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Nancy K. Kopp
State Treasurer

Bernadette T. Benik
Chief Deputy Treasurer

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**REQUEST FOR PROPOSALS FOR
GLOBAL CUSTODY SERVICES
FOR THE
MARYLAND STATE RETIREMENT AGENCY**

RFP #GLOBAL-CUST-06102016

PROPOSAL DUE DATE: JULY 22, 2016

Issued: June 10, 2016

KEY INFORMATION SUMMARY SHEET

**Maryland State Treasurer's Office
Request for Proposals
For
Global Custody Services
For the
Maryland State Retirement Agency
RFP # GLOBAL-CUST-06102016**

Procurement Officer: Anne Jewell
Tel.: (410)260-7903
Fax: (410)974-3530
Email: procurement@treasurer.state.md.us

Submit Proposals to: Maryland State Treasurer's Office
Attn: Anne Jewell, Procurement Officer
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401

Solicitation Issue Date: June 10, 2016

Deadline for Receipt of Questions: June 24, 2016 by 2:00 p.m. Local Time

Proposal Due Date and Time: July 22, 2016 by 2:00 p.m. Local Time

Oral Presentations: August 17-18, 2016

Tentative Contract Award: August 31, 2016

Notice: Prospective offerors (the "Offerors") who received this document from eMaryland Marketplace (<https://emaryland.buyspeed.com/bs0>), or from a source other than the Issuing Office, should immediately contact the Procurement Officer and provide their name and mailing address in order that amendments to this Request for Proposals ("RFP" or "solicitation") or other communications can be sent to them. Any prospective Offeror who fails to notify the Issuing Office with this information assumes complete responsibility in the event that they do not receive the amendments and other communications from the Issuing Office prior to the closing date.

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SECTION I: SOLICITATION INFORMATION AND INSTRUCTIONS

1.1. Introduction

The Maryland State Treasurer (the Treasurer), on behalf of the Maryland State Retirement Agency (the Agency) and the Board of Trustees for the Maryland State Retirement and Pension System (the Board), is seeking proposals from qualified firms to provide global custody services. These services will include, but are not limited to, settlement, safekeeping, delivery, investment accounting and income collection, securities valuation, investment performance reporting, compliance reporting, short-term cash investments, and other services in connection with these investments. These services will not include the System's securities lending program (the Securities Lending Program), which is handled separately and is currently managed by State Street Bank and Trust Company.

The successful Offeror shall provide global custody services for the following entities for which the Board provides administration, investment or management services (the System):

- 1.1.1. The several defined benefit retirement and pension systems comprising the Maryland State Retirement and Pension System (SRPS) under the State Personnel and Pensions Article (SPP) of the Annotated Code of Maryland (the Code);
- 1.1.2. The defined benefit retirement plans (the MTA Plans) administered by the Maryland Transit Administration (the MTA) with investment management assistance from the Board as provided under § 21-110(b) of SPP;
- 1.1.3. The Postretirement Health Benefits Trust Fund (the PHBT Fund) created under Title 34, Subtitle 1 of SPP, and
- 1.1.4. Any other fund, system or other entity managed or administered by the Board (the Other Funds).

One custodian will be selected as a result of this RFP. Pursuant to § 21-124 of the State Personnel and Pensions Article of the Annotated Code of Maryland (SPP), the Treasurer will appoint and contract with one firm to provide global custody services for both domestic and international assets managed by the Board as specified in this solicitation. The base term of this Contract for services will be for a five (5) year term with two (2) two-year renewal options. Exercise of the option(s) for extension will be solely at the discretion of the Treasurer.

It is possible that none of the submitted proposals will be satisfactory to the System, in which case no selection will be made.

1.2. Abbreviations and Definitions

Agency - refers to the Maryland State Retirement Agency.

Board refers to the Board of Trustees for the System.

Award - refers to the transmission of a fully executed contract after all required approvals have been obtained.

BAFO - refers to Best and Final Offer made in accordance with COMAR 21.05.03.03.

COMAR - refers to the Code of Maryland Regulations, which is available on-line at: www.dsd.state.md.us.

Contract - refers collectively to one or more Contracts to be entered into by the Treasurer and the successful Offeror pursuant to this RFP. It is likely that a separate contract will be created for the PHBT Fund.

Contract Officer - refers to the individual(s) responsible for directing the work to be accomplished under the Contract and to whom all matters relating to the administration and performance of the Contract shall be referred.

Contractor - refers to the selected Offeror who is awarded a Contract by the Treasurer.

Financial Proposal - refers to the separate submission of all pricing data that defines the cost of the services specified in the Technical Proposal.

Local Time - refers to the Eastern Time Zone as observed by the State of Maryland.

MTA Plans - refers to the defined benefit retirement plans referenced under §§ 7-206 and 7-603 of the Transportation Article, and §21-110 of SPP.

Offeror - refers to an entity that submits a proposal in response to this RFP.

PHBT Fund - refers to the Postretirement Health Benefits Trust Fund created under Title 34, Subtitle 1 of the State Personnel and Pensions Article of the Annotated Code of Maryland.

Procurement Officer - refers collectively to Maryland State Treasurer's Office Procurement Officer (see Section 1.4).

Proposals - refers collectively to the Technical Proposal and Financial Proposal.

RFP - refers to this Request for Proposals.

Staff - refers to the staff members of the Agency.

STO - refers to the Maryland State Treasurer's Office.

SRPS - refers to the Maryland State Retirement and Pension System,

System - refers to collectively to SRPS, the MTA Plans, the PHBT Fund, and the Other Funds.

Technical Proposal - refers to the Offeror's Proposal submitted to comply with the specifications for the services outlined in Section 3 of this Solicitation.

Treasurer - refers to the Maryland State Treasurer.

1.3. Procurement Method

The Office will conduct this solicitation in accordance with the competitive sealed proposals process under COMAR 21.05.03 and will award a single contract arising out of this RFP (the "Contract").

1.4. Issuing Office and Procurement Officer

Maryland State Treasurer's Office
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401

Procurement Officer: Anne Jewell
Phone: (401)260-7903
E-mail: procurement@treasurer.state.md.us

The sole point of contact for purposes of this procurement is the Procurement Officer. The Procurement Officer may designate others to act on her behalf. The STO may change the Procurement Officer or the limits of her authority at its discretion.

Firms that intend to submit a Proposal are not to contact any member of the Investment Committee, any member of the Board, or any Staff member of the Agency regarding this procurement, other than the Procurement Officer.

Firms that currently do business with the Agency or the System may contact persons other than the Procurement Officer, but their contact must be limited to business unrelated to this RFP. In addition, no firm should discuss this RFP with any employee of the Agency's custodian, outside managers, or any other advisor providing services to the Agency or the System.

1.5. Contract Officer(s)

The Contract Officers monitor the daily activities of the Contract and provides technical guidance to the Contractor. The State Contract Officers are:

Robert M. Burd and Patricia A. Wild
Maryland State Retirement Agency
120 E. Baltimore Street, 12th Floor
Baltimore, Maryland 21202

The work to be accomplished under the Contract shall be performed under the direction of the Contract Officers. All matters, including notices and other writings relating to the administration and performance of this Contract, shall be referred to the Contract Officer(s) for determination.

1.6. Use of eMaryland Marketplace

eMaryland Marketplace (<https://emaryland.buyspeed.com/bs0>) is a free electronic commerce system administered by the Maryland Department of General Services. The RFP, associated materials, and all other solicitation-related material will be provided via eMaryland Marketplace.

This means that all such information is immediately available to subscribers of eMaryland Marketplace. All subscribers will receive solicitation notifications as well as solicitation update/change order notifications. Because of the instant access afforded by eMaryland Marketplace, it is recommended that all Offerors interested in doing business with Maryland State agencies subscribe to eMaryland Marketplace. The successful Offeror will be required to subscribe to eMaryland Marketplace upon Contract award.

1.7. Schedule of Events

<u>Event</u>	<u>Date</u>
Solicitation Issue Date	June 10, 2016
Deadline for Receipt of Questions	June 24, 2016 by 2:00 p.m. Local Time
Proposal Due Date	July 22, 2016 by 2:00 p.m. Local Time
Oral Presentations	August 17-18, 2016
Tentative Date of Contract Award	August 31, 2016

1.8. Questions and Inquiries

All Offerors should direct their questions to the Procurement Officer identified in Section 1.4 above. **Questions must be submitted in writing by mail, facsimile, or preferably, by e-mail, to the Procurement Officer at the Issuing Office no later than 2:00 p.m. local time on Friday, June 24, 2016.** Oral questions will not be permitted. If the questions or inquiries pertain to a specific section of the RFP, Offerors must reference the relevant page and section number(s). In case of questions not received in a timely manner, the Procurement Officer shall, based on the availability of time to research and communicate an answer, decide whether an answer can be given before the Proposal due date. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all vendors who are known to have received a copy of this RFP.

1.9. Pre-Proposal Conference

A pre-proposal conference will not be held for this solicitation.

1.10. Proposals Submission Requirements and Deadline

To be considered for award, Offerors must submit to the Procurement Officer a package containing one (1) unbound written original, and five (5) printed copies (total of 6) of the Technical Proposal and the Price Proposal, each in separate envelopes. All submissions shall include the RFP Title and number and the Offeror's name and address. **PROPOSALS**

MUST BE RECEIVED BY THE PROCUREMENT OFFICER AT THE ISSUING OFFICE NO LATER THAN 2:00 PM LOCAL TIME ON FRIDAY, JULY 22, 2016.

Additionally each Offeror must provide to the Procurement Officer on compact disks one electronic copy of the submitted Technical Proposal and Price Proposal. As with the written submission, the electronic copy submission of the Technical Proposal and the Price Proposal must be provided in separate sealed envelopes.

The Office will not grant requests for extension of the submission date or time. Offerors mailing proposals should allow sufficient mail and internal delivery time to ensure timely receipt of the proposals by the Procurement Officer at the Issuing Office. Except as permitted under COMAR 21.05.02.10, the Office will not consider proposals or unsolicited amendments to proposals arriving in the Issuing Office or received by the Procurement Officer after the closing date and time, regardless of the method of their transmission. The Office will not consider proposals submitted by electronic means only (facsimile or e-mail).

1.11. Duration of Offer

Proposals submitted in response to this solicitation are irrevocable for 120 days. All prices, costs, terms and conditions in the Proposal shall remain fixed and valid the later of the proposal due date or the date the Procurement Officer receives best and final offers (BAFOs), if any. At the request of the Procurement Officer, the Offeror may agree in writing to extend this period.

