision of complete records of historical custody and performance, support during reconciliation activities, and post-conversion research activities.
3. What group or unit will serve as the transition team in planning and implementing the transition of our account? Identify the individuals and specify the team leader and the roles each member will serve in the transition. Also, describe their experience and how they are related to the client administration team. Include the team members’ professional biographical information.
4. Explicitly describe your formal transition planning process. Provide (in Additional Attached Materials – SBCERS) a sample of documentation and a proposed timeline/transition plan for the anticipated transition events. How would the transition of our account differ from a “typical” transition?
5. Addendum I includes a detailed listing of all markets currently open for SBCERS accounts. Discuss the following:
   1. What would be the process involved to move our relationship to your sub-custodial network, as needed?
   2. What problem markets (if any) do you note?
   3. What challenges, risks, and costs would a transition to your institution’s network impose and how would you mitigate such factors?
6. What planning and training would you need to conduct:
   1. With SBCERS staff?
   2. With our outside investment managers?
   3. With our current custodian?
   4. With depositories, agents and sub-custodians?
   5. With our current and potential new securities lending provider(s)?
7. Provide a detailed description of your last comparable conversion judging similarity by relative plan size and complexity. Include details of specific problems that occurred and the solutions implemented, timeline, etc.
8. What resources are required of the client during the transition period? Include in your response both SBCERS personnel and time resources anticipated.
9. What lead-time is required for a typical large institutional client transition and how might our transition be different?
10. What is the role of the transition team during implementation? Will our ongoing service team be involved in the transition? Will there be overlap with the transition team?
11. How would you prepare your accounting and performance measurement databases and systems for processing our investments? Discuss the following:
    1. What information would you load into your system in advance?
    2. Can you back-load performance data for accounts, composites, and benchmarks? Clearly describe any and all limitations to your abilities in this area.
    3. How could you receive that data and in what format?
    4. For what period would you conduct parallel processing in order to develop history, test procedures, and establish entitlements/accruals?
    5. How far in advance would you begin processing trades to prepare for live processing of settlements by the conversion date?
    6. What is your policy for treatment of accruals earned before the conversion date?
    7. Describe the accounting basis for transfers of securities (cost vs. market) and how valuation sources, pricing methodologies, and overall market value differences are disclosed and reported to clients.
12. How would you conduct the transfer of securities and cash from a prior custodian to control the risk of loss of assets and assure that all securities are received and accounted for properly?
13. Discuss the process by which your firm would load outstanding tax reclaims that have been filed by our incumbent provider.
14. Will your firm perform any reconciliation on tax filings performed by our incumbent provider? If performed, are there incremental costs to such services and what has been your experience with such reconciliations?
15. Provide the contact information for at least two references that can speak to your firm’s transition process (within the past 5 years) from a former relationship with our current provider, BNY Mellon.