1.12. Proposal Acceptance; Discussions

The Office reserves the right to accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified Offerors in any manner necessary to serve the best interests of the State of Maryland. The Office also reserves the right, in its sole discretion, to award the Contract based upon the written proposals received without prior discussions or negotiations.

1.13. Order of Precedence

The contents of this Solicitation and the Proposals (Technical and Financial) of the successful Offeror will be included by reference in any resulting Contract. In the event of a conflict between the provisions of the Contract to be entered into by the Treasurer and the successful Offeror, as a result of this RFP, the RFP or Proposal, the following order of precedence shall determine the prevailing provision:

- A. The Contract;
- B. The RFP; and
- C. The successful Offeror's Proposal.

The Office will not accept any modifications to the order of precedence provision of this solicitation.

1.14. Revisions to the RFP

The Office reserves the right to amend this RFP at any time prior to the proposal due date and time. If it becomes necessary to revise this RFP at any time prior to the proposal due date and time, the Office will provide amendments to all prospective Offerors that were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. Offerors will be required to acknowledge in writing the receipt of all amendments. In addition, the Office will post amendments to the RFP on the Office's Web Page at www.treasurer.state.md.us, (select "Procurement" and then "RFP for Global Custody Services for the Maryland State Retirement Agency"), and through eMaryland Marketplace at: <https://emaryland.buyspeed.com/bsa>. The Office will send amendments made after the due date for proposals only to those Offerors who submitted a timely proposal.

Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

1.15. Cancellations; Discussions

The Office may cancel this RFP, or may reject any or all Proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State. The Office also reserves the right, in its sole discretion, to award a Contract based upon the written Proposals received without prior discussions or negotiations.

1.16. Oral Presentations

Offerors may be required to make oral presentations to State representatives in order to clarify their Proposals. Representations made by an Offeror during the oral presentation and deemed relevant to an Offeror's Proposal must be reduced to writing. They will become part of the Offeror's Proposal and are binding if an Award is made to the Offeror. Oral presentations may be held at an Agency location or at the Offeror's location with an accompanying site walk-through.

1.17. Incurred Expenses

Neither the Agency, nor the System, nor the State will be responsible for any costs incurred by an Offeror in preparing and submitting a Proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

1.18. Economy Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror's Proposals to meet the requirements of this RFP.

1.19. Multiple or Alternative Proposals

Alternative Technical Proposals will not be accepted.

Multiple or alternative Financial Proposals which enhance the value and efficiency of the services to be provided will be accepted. The Offeror may submit a statement, not more than one page in length, with respect to any alternative Financial Proposal.

1.20. Access to Public Records Act Notice

An Offeror should give specific attention to the clear identification of those portions of its Proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the Agency under the Access to Public Records Act, Title 4, General Provisions Article of the Annotated Code of Maryland.

This information is to be placed after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in its Financial Proposal. Offerors are advised that, upon request for this information from a third party, the Procurement Officer is required to make an independent determination whether the information may be disclosed (see COMAR 21.05.08.01).

1.21. Offeror Responsibilities

The selected Offeror/Contractor shall be responsible for all products and services required by this RFP. Subcontractors must be identified, and a complete description of their roles relative to the Technical Proposal must be included in the Proposal. The selected Offeror retains responsibility for all work performed by and any deliverable submitted by a subcontractor. If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's Proposal must contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.

1.22. Proposal Affidavit

A completed Bid/Proposal Affidavit must accompany the Offeror's Proposal. A copy of this Affidavit is included as Appendix B of this RFP.

1.23. Living Wage Requirements

A solicitation for services under a State contract valued at \$100,000 or more may be subject to State Finance and Procurement Article, Title 18, Annotated Code of Maryland. Additional information regarding the State's Living Wage requirement is contained in this solicitation (see Appendix C entitled Living Wage Requirements for Service Contracts). If the Offeror fails to complete and submit the Affidavit of Agreement (see Appendix D), the State may determine an Offeror to be not responsible.

Contractors and subcontractors subject to the Living Wage Law shall pay each covered employee at least \$13.59 per hour, if State contract services valued at 50% or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50% or more of the total contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least \$10.21 per hour. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. If the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The Contract resulting from this solicitation has been deemed to be a Tier 1 contract.

All proposals must be accompanied by a completed Living Wage Affidavit of Agreement. A copy of this Affidavit is included as Appendix D to this RFP.

1.24. Contract Affidavit

All Offerors are advised that if an Award results from this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Appendix F of this RFP. This Affidavit must be provided within five (5) business days of notification of the proposed Award.

1.25. Conflict of Interest Affidavit and Disclosure

A completed Conflict Of Interest Affidavit and Disclosure must accompany the Offeror's Technical Proposal. A copy of this Affidavit is included as Appendix I of this RFP.

1.26. Representations

By submitting a proposal in response to this RFP, the Offeror represents that (a) it is not in arrears in the payment of any obligation due and owing the State or any department or unit thereof, including but not limited to the payment of taxes and employee benefits (the "State Obligations"), and (b) it is in compliance with all federal, State and local laws applicable to its activities and obligations under the Contract. Further, if selected for award, the Offeror agrees that these representations will continue in effect during the term of the Contract.

1.27. Minority Business Enterprise Notice

The Office has not established a minority business enterprise subcontractor participation goal for this solicitation, but Offerors are encouraged to work with certified MBE subcontractors. A directory of certified MBEs is maintained by the Maryland State Department of Transportation Office of Minority Business Enterprise. The directory is available online at www.mdot.state.md.us. Select the “Minority/Disadvantaged Business Enterprise” label.

1.28. Veteran-Owned Small Business Enterprise

The Office has not established a veteran-owned small business enterprise (“VSBE”) subcontractor participation goal for this solicitation, but Offerors are encouraged to work with certified VSBE subcontractors. A VSBE must be verified by the Center for Veterans Enterprise of the United States Department of Veterans Affairs. The VSBE list is at: <http://www.vetbiz.gov>.

1.29. No Guarantee of Work

No Contractor is guaranteed any minimum amount of work or compensation.

1.30. Contract Term

The Contract for these services shall begin on or about January 1, 2017, and shall continue in effect until December 31, 2021. The Contract will also contain an option to renew, upon the same terms and conditions, for up to two (2) additional two - year (2) periods. Renewal will be at the sole discretion of the Treasurer or the Treasurer’s designee.

1.31. Ownership of Material

All Technical and Financial Proposals become the property of the Office upon receipt and may not be returned to the Offerors except as otherwise provided in this RFP.

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SECTION II: OFFEROR'S MINIMUM QUALIFICATIONS

In its proposal, each Offeror must clearly state that it meets the requirements described in this Section.

Failure to satisfy the minimum qualifications may result in rejection of a Proposal and failure to maintain compliance with any of these qualifications during the term of the Contract may be considered an event of default. The Offeror must notify the Agency and the STO's Procurement Officer of the Offeror's non-compliance within ten calendar days of the precipitating event.

2.1. General

- 2.1.1. The selected Offeror must comply with generally accepted accounting principles as well as governmental accounting practices concerning treatment of accruals.
- 2.1.2. The selected Offeror shall act as a fiduciary when performing its services under the Contract and shall certify in writing as to its fiduciary status.
- 2.1.3. Neither the key members of the service team nor the selected Offeror may have, or could potentially have, a material conflict of interest, in fact or in appearance, with the Agency or the System.
- 2.1.4. Unless otherwise stated within the RFP, information should be provided as of December 31, 2015. Please clearly identify the "as of" date for information submitted.
- 2.1.5. As of December 31, 2015 the Offeror must provide global custody or trust services for at least \$300 billion in global custody assets. The \$300 billion must include domestic and international equity and fixed income assets.
- 2.1.6. As of December 31, 2015, the Offeror must be providing domestic custodial services for at least ten (10) U.S. based pension clients. At least five (5) of the clients must be public pension clients, each of which has U.S. marketable security trust assets greater than \$20 billion assets under management.
- 2.1.7. The Offeror must have provided global custodial services for a minimum of seven (7) years for at least five (5) U.S.-based clients, each with international marketable security trust assets having a market value in excess of \$20 billion.
- 2.1.8. The Offeror must have an automated accounting system that provides the Agency access to both U.S. and international securities accounts within a uniform framework of accounting treatment, reporting and performance measurement.

- 2.1.9. The Offeror must be a U.S. domiciled trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts.
- 2.1.10. The Offeror must be (a) a financial institution, as defined in Section 6-201(e) of the State Finance and Procurement Article of the Annotated Code of Maryland, and (b) eligible to do business in the State of Maryland.
- 2.1.11. The Offeror must have a Kroll Bond Rating Agency, Inc. (KBRA) rating, or a similar financial strength rating from a nationally recognized statistical rating organization of at least a “C”.
- 2.1.12. The Offeror must be a member of, and have the ability to clear transactions or cash through, all major book entry or electronic securities depositories, such as the DTC/ID system, and the Federal Reserve System.
- 2.1.13. The Offeror must have access to vault facilities for the safekeeping and physical delivery of all securities not eligible for the depositories described in 2.1.12 above.
- 2.1.14. The Offeror must be able to backload the System’s historic performance data into the Offeror’s performance measurement and analytics system.
- 2.1.15. The Senior Account Manager proposed for this account must have a minimum of five (5) years’ experience administering both domestic and international custody accounts for clients with a minimum of \$30 billion in assets under management.
- 2.1.16. The Senior Account Manager and the primary assistant for this custody conversion from the Agency’s prior custodian to the new Contractor must have worked together on at least one (1) prior multi-billion dollar, multi-manager conversion within the last two years.

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SECTION III: SCOPE OF WORK

3.1. Introduction

The Agency is the administrator of the SRPS, a cost-sharing multiple-employer public employee retirement system. The SRPS was established by Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board. The Board also may, from time to time, provide administrative or management services for other entities or funds as directed by the State.

As of December 31, 2015, the SRPS and MTA assets combined were valued at \$44.2 billion and were allocated as follows:

<u>ASSET CLASS</u>	<u>Market Value (\$millions)</u>
GROWTH EQUITY	\$21,135.4
U.S. EQUITY	4,384.3
INTERNATIONAL EQUITY	4,067.7
EMERGING EQUITY	1,356.5
GLOBAL EQUITY	7,421.4
PRIVATE EQUITY	3,905.5
RATE SENSITIVE	9,853.0
LONG-TERM GOVERNMENT BONDS	4,338.5
SECURITIZED & CORPORATE BONDS	2,892.3
INFLATION-LINKED BONDS	2,244.9
CASH	377.3
CREDIT	3,575.0
HIGH YIELD BONDS & BANK LOANS	2,903.5
EMERGING MARKETS DEBT	671.5
REAL ASSETS	5,659.0
REAL ESTATE	3,610.3
COMMODITIES	1,268.4
NATURAL RESOURCES & INFRASTRUCTURE	780.3
ABSOLUTE RETURN	3,994.5
TOTAL FUND	\$44,217.0

The PHBT (OPEB) assets as of December 31, 2015 were valued at \$264.7 million. These assets are currently held in commingled funds.

For additional information, please refer to the Agency's website at www.sra.state.md.us.

3.2. General Scope of Work

The scope of work is to provide global master custody services relating to the investments and assets separately managed by the Board of Trustees, including without limitation to the assets of the SRPS, the PHBT Fund, the MTA Plans, and any other trust funds assigned to be administered by the Board of Trustees (collectively, the "System"). The Contractor will be the System's book of record. The Contractor shall perform all of the services set forth in this Section 3 and furnish all materials and personnel necessary to provide such services for the Agency and the System in compliance with all applicable local, state and federal law, rules and regulations, generally accepted accounting principles, governmental accounting standards, and professional standards of practice. The Contractor shall be designated to serve as a fiduciary of the System pursuant to Section 21-204(b)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland with respect to the services to be provided and will comply with all applicable fiduciary standards in the performance of such services.

3.3. Services to be Provided

The Contractor will provide, at a minimum, the services listed below for the Agency and the System.

3.3.1. Accounting and Auditing

The Contractor shall:

- 3.3.1.1. Provide trade date multi-currency accounting for all securities and full accrual accounting for all assets;
- 3.3.1.2. Provide accounting services for all investments in the System's portfolio including, but not limited to the following:
 - a) All income and security transactions (cash and non-cash); domestic and international equity, fixed-income securities, commingled trusts, private market funds, securities-lending income, and foreign tax reclaim receivables;
 - b) Capital changes, including mergers, acquisitions, tenders, stock splits, warrants, and spin-offs;
 - c) Options, futures, swaps, and any other derivative instruments;
 - d) Leveraged buy-outs, venture capital, real estate, hedge funds, special purpose vehicles and various other private equity and debt investments; and,
 - e) Forward exchange contracts.
- 3.3.1.3. Unless otherwise directed by the Agency, book all investments at cost and report them with updated market values. Gains and losses on securities sold shall be recognized on an average cost basis;

- 3.3.1.4. Provide a daily comprehensive pricing system ensuring the accuracy of the prices received from various external sources (e.g. external investment managers), by employing procedures to verify the primary price (reserving the Agency the right to mandate the primary source) to a secondary pricing source, compare prior period's prices to the current period's prices and investigate both changes outside established tolerances, as well as changes from the prior month that appear unreasonable in relation to current market trends;
- 3.3.1.5. Provide annual accounting on a fiscal year basis, July 1 through June 30;
- 3.3.1.6. Provide daily real-time fund accounting and pricing of portfolios for the purpose of computing daily net asset values for various portfolios;
- 3.3.1.7. Provide commingled accounting on at least a monthly basis;
- 3.3.1.8. Perform a monthly reconciliation between the Contractor and the System's public investment managers and provide a summary report by the 17th business day that reflects any net asset value differences. The summary report should identify the difference in both dollars and basis points (BP) with a detailed explanation of any differences that exceeds 10 BPs;
- 3.3.1.9. Provide technical expertise and assistance to the Agency's investment personnel including, but not limited to:
 - a) Assistance in identifying ways in which the Contractor's resources, products, and information can be used to maximize efficiency of investment accounting and trade settlement procedures;
 - b) Providing ongoing updates, information, and training concerning new investment instruments and accounting issues surrounding various investment types;
 - c) Providing technical assistance in implementing recently released accounting pronouncements issued by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB);
 - d) Providing direct access to designated individuals to assist with technical questions; and,
 - e) Providing an account administrator(s) available by telephone between the hours of 7:30 a.m. and 5:00 p.m. Eastern Time on normal operating business days.

- 3.3.1.10. Provide daily verification with Staff of net cash flows by account as requested;
- 3.3.1.11. Provide monthly plan accounting; and
- 3.3.1.12. Provide quarterly accounting, reporting and performance for private market assets including cash flow reporting, funding status, vintage year, etc.

3.3.2. Trade Settlement and Custody

The Contractor shall:

- 3.3.2.1. At as central depository and nominee holder of the assets of the System (as custodian) domestically and internationally and as a transaction-clearing agent for those assets, providing for the safe custody and physical security of all assets of the System held or controlled by the Contractor;
- 3.3.2.2. Settle and safe-keep the System's securities (physically or electronically) in a location and manner satisfactory to the Agency, with adequate controls and an adequate disaster preparedness plan;
- 3.3.2.3. Provide on-line services with domestic depositories (e.g., DTC/PTC, Fed Book Entry System) and basic international depositories (Euroclear, Cedel);
- 3.3.2.4. Provide on-line trade affirmation capabilities with DTC as well as telephone and facsimile methods of trade notification for securities not settled at DTC/CEDEL etc. or in an emergency situation as a backup;
- 3.3.2.5. Monitor outstanding foreign tax withholding claims, collect foreign tax reclaims in those countries where the System has investments (including filing of foreign tax reclaims forms), follow-up on a proactive basis of delinquent reclaims, and offer "relief or exact at source" withholdings in all permissible countries;
- 3.3.2.6. Provide an automated exchange of daily investment data with the Agency. Specifically, the Contractor shall make available securities transaction clearing and settlement information to the Agency on-line. This includes all necessary notification and coordination efforts with the Agency's investment operations and accounting staff as well as, consultants and investment managers, and any other third party approved by the Agency;

- 3.3.2.7. Provide for settlement on a delivery versus payment basis. Free delivery settlement must receive prior written approval by the Agency unless it complies with established policies and procedures for the security and market in question;
- 3.3.2.8. Settlement of all domestic and foreign trades including but not limited to equity, fixed income, alternative investments, and derivative instruments. The Contractor may appoint and remove agents and sub-custodians to carry out the provisions of the Contract; provided, however, that such appointment shall not relieve the Contractor of its responsibilities or liabilities under the Contract. The Contractor shall provide a comprehensive system for selecting agents and sub-custodians and evaluating and monitoring their internal control structures, performance, and financial condition (including compliance with SEC Regulation 17-f for custody of assets). The Contractor shall be liable for any and all financial losses as it relates to the actions or inactions of the agents and sub-custodians to the same extent as if the Contractor had performed the services itself. The Contractor will provide the Agency a list of the agents and sub-custodians it utilizes and will provide prompt notice to the Agency of any changes in such list;
- 3.3.2.9. Provide the Agency timely notification of all corporate actions and activities including but not limited to tender offer, called bonds, and bankruptcies;
- 3.3.2.10. Service and support systems necessary for the timely exercise of corporate actions and proxy voting by the Agency as directed;
- 3.3.2.11. Provide a robust performance measurement system fully integrated and compatible with the core custody and accounting systems;
- 3.3.2.12. Provide foreign exchange services with traders that can execute transactions in the interbank market; has 24-hour access to foreign exchange markets; full transparency to FX transactions executed by the custodian including but not limited to the execution date, price, and time-stamped; does not have to rely on a local broker; offers full online access to exchange information; provide notification when fee rates change (markup/mark down) and can support and facilitate the use of third-party currency trading;
- 3.3.2.13. File all foreign tax reclaim forms, monitor foreign tax liability and tax reclaim collections, including monthly reconciliations of tax reclaims from prior custodian except for those countries you have specified in your response that you do not provide services;

- 3.3.2.14. File all country opening documents except for those countries you have specified in your response that you do not provide services.
- 3.3.2.15. Notify Investment Managers of any failed settlements as soon as possible but no later than 9:00 a.m. on the next business day;
- 3.3.2.16. File all claim documentation related to class actions including periods under the prior custodian and those which cross over from the prior custodian to the new custodial contract. Contractor shall accept and maintain ten (10) years of holdings and transactions data from the prior custodian for the purpose of filing proof of claims on behalf of the Agency for periods prior to the date of the Contract;
- 3.3.2.17. With respect to international class actions and their settlements, review the class actions and file claims for settlement proceeds to the extent the Contractor is able to do so. If unable to file a claim for settlement proceeds due to legal requirements, the Contractor shall forward all available documentation regarding the class action sufficiently in advance of the filing date to the Agency; and
- 3.3.2.18. The Contractor shall provide transaction records to the Agency and its third party vendors for purposes of monitoring class action claims. The Contractor will also provide recovered amounts and a class action tracking report to the Agency.

3.3.3. Holding Securities

The Contractor shall hold, or direct its agents or its sub-custodians to hold, for the account of the System all securities and other noncash property other than securities which are held by the Contractor, its agents or sub-custodians in the Federal Reserve book-entry system, in a clearing agency which acts as a securities depository or in another book-entry system for the central handling of securities collectively referred to herein as "Securities System." The Contractor shall exercise due care to assure that all System assets are held in safekeeping, properly segregated and positions are adequately maintained for accounting purposes, including daily reconciliations between depositories or sub-custodians and the Contractor's inventory records as well as regular reconciliations of accounting records and inventory records.

The securities held by the Contractor shall not be subject to any right, charge, security, interest, lien or claim of any kind in favor of the Contractor, and beneficial ownership of the Securities will be freely transferrable without payment of money or value other than for safe custody or administration. Custodian shall ensure that any agreement with any sub-custodian prohibits sub-custodian and its sub-custodians from subjecting securities to any right, charge, security, interest, lien or claim in favor of sub-custodian or its sub-custodians.

3.3.4. Delivery of Securities

The Contractor shall release and deliver, or direct its agents or its sub-custodians to release securities of the System held by the Contractor, its agents or its sub-custodians or in a Securities System account of the Contractor, its agents or its sub-custodians only upon receipt of Authorized Instructions, as defined in Section 3.3.13 of this RFP, which may be standing instructions, in the following cases:

- 3.3.4.1. Upon sale of such securities for the System, unless otherwise directed by Authorized Instructions: (i) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivery to the purchaser thereof or to a dealer therefor (or an agent of such purchaser or dealer) against expectation of receiving later payment; or (ii) in the case of a sale effected through a Securities System, in accordance with the rules governing the operations of the Securities System;
- 3.3.4.2. Upon the receipt of payment in connection with any repurchase agreement related to such securities;
- 3.3.4.3. To the depository agent in connection with tender or other similar offers for securities;
- 3.3.4.4. To the issuer thereto or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, unless otherwise directed by Authorized Instructions, the cash or other consideration is to be delivered to the Contractor, its agents or its sub-custodians;
- 3.3.4.5. To the issuer thereof, or its agent, for transfer into the name of the Contractor or of any nominee of the Contractor or into the name of any of its agents or sub-custodians or their nominees or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units;
- 3.3.4.6. To brokers, clearing banks or other clearing agents for examination in accordance with "street delivery" custom;
- 3.3.4.7. For exchange or conversion to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement; provided that, unless otherwise directed by Authorized Instructions, the new securities and cash, if any, are to be delivered to the Contractor, its agents or its sub-custodians;

- 3.3.4.8. In the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities; provided that, unless otherwise directed by Authorized Instructions, the new securities and cash, if any, are to be delivered to the Contractor, its agents or its sub-custodians;
- 3.3.4.9. For delivery as security in connection with any borrowings by the System requiring a pledge of assets by the System;
- 3.3.4.10. In connection with trading in options and futures contracts, including delivery as original margin and variation margin;
- 3.3.4.11. In connection with securities lending by the System; and
- 3.3.4.12. For any other purpose, but only upon receipt of Authorized Instructions specifying the securities to be delivered and naming the person or persons to whom delivery of such securities shall be made.

3.3.5. Contractual Settlement Services (Purchases and Sales)

- 3.3.5.1. The Contractor shall, in accordance with the terms set out in this Section 3.3.5, debit or credit the appropriate cash account in connection with (i) the purchase of securities and (ii) proceeds of the sale of securities on a contractual settlement basis.
- 3.3.5.2. The services described above (the “Contractual Settlement Services”) shall be provided for such instruments and in such markets as the Contractor may advise from time to time. The Contractor may terminate or suspend any part of the provision of the Contractual Settlement Services under the Contract at its sole discretion immediately upon notice to the Agency, including, without limitation, in the event of *force majeure* events affecting settlement, any disorder in markets, or other changed external business circumstances affecting the markets.
- 3.3.5.3. The consideration payable in connection with a purchase transaction shall be debited from the appropriate cash account as of the time and date that monies would ordinarily be required to settle such transaction in the applicable market. The Contractor shall promptly recredit such amount at the time that the Investment Manager or the Agency notifies the Contractor by Authorized Instruction that such transaction has been canceled.

- 3.3.5.4. With respect to the settlement of a sale of securities, a provisional credit of an amount equal to the net sale price for the transaction (the "Settlement Amount") shall be made to the Account as if the Settlement Amount had been received as of the close of business on the date that monies would ordinarily be available in good funds in the applicable market. Such provisional credit will be made conditional upon the Contractor having received Authorized Instructions with respect to, or reasonable notice of, the transaction, as applicable; and the Contractor or its agents having possession of the asset(s) (which shall exclude assets subject to any third party lending arrangement) associated with the transaction in good deliverable form and not being aware of any facts which would lead them to believe that the transaction will not settle in the time period ordinarily applicable to such transactions in the applicable market.
- 3.3.5.5. The Contractor shall have the right to reverse any provisional credit or debit given in connection with the Contractual Settlement Services at any time when the Contractor believes, in its reasonable judgment, that such transaction will not settle in accordance with its terms or amounts due pursuant thereto will not be collectable or where the Contractor has not been provided Authorized Instructions with respect thereto, as applicable.
- 3.3.5.6. In the event that the Contractor is unable to debit the System's account, and the System fails to pay any amount due to the Contractor at the time such amount becomes payable in accordance with the Contract, (i) the Contractor may charge the System for costs and expenses associated with providing the provisional credit, including without

3.3.6. Registration of Securities

- 3.3.6.1. Subject to paragraph 3.3.6.2 of this section, securities held by the Contractor, its agents or its sub-custodians (other than bearer securities or securities held in a Securities System) shall be registered in the name of the Treasurer of the State of Maryland or in the Contractor's nominee name or the nominee names of the Contractor's agents or sub-custodians (whichever is applicable). The Contractor agrees to register assets promptly upon receipt unless expressly instructed to hold assets back from re-registration.
- 3.3.6.2. In the U.S., all DTC eligible assets shall be registered in DTC's nominee name, CEDE & Co., but a separate nominee name shall be established to support the maintenance of physical holdings. In international markets, assets shall be registered either in the Contractor's nominee name, nominee of a foreign depository, the Contractor's sub-

custodian's nominee name or in the name of the Treasurer of the State of Maryland depending on local market practice.

- 3.3.6.3. The Contractor, its agents and its sub-custodians shall not be obligated to accept securities on behalf of the System under the terms of the Contract unless such securities are in "street name" or other good delivery form.

3.3.7. Income Settlement and Income Crediting

- 3.3.7.1. Subject to subsection 3.3.7.3 below and the following exceptions, the Contractor shall, on a contractual processing basis, credit or debit the appropriate money account of the System in connection with the purchase, sale, maturity, redemption, income, dividends or other disposition of securities and other assets held on behalf of the System in said accounts, including securities, if any, in the System's Securities Lending Program, and securities, if any, eligible for lending by a third party but not currently on loan. Markets eligible for contractual processing shall be identified on a schedule attached to the Contract.

Exceptions:

- a) The purchase, sale, maturity, redemption, income, or dividends of any securities loaned by the System through other than the System's Securities Lending Program, or securities not under the Contractor's custody, as well as positions restricted, "frozen", or pledged as collateral. These shall be processed on an actual settlement basis.
 - b) Securities for which pay-down factors or accrual information is not available. If it is impossible to project, and thus credit, income on such securities prior to actual receipt, the Contractor shall credit partial payment (of interest) in instances where interest can be accrued but principal factors are unavailable.
 - c) Derivatives, options, futures, privately held mortgages, private placement securities, physically held positions, defaulted bonds, or securities which pay income in a currency other than US dollars are ineligible for contractual processing and will be handled on an actual trade date basis.
 - d) Trades not reported by the agreed upon deadline; income related to trades, which failed, or were pending, over record date; and same day settlements.
 - e) Corporate action distributions.
- 3.3.7.2. Any settlement, income, dividend, or maturity redemption credit is provisional until payment is made in whole to the Contractor. With timely notification to the Agency, the Contractor may reverse or

adjust any such crediting before actual receipt of the item associated with the credit when regulations and industry standard dictate the payment is final or it is determined that actual receipt will not be received in due course for such an item. In such instances, the Contractor may charge the appropriate account of the System for the expense of providing funds associated with such advance in an amount not to exceed the actual short-term earnings paid to the System during the time the funds were credited to a Contractor short-term investment fund.

In markets where the Contractor makes available the provisions above, the consideration payable in connection with a purchase transaction shall be debited from the appropriate money account of the System upon the contractual settlement date for the relevant purchase transaction. The Contractor shall promptly re-credit such amount at the time that the Agency notifies the Contractor that such transaction has been cancelled.

3.3.7.3. The Contractor shall agree to pay sale fail compensation in an amount equal to the daily earnings for the cash sweep vehicle of the account for all securities that are settled under actual settlement procedures, provided:

- a) the security is not on loan through a third party;
- b) the security was in the Contractor's possession; and
- c) the System, its investment managers or agents, or any party selected by them, was not responsible for the failure to settle.

3.3.8. Bank Accounts

3.3.8.1. The Contractor, its agents or its sub-custodians may open and maintain a separate bank account or accounts in the name of the Contractor as required by law or contract for international accounts only, in such banks or trust companies as they may, in their discretion, deem advisable (including a bank of the custodian), subject only to draft or order by the Contractor, its agents or its sub-custodians acting pursuant to the terms of the Contract, and shall hold in such account or accounts, subject to the provisions hereof, cash received by or from or for the account of the System. Such funds shall be deposited by the Contractor, its agents or its sub-custodians in their capacity as custodian, agent or sub-custodian and, except as otherwise provided under the Contract, shall be withdrawable by the Contractor, its agents or its sub-custodians only in that capacity.

- 3.3.8.2. The Contractor shall establish at least one depository account through which all contributions and disbursements to and from the System in-state depository bank will flow.

3.3.9. Collection of Income

- 3.3.9.1. Except as otherwise provided in subsection 3.3.9.3, the Contractor, its agents or its sub-custodians shall collect all income and other payments with respect to the securities held hereunder to which the System shall be entitled.
- 3.3.9.2. The Contractor shall credit income to the System on the earlier of (i) the date on which such income is received or (ii) the date that accords with the Contractor's then-current payable date income schedule. Any credit to the System in advance of receipt may be reversed if and when the Contractor determines that payment will not occur in due course and the System may be charged at the Contractor's applicable rate for time credited.
- 3.3.9.3. Income on securities loaned under a securities lending program managed by a securities lending agent that is unaffiliated with the Contractor shall be credited by the Contractor when received. The collection of income due to the System on securities loaned by the System shall be the responsibility of the System and such unaffiliated securities lending agent.

If the Contractor or its affiliate is selected as a securities lending agent for the System, then income due to the System on securities loaned by the System shall be collected in accordance with the provisions of the securities lending agreement between the System and the Contractor or its affiliate.

3.3.10. Cash Management

The Contractor shall:

- 3.3.10.1. Provide an automated daily sweep of net cash flows, by account, to Contractor short-term investment fund (STIF) or external money market funds, as directed by the System;
- 3.3.10.2. Provide cash sweep vehicles for major foreign currencies (i.e. JPY, GBP, EUR, AUD);
- 3.3.10.3. Provide daily cash flow activity spreadsheet via email to Staff by 10:00 a.m. EST;

- 3.3.10.4. Provide daily cash flow projections and other cash management reports as requested by the Agency and as modified from time-to-time as circumstances warrant;
- 3.3.10.5. Provide overnight investment management services for the funds received after the occurrence of the daily sweep;
- 3.3.10.6. Provide a clear schedule of charges for overdraft problems and other cash management fees (i.e. EURO negative interest);
- 3.3.10.7. Provide an on-line cash flow approval system for cash draw-downs involving Private Market Funds; and
- 3.3.10.8. Provide monthly cash flow activity report for Private Market Funds.

3.3.11. Payment of System Moneys

Upon receipt of Authorized Instructions (defined in subsection 3.3.13 of this RFP), which may be standing instructions, the Contractor shall pay out, or direct its agents or its sub-custodians to pay out, moneys of the System in the following cases:

- 3.3.11.1. Upon the purchase of securities for the System, unless otherwise directed by Authorized Instructions; (i) in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including, without limitation, delivering money to the seller therefor or to a dealer therefor (or an agent for such seller or dealer) against expectation of receiving later delivery of such securities; or (ii) in the case of a purchase effected through a Securities System, in accordance with the rules governing the operation of such Securities System;
- 3.3.11.2. In connection with conversion, exchange or surrender of securities of the System as set forth in Section 3.3.4. hereof;
- 3.3.11.3. For the payment of any expense or liability including but not limited to the following payments: interest, taxes, management, accounting, transfer agent fees, legal fees and operating expenses;
- 3.3.11.4. To the trustee, including the Contractor, of any collective investment fund maintained for the investment of the assets of employee benefit plans qualified under Section 401(a) and exempt from tax under Section 501(a) of the Internal Revenue Code;
- 3.3.11.5. For the purchase or sale of foreign exchange or foreign exchange contracts for the account of the System, including transactions

executed with or through the Contractor, its agents or its sub-custodians;

- 3.3.11.6. In connection with trading in options and futures contracts, including delivery as original margin and variation margin;
- 3.3.11.7. In connection with securities borrowing by the System; and
- 3.3.11.8. For any other purpose, but only upon receipt of Authorized Instructions specifying the amount of such payment and naming the person or persons to whom such payment is to be made.

3.3.12. Communications Relating to System Securities

The Contractor shall transmit promptly to the Agency or an investment manager (as further described in subsection 3.3.24 an "Investment Manager") written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith) received by the Contractor from its agents or its sub-custodians or from issuers of the securities being held for the System. With respect to tender or exchange offers, the Contractor shall transmit promptly to the System or Investment Manager written information received by the Contractor from its agents or its sub-custodians or from issuers of the securities whose tender or exchange is sought and from the party (or his agents) making the tender or exchange offer. The Contractor shall not be liable for any untimely exercise of any tender, exchange or other right or power in connection with securities or other property, of the System at any time held by it unless (i) it or its agents or sub-custodians are in actual possession of such securities or property and (ii) it receives Authorized Instructions with regard to the exercise of any such right or power and both (i) and (ii) occur at least three (3) business days prior to the date on which such right or power is to be exercised.

3.3.13. Authorized Instructions

The term "Authorized Instructions" shall mean authenticated instructions, notices, directions, certifications or requests received by the Contractor from the Agency or any other authorized person provided that it is within the scope of that authorized person's authority. "Authorized Instructions" shall also mean instructions received by the Contractor from an Investment Manager who has been appointed and who has not been terminated; provided that the Contractor shall not act upon any instruction from an Investment Manager that is inconsistent with an Instruction provided by the Agency to the Contractor. Authorized Instructions may be in writing signed by the authorized person, transmitted by first class mail, overnight delivery, private courier or facsimile, or may be in a tested communication effected between electronic devices or may be by such other means as may be agreed to from time to time by the Contractor and the Agency. Unless delivered over a recorded telephone line, oral instructions delivered to the Contractor shall promptly thereafter be confirmed in writing by a duly authorized officer of the Agency or a duly authorized officer of the Investment Manager. Oral instructions shall be given and

relied upon only when the communications systems used to convey written instructions are inoperable. The Agency shall cause its Executive Director and Chief Investment Officer (or his or her authorized designee) and the duly authorized officers of its Investment Managers to certify to the Contractor in writing in a format acceptable to the Agency or Investment Manager, as applicable, the names and specimen signatures of persons authorized to give Authorized Instructions. The Contractor shall be entitled to rely upon the identity and authority of such persons within the extent of their authority until it receives written notice from the Agency or the Investment Manager to the contrary.

3.3.14. Actions Permitted without Express Authority

The Contractor may, at its discretion, without express authority from the Agency or the Investment Manager:

- 3.3.14.1 Make payments to itself or others for expenses, provided that all such payments shall be accounted for to the Agency and/or the investment managers;
- 3.3.14.2 Surrender securities in temporary form for securities in definitive form;
- 3.3.14.3 Endorse for collection checks, drafts, and other negotiable instruments; and
- 3.3.14.4. In general attend to all nondiscretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of the System.

3.3.15. Reporting Requirements

The Contractor shall:

- 3.3.15.1. Complete monthly reconciled accounting statements on a mutually agreed staggered schedule to be completed no later than the eighth (8th) business day of the month (for the prior month's reporting cycle). Reconcile the Public Fixed Income accounts with the Investment Managers prior to the monthly books being closed. The Agency and Contractor may mutually agree in writing to a later completion and/or delivery schedule for transaction reports subject to availability of third party information or substantive changes in the System's portfolio composition or structure;
- 3.3.15.2. Provide an accurate report of all holdings, yearly transactions, and other pertinent investment data, in a format acceptable to the Agency, no later than 15 days after the end of each fiscal year;

- 3.3.15.3. Provide tracking of brokerage commissions paid to specific brokers by account, consolidation of accounts, and manager;
- 3.3.15.4. Provide detailed monthly reports on the holdings and transactions of the system's Derivatives
- 3.3.15.5. Provide a timely report of securities on loan if the Contractor is not the securities lending agent; and
- 3.3.15.6. Provide such other reports as may be requested by the Agency at no additional charge.

3.3.16. Corporate Actions, Class Actions and Proxy Voting

The Contractor shall:

- 3.3.16.1. Provide notification of corporate actions including bond puts, calls and other scheduled and non-scheduled redemptions to the Agency and/or the System's external investment managers in a timely manner through a secure interactive internet based system;
 - a) Upon the settlement or other resolution of any class action litigation matter in which the System has an interest, timely file all documents and take other steps necessary to ensure that all monies due the System from such litigation are collected, and the System's interests are protected. Timely forward notices regarding any litigation matter which may require action on the part of the System (i.e. foreign class actions);
 - b) Provide reports of all class actions, claims filed and settlements received at least monthly through a secure internet based reporting system;
 - c) Provide proxies and proxy statements for U.S. corporations to the Agency or the System's designee (currently Institutional Shareholder Services) prior to annual and special meetings within a timeframe sufficient for relevant receipt, analysis and vote determination;
 - d) Provide proxies and proxy statements to the Agency, the System's external managers or designee (currently Institutional Shareholder Services) prior to annual and special meetings for foreign corporations. Such proxies and proxy statements will be provided subject to local market practice, but in a manner consistent with the practice of the Contractor's peers for the relevant market, at minimum;
 - e) Provide an automated feed of portfolio holdings between the Contractor's system and the System's proxy voting service provider and the System's class action monitoring service

- provider(s) in the format required by the service provider(s) and ensure this occurs across all funds/subaccounts;
- f) At the option of the Agency, provide proxy voting capabilities for U.S. and foreign holdings, including proxy voting services, notification of proxy information, translation of foreign proxies, and a monthly report detailing all proxy voting activity;
 - g) Upon commencement of the contract and each time additional funds or subaccounts are added, Contractor shall work directly with the Agency's proxy voting agent to provide letters of authorization and all other relevant required information necessary so that accounts can be set up in a timely manner and proxy voting is enabled on time; and
 - h) The Contractor agrees to promptly forward all proxy materials (e.g.: proxy solicitations, proxies and other notices) it receives for securities in the System from issuers and paying agents to the System or its designee. Upon receipt of instructions from the System or its designee, the Contractor shall promptly process all voting instructions.

3.3.17. Performance Measurement and Analytics

The Contractor shall:

- 3.3.17.1. Provide monthly performance reports in the format required by the Agency detailing the market values, cash flows and returns of each portfolio, including both custodied and non-custodied assets as well as any consolidations deemed necessary by the Agency at gross, net of management fees, and net of all fees using GIPS compliant calculation methodology;
- 3.3.17.2. Provide daily performance reports detailing the market values, cash flows and returns of each portfolio for all custodied assets as well as any consolidations deemed necessary by the Agency prior to 9 a.m. E.S.T. ;
- 3.3.17.3. Pass through in the reporting all third-party benchmark return data contracted directly with the Agency;
- 3.3.17.4. Provide monthly audited performance reports for the prior month's reporting cycle by the tenth (10th) business day of the month. Reports should include all benchmarks specified by the Agency;
- 3.3.17.5. Provide monthly audited sector, industry and CUSIP level reports by the tenth (10th) business day of the month;

- 3.3.17.6. On a daily, monthly, or other agreed upon frequency transmit raw portfolio performance related data, transactions data, portfolio security-level data, System required benchmark returns, or any other information concerning the System's accounts to the Agency or directly to third party vendor(s) as authorized by the Agency pursuant to an Agency-approved written statement;
- 3.3.17.7. Load and store all historical performance data provided by the incumbent custodian(s) into the performance measurement and analytics system;
- 3.3.17.8. Provide reports generated by the Trust Universe Comparison Service (TUCS) or its successor;
- 3.3.17.9. Provide performance analytics and attribution analysis for the System's accounts versus relevant agreed-upon benchmarks in formats acceptable to the Agency;
- 3.3.17.10. Provide monthly performance reports detailing market performance, portfolio performance, and any level of detail or any aggregate deemed necessary by the Agency. These reports are to include current as well as historical data;
- 3.3.17.11. Provide a quarterly "Investment Performance Analysis" across all System funds in a format to be agreed upon between the Contractor and the Agency. This report will be due thirty (30) days after the close of the calendar quarter reported upon and will be delivered to the Agency in hard copy and electronically;
- 3.3.17.12. Provide Staff with all necessary System fund performance and analytical data generated or maintained by the Contractor no later than thirty (30) days after the close of the calendar quarter reported upon or as soon as possible following receipt of the necessary data from all of the System's managers;
- 3.3.17.13. Provide performance consulting as follows:
 - a) Quarterly, the Contractor's performance and analytics staff shall electronically deliver, a professional capital markets review to enable Staff to include relevant pieces of the markets review into a quarterly board report. This review shall be due forty-five (45) calendar days after the close of the prior calendar quarter;
 - b) As a performance consultant, and based upon its knowledge of client and industry trends, the Contractor shall advise the

- System of the Contractor's latest performance measurement tools and products as they become available;
- c) Provide detailed holdings information for externally managed commingled funds on a monthly basis; and
 - d) Provide derivative performance daily on a standalone basis, as part of a composite portfolio or at a composite portfolio basis with and without the derivatives.

3.3.18. Compliance Monitoring and Reporting

- 3.3.18.1. The Contractor shall provide the Agency with an investment compliance reporting service that will identify, and notify Staff of, investment trades that are outside established policies, tolerances and parameters based on available holdings and transaction data.
- 3.3.18.2. The Contractor shall provide investment compliance reporting based on tests, derived from the System's investment management guidelines and in consultation with Staff.
- 3.3.18.3. The Contractor's compliance monitoring and reporting service shall have the capability to track any internally managed portfolios as well as all externally managed portfolios. The service shall encompass the following:
 - a) Provision for formal investment management guideline review and gap analysis for each specified guideline;
 - b) Formal confirmation, by the Agency, of proper interpretation of the tests and results;
 - c) Creation of the initial set of tests and reports to meet the System's requirements;
 - d) On-going assistance in creating new and/or modifying existing tests and reports;
 - e) Performance of compliance monitoring daily, and monthly for all individual funds/subaccounts and the total fund as a whole, as requested by the Agency;
 - f) Ability to capture the reason why exceptions occurred, the detailed data of the exception and the ability to retain history of compliance monitoring results for at least three years and electronically through a secure internet based system;
 - g) Compliance monitoring reports delivered to the Agency via email in a PDF file format and electronically through a secure internet based system;
 - h) The performance of an annual comparison of all coded investment guidelines within the compliance monitoring system to the most recent investment guidelines; and
 - i) Track changes or updates to rules to document the date of

change and user authorizing the change.

- 3.3.18.4. Compliance reports shall include a summary for each System portfolio or group of portfolios specified by the Agency. Reports shall display the status of each test; a pass, an alert or a warning, the reason for the alert, and the detailed data of the alert. Reports shall be based on post-trade date, pre-settlement date holdings previously reported to custodian bank.
- 3.3.18.5. The Contractor shall provide an on-line compliance monitoring and reporting application, providing the Agency with on-line access to alert and warning notifications, alert histories, rule matrixes, resolution documentation, and a set of core compliance reports. The application should have the capability to filter, edit and download the data to PDF or Excel.
- 3.3.18.6. The application shall incorporate compliance fail management capabilities. Those will include the ability to assign severities, breaches and approvals for each alert. Staff or assigned custodian bank employees shall be able to view the test breaches, assign breaches to individuals for follow-up, and record commentary or research results on-line. The tool shall also incorporate graphical representations of alerts by age, group, severity or status.
- 3.3.18.7. The Contractor shall assist in the identification of and filing of federal, SEC, and global compliance reporting and filing requirements.
- 3.3.18.8. The Contractor shall have the ability to identify and resolve repeat compliance alerts that continue to occur each month, and to stop the alerts from reappearing in reports each month after the Agency has deemed the transaction or holding acceptable.

3.3.19. Technology/Systems Requirements

The Contractor shall:

- 3.3.19.1. Interface with the Agency's Local Area Network (LAN) via internet for purposes of downloading reports and extracted data for analysis using software products such as Microsoft Excel, as well as "inquiry only" access by various internal and external users as authorized by the Agency pursuant to an Agency-approved written statement;
- 3.3.19.2. Interface with the System's current and future internal and external investment managers and with those managers which may be added by the System from time-to-time authorized by the Agency pursuant to an Agency-approved written statement. The Contractor shall

discontinue exchanging data related to the System with any such manager if directed to do so by the Agency. The Contractor shall annually provide to the Agency a report of entities approved by the Agency for data exchange;

- 3.3.19.3. Provide a monthly file (in medial acceptable to the Agency) of all transactions in all System accounts to the System's general investment consultant (currently Meketa Investment Group) for the purpose of receiving audited positions and transaction data by the third (3rd) business day after the books are closed for all accounts custodied at the Contractor. The Agency and Contractor may mutually agree, in writing, to a later delivery schedule for transaction reports subject to availability of third-party information or substantive changes in the System portfolio composition or structure;
- 3.3.19.4. Provide on-line, real time access to data held in the Contractor's records by authorized Staff. Complete histories of investment activity of all System holdings shall be maintained throughout the term of the custodial relationship. For performance evaluation purposes, total rates of return will be back-loaded for the time periods provided by the incumbent custodian. After forty-eight (48) months on-line accessibility by Staff, the Contractor may archive data at the Contractor's option, subject however to restoration for on-line availability should such a need arise;
- 3.3.19.5. Provide all reports requested by the Agency. In addition, ad hoc query and reporting functions shall be available, and the Contractor shall, provide additional custom reports (complying with industry-standard report formats developed in the future) as requested by the Agency, at no additional charge;
- 3.3.19.6. Provide training to Staff at the Agency's Baltimore offices during the initial conversion process, as new Staff is added, and any time substantial changes have been made to the information-delivery program;
- 3.3.19.7. Provide adequate protection against unauthorized access to System records under the Contractor's control. Contractor shall require written instructions from the Agency prior to granting access to any third-party vendors and shall review such access with the Agency annually. Contractor represents that its securities measures are designed, consistent with best industry practices, to (i) ensure that the Agency's LAN cannot be accessed without the Agency's express authorization; (ii) monitor the Contractor's internal system against unsecure access and abuse; (iii) enable the Contractor to immediately terminate any unauthorized access; and (iv) enable the Contractor to

identify the entity making unauthorized access. The Contractor shall make no changes to its security measures that would increase the risk of unauthorized access;

- 3.3.19.8. Safeguard records against potential loss or destruction by fire, theft, vandalism, storm, earthquake, terrorism or any other hazard, by retaining backup data in a secure location so that records can be recreated which are current at least to the prior month-end and the end of the day preceding the occurrence of such event;
- 3.3.19.9. Provide an established and proven plan for business continuation in emergency situations. The Contractor shall recreate records and resume operations necessary for the daily investment activities of the Agency and the System, including but not limited to, trade settlement, money movement and cash sweep, and portfolio holding data essential to portfolio management, within twenty-four hours of any occurrence of any major disaster or other cause which destroys records and/or interrupts normal operation of the Contractor's systems. The Contractor shall periodically test its business continuation plan and operating procedures. Every twelve months, the Contractor shall provide assurances that testing confirmed their abilities to operate as indicated in the Contractor's business continuation plan;
- 3.3.19.10. Provide access to management information and accounting systems utilizing personal computers at the Agency with the capability of providing the following information on a daily basis:
- a) underlying exposure to asset holdings in commingled funds;
 - b) current and historical performance;
 - c) current and historical prices and exchange rates;
 - d) composite portfolios;
 - e) current and historical transactions;
 - f) current and historical holdings in any aggregation;
 - g) performance aggregate data and (custom) benchmarks;
 - h) performance and analytic databases;
 - i) customized reports as required; and
 - j) *ad hoc* holdings and performance reports.
- 3.3.19.11. Retain computer records of all reconciled investment transactions and month-end positions on electronically readable storage media indefinitely. The Contractor shall assure that records maintained on electronically readable storage media are checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period. Upon contract termination, the Contractor shall translate the

information to a flat file, or other format mutually determined, for retention by the Agency and the System;

- 3.3.19.12. Provide all reconciled month-end accounting reports in a format acceptable to the Agency (currently CD-ROM);
- 3.3.19.13. Provide access to System data on the Contractor's systems from the Agency's LAN. The access will occur via the internet to the on-line reporting system. The on-line reporting system will be available from any location with an internet connection in the event that the Agency's primary office internet connection is not functional, or the Agency has experienced a circumstance that requires relocation to the backup site (currently Annapolis, Maryland);
- 3.3.19.14. Provide business critical reports by alternate means (e.g. facsimile transmission or e-mail) upon request, or store business critical reports for future transmission when normal business processes have been restored;
- 3.3.19.15. Provide the means to connect to the Contractor's systems via an alternate route to be used in the event that the Internet or other connection normally used is not functional or the System has experienced a circumstance that requires using the Agency's offsite backup location; and
- 3.3.19.16. At the Agency's request, facilitate third party security lending services with a system set-up to ensure a seamless transmission of data between the custodian and the lending agent. Have a process in place to communicate holding and transaction information and notify third party lending agents of recalls, corporate actions, and income collections.

3.3.20. Transition

The Contractor shall:

- 3.3.20.1. a) Should this RFP result in the selection of a new custodian bank, perform all procedures necessary to convert from the system of the current custodian (State Street Bank & Trust Company) to the new Contractor's system of record: a) Present to the Agency a detailed plan for, as well as schedule of, the transition from the current custodian, State Street Bank, to the Contractor;
- b) The plan and schedule must include the timing of each phase of the transition as well as the proposed involvement of the Contractor's employees in the process, the level of involvement

anticipated from Staff and the proposed involvement of the current custodian in the transition process;

- c) Reconcile custody positions to the prior custodian's records, research all reconciling items, and correct all position discrepancies;
- d) Ensure that all interfaces, including, but not limited to, those to the Agency, the System's outside investment managers, the System's pricing services, and others are ready and adequately tested prior to conversion; and
- e) Ensure that the asset conversion process, including the reconciliation of custody positions, values, outstanding foreign tax claims, receivables, or liabilities, performance data and the proper identification of reconciling items is completed by October 31, 2016; all parallel processing runs through December 31, 2016 (the last day of the current contract) with full operation on January 1, 2017.

3.3.20.2. Upon termination of the Contract, cooperate fully with the successor custodian to facilitate the transition from the Contractor's system to the successor's system. The Contractor shall:

- a) During transition, provide to the Agency and the successor custodian all information about the Contractor's system that may reasonably be needed by or useful to the successor to prepare for and effect the transition. Such information might include data formats, data element definition, update frequencies, etc. The Contractor shall not be expected to provide proprietary information about its internal systems;
- b) Provide to the successor a copy of all System data in a mutually agreed form and format for test purposes;
- c) On the effective date of the conversion from the Contractor to the successor custodian, provide a complete final copy of all current System files to the successor including all historic performance data. To complete close-out of transactions in process, suitable and mutually agreed arrangements shall be made between the Contractor, the Agency, and the successor for processing of such transactions received subsequent to the effective date of conversion;
- d) Make a continued effort to collect tax reclaims due the System and coordinate with the successor custodian on outstanding claims; and
- e) Provide the necessary personnel to ensure a smooth transition.

3.3.20.3. On the day of the conversion from the prior custodian's system to the Contractor's system, the Contractor shall oversee the transfer of

securities and cash from a prior custodian and over subsequent days ensure that all securities are received and accounted for properly; and

- 3.3.20.4. Provide onsite staff for the length of the conversion process to train Staff, customize reporting and resolve other issues.

3.3.21 Audits

The Contractor shall:

- 3.3.21.1. Provide annual financial statements audited by an independent certified public accounting firm in accordance with generally accepted accounting principles. An unqualified opinion must have been issued by the auditor in connection with the most recent audit;
- 3.3.21.2. Make available for inspection, review or audit by authorized representatives of the State of Maryland, including, but not limited to, the Agency's internal and external auditors, at all reasonable times. Afford necessary Staff and the Agency's internal and external auditors continued access to and cooperation of the Contractor's corporate audit staff and make available information from the corporate internal audits such as audit reports and the working papers of the Contractor's internal audit division that pertain directly to the services utilized by the Agency and the System; and
- 3.3.21.3. Name the Contractor's clients as intended users of the annual Contractor's Public Fund Services Statement on Standards for Attestation Engagements No. 16 (SSAE 16) report. Assure a statement to this effect is included in the auditor's opinion letter as such. Provide a copy of the SSAE 16 report to the Agency at least semi-annually both as a hard copy and electronically. The Treasurer will have cause to terminate the Contract, without any advance notice to the Contractor, if an examination or audit reveals a failure to perform or inadequate controls that address the control objectives referred to in the SSAE 16 report or if the Contractor does not provide the SSAE 16 report as required pursuant to this paragraph.

3.3.22. Personnel, Meetings, Client Conference, Notices

The Contractor shall:

- 3.3.22.1. Make appropriate personnel available to meet with Staff on site, at dates and times determined by the Agency, at least quarterly, or more frequently if required by the Agency, to discuss services related to the System's needs;

- 3.3.22.2. Provide direct access to appropriate computer system technical staff for assistance with computer system problems;
- 3.3.22.3. Implement a relationship management protocol which assures the appropriate escalation of issues and special projects within the context of the System relationship; and
- 3.3.22.4. Invite the appropriate System Board and Staff members to participate in the Contractor's group client conferences and all other educational activities provided by the Contractor and normally offered to the Contractor's clients.
- 3.3.22.5. The Contractor shall give the Agency prior written notice of:
 - a) any changes in the key service personnel assigned by the Contractor to provide services under the Contract;
 - b) any substantive changes in the manner in which the Contractor performs its duties hereunder generally;
 - c) any substantive changes in the manner in which its internal audit staff evaluates all controls, systems and risk associated with custody services;
 - d) any substantive changes to electronic access to information by the System; and
 - e) any substantive changes in the Contractor's disaster recovery plan as set forth in the Technical Proposal.

In the event of any of the changes referenced above, the Treasurer shall have the right to enter into discussions with the Contractor to determine the effect of the change on the services to be provided by the Contractor pursuant to the Contract and whether it is in the best interest of the State to continue the Contract in light of the change.

3.3.23. Tax

- 3.3.23.1. No Obligation to Pay Tax. Except as otherwise provided herein, the Contractor shall not be responsible or liable for the payment of taxes, assessments or other governmental charges now or hereafter imposed on the System or the Agency by the tax law of the United States of America or any state or political subdivision thereof. Pursuant to Authorized Instructions, the Contractor shall timely pay any taxes, stamp duties, or other assessments imposed on the System or the Agency by regulatory or tax authorities of jurisdictions outside the United States due to its investments.
- 3.3.23.2. Responsibilities of the Contractor. The Contractor shall provide an actively managed international tax reclaim service which includes the

filing of all foreign tax reclaim forms, monitoring of foreign tax liabilities, aggressively processed collections to the extent provided by the most recent tax treaties and a monthly reconciliation of tax reclaims from a prior custodian except for those countries you have specified in your response that you do not provide services. In addition, the Contractor is responsible for notifying the Agency of documents required by applicable taxing authorities in order to support timely filings in world markets, and based upon the acceptability of such documents, for completing and presenting claims at the required intervals and to pursue redundant items via sub-custodians and the tax authorities directly.

- 3.3.23.3. Provide support for tax audits which require holdings and or transaction data in relation to foreign taxes paid and/or claimed. (i.e German Tax Audit)

3.3.24. Investment Manager

- 3.3.24.1. Appointment and Termination of Appointment. The Agency at any time may appoint one or more “Investment Managers” to manage the investment of all or any portion of the System’s assets. The Agency shall notify the Contractor in writing of the appointment of such Investment Manager, and of the portion of the System’s assets over which the Investment Manager may exercise its authority. The Agency similarly shall notify the Contractor of the termination or replacement of any Investment Manager.
- 3.3.24.2. Authority. The Contractor, in performing its duties under the Contract, shall be entitled to rely upon Authorized Instructions from the Investment Manager, with such limitations as the Agency and the Contractor by written agreement provide. In the absence of such limitations, the Contractor shall accept Authorized Instructions from the Investment Manager to the same extent as the Contractor would be entitled to accept such Authorized Instructions from the Agency if no Investment Manager has been appointed.
- 3.3.24.3. Sub-accounts. The Contractor shall establish and maintain one or more sub-accounts for each Investment Manager to be used solely by such Investment Manager. Each Investment Manager’s sub-account shall be structured so that all transactions related to securities managed by a specific Investment Manager, unless otherwise specified, shall be recorded in it.

3.3.25. Standard of Care

- 3.3.25.1. The Contractor shall accept its appointment as custodian and shall exercise the standard of care, skill, diligence, prudence and good faith under the circumstances then prevailing in the professional custodial industry and acting on behalf of a like enterprise with like aims would exercise in the performance of its duties, obligations and responsibilities under the Contract. The Contractor shall be designated to serve as a fiduciary of the System pursuant to Section 21-204(b)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland with respect to the services to be provided and will comply with all applicable fiduciary standards in the performance of such services.
- 3.3.25.2. The Contractor shall acknowledge that it is a fiduciary (as that term is defined in Title 21, Subtitle 2 of the State Personnel and Pensions Article of the Annotated Code of Maryland (“SPP”) and as defined in section 3(21) of the Employees Retirement Income Security Act of 1974, as amended to date (“ERISA”)) when exercising discretionary authority or control over the management or disposition of assets of the System in regard to services which it will provide under this Contract. The Contractor specifically agrees to perform such duties with respect to the Board, the System and the Agency with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Contractor agrees to discharge its duties with respect to the Board, the System and the Agency (i) solely in the interest of the beneficiaries and participants of the System and (ii) otherwise in accordance with the terms of the Contract.

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SECTION IV. PROPOSAL FORMAT AND PROPOSAL QUESTIONNAIRE

4.1. Organization Overview - Questionnaire

NOTE: FOR ANY QUESTION ASKING FOR CONFIRMATION, PLEASE STATE "CONFIRMED" OR, IF UNABLE TO AFFIRMATIVELY CONFIRM, NOTE ANY EXCEPTIONS.

4.1.1. Organization

- 4.1.1.1. Provide a brief history of the Offeror, including its year of organization and the history of the Offeror's involvement in the global custody business. Also list other services provided by the Offeror or related entities (Asset management, investment management servicing, wealth management, custody, etc.).
- 4.1.1.2. Where is the Offeror headquartered? How many branch offices are there, and where are they located? Which office will provide the services requested by the System? Please provide information in table format.
- 4.1.1.3. Describe the ownership structure of the Offeror, including any parent, affiliated companies or joint ventures, as well as the percentage owned by current employees.
- 4.1.1.4. How is employee participation in the Offeror's ownership determined? If ownership is not available, is there a specific arrangement for sharing in the profits earned by the enterprise?
- 4.1.1.5. Describe any significant developments in the Offeror's organization which have occurred since January 1, 2011 (changes in ownership, personnel reorganization, etc.). Do you anticipate any significant changes in the organization in the next five years?
- 4.1.1.6. Is the Offeror, its parent or an affiliate a registered investment advisor with the SEC under the Investment Advisers Act of 1940? If not, what is its fiduciary classification (as the term is defined by the Employee Retirement Income Security Act of 1974 [ERISA])?
- 4.1.1.7. Describe the financial condition of the Offeror. What are the Offeror's total assets and capital base? Also include a link to your audited financial statements for the two most recent annual reporting periods.
- 4.1.1.8. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries. Is the coverage on a per client basis, or is the dollar figure

applied to the firm as a whole? List the insurance carriers supplying the coverage.

- 4.1.1.9. Describe the various types of insurance coverage and indemnifications provided to protect custody clients, including:
- a) Risks covered
 - b) Carriers
 - c) Levels
 - d) Limits
 - e) Deductibles
- 4.1.10. Provide a copy of the Offeror's Code of Ethics. Does the Offeror and its employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute?
- 4.1.11. Does the Offeror utilize subcontractors or other types of vendors in the performance, delivery and provision of services and products requested hereunder? If so, please provide the vendor's name, address, and specify the services that may be performed for each subcontractor/vendor.

4.1.2. Legal Disclosure Requirements

- 4.1.2.1. Since January 1, 2011, has any officer or principal been involved in any litigation or other legal proceedings or any regulatory investigation relating to provision of custody services? If so, provide a description, explanation, and indicate the current status.
- 4.1.2.2. Provide a schedule and describe in detail previous contract implementation breakdowns, performance assessments, and/or contract breaches for the last five (5) years (if any) by the Business Unit, and discuss all measures the Offeror took to rectify the situation or remedy the breach.
- 4.1.2.3. Is the Offeror presently actively considering or subject to any mergers with and/or acquisitions of or by other organizations? If yes, provide specifics and include projected timelines.
- 4.1.2.4. Does the Offeror sell or report any data from its clients, either specifically or in aggregate, to any organizations? If so, disclose these arrangements and information shares, in detail.
- 4.1.2.5. Identify any potential conflicts of interest that exist which would prohibit your firm from providing unbiased services as described in this RFP and your proposal. ("Conflict" may include brokerage

relationships, money management activities, fee relationships with investment managers, soft dollars, etc.).

4.1.3. Client Coverage and References

4.1.3.1. Using a table format similar to that below, what is the distribution of client assets and custody employees assigned to each category? Please provide the number and percentages of clients and employees. Explain if the firm’s client base is heavily weighted to any particular type of investor.

Client Type	Number	Percentage of Assets	Number of Employees
Public Pension Funds			
Corporate Pension Funds			
Taft-Hartley Funds			
Endowments & Foundations			
Insurance Companies			
Mutual Funds			
Other (Specify)			
TOTAL			

4.1.3.2. Provide a current list of the 5 largest tax exempt trust and custody clients including name, contact person and phone number, total number of plans, total number of accounts (or portfolios), asset values, number of years the client has retained your firm and the product or service(s) the client uses. Identify which clients are public pension funds. These clients may be used as references.

4.1.3.3. Provide the total of all assets held in custody at December 31, 2015.

4.1.3.4. What were your organization’s long term and short term credit ratings at 12/31/2015, 12/31/2014, 12/31/2013, 12/31/2012 and 12/31/2011? Please provide the rating from all services (Standard & Poor’s, Fitch, Moody’s, etc.) which reviewed your organization’s financial standing at each of the above dates.

4.1.3.5. For each public fund account lost between, January 1, 2011 and December 31, 2015, indicate the reason for the termination and provide a contact name and phone number at the entity who is

familiar with the services and the reasons for the termination. The Agency reserves the right to contact any of these clients as references.

- 4.1.3.6. Provide a contact name and phone number of any new client relationships gained in the last three years. The Agency reserves the right to contact any of these clients as references.
- 4.1.3.7. Provide the name and phone number of your three most recent conversions that are comparable in size and scope to the System. These may be among the references requested in 2 above.

4.1.4. Depth and Experience of Personnel

- 4.1.4.1. Describe the structure of your global custody account administration, (i.e. account team, client account executives, support by administrative units, etc). Describe how the Agency would be served within this structure.
- 4.1.4.2. Provide resumes and an organizational chart of key individuals who would be assigned to the Agency account in the following global custody service areas: global custody executive management, investment accounting, trade settlement, performance measurement and analytics, compliance, client services and/or account administration. Provide information on staff turnover in each of these areas, including number of staff lost and gained by service area.
- 4.1.4.3. 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? Explain how you transition duties when staff turnover occurs.
- 4.1.4.4. How many global custody clients does your typical account representative serve? How many do the investment and settlement accountants have? How many accounts are assigned to the account administrator and chief investment accountant who would be assigned to the Agency's account and what are the total assets under administration for these individuals?

4.1.5. Risk Management

- 4.1.5.1. Describe how your risk management department is structured, its main objectives and any enterprise risk management programs, tools or policies you have in place.
- 4.1.5.2. Identify and describe the major risk factors that you manage in a custody relationship. Describe how you manage these risks.

- 4.1.5.3. Identify the external entities that audit, regulate and/or review your custody services.
- 4.1.5.4. Describe how you manage the sub-custodians, technology, counterparty and regulatory risk.
- 4.1.5.5. Provide a copy of your most recent Statement on Standards for Attestation Engagements (SSAE) No. 16 – Reporting on Controls at a Service Organization report. List and describe the nature of all errors and/or weaknesses that were discovered as a result of the review. What steps have been taken to correct the errors or otherwise strengthen the internal controls of your system?
- 4.1.5.6. Describe the system of proofs and controls that assure accuracy of the processing and reporting of the Business Unit.
- 4.1.5.7. List the policy and procedures manuals in use by the Business Unit and provide one copy of each with your Proposal.
- 4.1.5.8. Briefly, describe your practice of updating documented policies and procedures.
- 4.1.5.9. Identify the internal and external entities that audit, regulate, and/or review your custody services. For each entity identified, provide the following:
 - a) A brief description of their audit plan
 - b) Frequency of audits and reviews
 - c) Reports produced and provided to management
 - d) Required responses of the Business Unit
- 4.1.5.10. What level of management review is applied to reports resulting from audits and reviews? What level is required to implement changes to correct deficiencies noted? Provide a recent example of this process.

4.1.6. Additional Information

- 4.1.6.1. 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, 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.

- 4.1.6.2. List and briefly describe any new custody services/product improvements that have been released in the past two years or will be released within the next year.

4.2. Services to be Provided - Questionnaire

4.2.1. Administration and Client Service

- 4.2.1.1. Describe your client relations process, including the following:
- a. Formal and informal oral and written communications
 - b. Inquiry and problem resolution processes
 - c. Information on available services and service delivery issues
 - d. Training in the use of the services and systems
- 4.2.1.2. Describe any educational events or client conferences you sponsor for your custody clients with a schedule of any events planned.
- 4.2.1.3. Describe your efforts to attract and maintain qualified administrators and client service officers.
- 4.2.1.4. Describe your efforts directed toward continuous assessment and improvement of the client service organization and the quality of service to its clients.

4.2.2. Investment Manager Liaison

- 4.2.2.1. Confirm that you are able to perform a monthly reconciliation between the Contractor and the System's investment managers and provide a summary report that reflects any net asset value differences. The summary report should identify the difference in both dollars and basis points (BP) with a detailed explanation of any differences that exceeds 10 BPs. Note any exceptions.
- 4.2.2.2. Describe your process for interfacing with the investment managers serving your global custody clients, including the following:
- a) Dedicated staff positions and responsibilities
 - b) Mode and means of trade instruction communication and validation
 - c) Cash management support including foreign exchange transactions
 - d) Mode, timing, and content of reports provided them
 - e) Inquiry and problem resolution processes

- f) Accounting record reconciliation and audit procedures
- g) Special support for managers located outside the U.S.

- 4.2.2.3. Describe your systems and procedures for securing and providing clients with pending corporate actions for domestic and international corporations including class action notices.
- 4.2.2.4. Describe your systems and procedures for securing and providing clients with proxy information for both U.S and foreign corporations.
- 4.2.2.5. How are valuation differences resolved between the external investment managers and the global custody department?

4.2.3. Settlement, Securities Processing and Custody

- 4.2.3.1. Discuss and explain how your custody and accounting systems are integrated. Describe for us how the accounts are reconciled daily and monthly to ensure accurate reporting.
- 4.2.3.2. Briefly describe the method and frequency of reconciling the custodian's positions with its depositories and sub custodians.
- 4.2.3.3. Identify any country for which you do not provide tax reclaim services.
- 4.2.3.4. Identify any country for which you do not offer country opening document services.
- 4.2.3.5. Provide an insurance certificate which evidences that your insurance policy covers all of your global custody activities and the activities of any sub-custodians.
- 4.2.3.6. List the depositories, agents, and sub-custodian banks used for all asset classes.
- 4.2.3.7. Discuss your policy and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained in your accounting records. Include information on segregation of assets and distinctions between physical and book entry positions.
- 4.2.3.8. Discuss your procedures for settling purchases and sales. Start with the trade entry by an investment manager, and include in your

discussion actual settlement date processing and contractual settlement date.

- 4.2.3.9. What is your process for settling cash or same day trades?
- 4.2.3.10. Describe your efforts to resolve claim and counterclaims resulting from failed trades. How successful have you been? What is the longest it has taken to resolve a claim?
- 4.2.3.11. How do you determine responsibility for client compensation for losses due to errors in processing? Describe the process for registering securities, such as those received as a distribution from private equity funds?
- 4.2.3.12. Describe your system for registration and custody of assets, including depository used, level of interface and procedures for depository-ineligible securities.
- 4.2.3.13. Discuss how you assure each client's assets are properly held and segregated in safekeeping and positions accurately maintained in your accounting records. Note in your discussion distinctions between physical and book entry positions.
- 4.2.3.14. Describe special procedures you employ for processing, valuing and reporting both domestic and international derivative products, i.e., futures and options.
- 4.2.3.15. Briefly describe the Contractor's policy and procedures on failed trades for both domestic and foreign securities and the steps that will be taken to minimize trade failures. Highlight any remedies that you offer.
- 4.2.3.16. List all existing contracts you have with security-data vendors, and discuss specific restrictions that exist surrounding your ability to pass data onto your clients for their internal use.
- 4.2.3.17. Discuss your procedures for daily proof of trade settlements reported by your depositories, agents, and sub-custodians.

4.2.4. Accounting, Auditing and Reporting

- 4.2.4.1. Describe your investment accounting and general ledger (including trust and plan accounting) capability provided to custody clients

(include system name and year developed).

- 4.2.4.2. Discuss how your custody and accounting systems function together. Are they on a single platform or are they disparate systems that are linked? Include a description of the processes that are used to ensure both systems reconcile.
- 4.2.4.3. What are the names of the accounting systems that support the Business Unit? At a minimum, include the systems for global custody and multi-currency accounting. Are the systems maintained in-house or subcontracted to a service? If subcontracted, specify the vendor names.
- 4.2.4.4. Provide a diagram of the systems listed in Question 4.2.4.3, showing the relationships and interfaces. Include documentation that:
- a) Defines the relationships and interfaces
 - b) Describes reconciliations and control procedures
 - c) Indicates the level of automated external information
 - d) Indicates the manner and mode of interface with systems available to client access and/or clients' systems
- 4.2.4.5. Provide a complete description of the functions of each system and procedures for their use. For the trust accounting and multi-currency accounting systems and procedures, include:
- a) Compliance with generally accepted accounting practices
 - b) Master files structure, maintenance and control
 - c) Double entry features linking securities and cash
 - d) Reversal procedures and controls
 - e) "Up front edits" for accuracy of input
 - f) Proofs of correct receipts of income and capital changes
 - g) Exceptions monitoring and internal control reports
 - h) Special accounting procedures to accommodate local practices for non-U.S. investment
 - i) Policies and procedures of your multi-currency accounting for converting data into U.S. dollars
- 4.2.4.6. For each system, define its processing mode (batch or specific variety of on-line, real time processing) and provide its daily and monthly processing schedule, with start and completion times.
- 4.2.4.7. Provide a monthly reconciliation between the custodian and the investment managers, which includes a summary explanation of all differences which exceed 10 basis points.

- 4.2.4.8. What is your policy for posting trade and income related cash and foreign currencies to client accounts for each accounting basis listed below? Include information on fail float and overdraft facilities.
- a) Trade Date Accrual Accounting
 - b) Cash Basis Actual Settlement Date Accounting
 - c) Cash Basis Contractual Settlement Date Accounting
- 4.2.4.9. What are your domestic income collection and income crediting policies regarding crediting of interest/dividends and principal on payable date? Specifically address principal payments associated with mortgage and asset backed instruments.
- a) Are income payments credited in same day funds? Specify any exceptions.
 - b) What are your international income collection and income crediting policies, by country?
 - c) Can you provide standing instructions to convert income to U.S. dollars or another currency?
- 4.2.4.10. Describe your cash-based and accrual-based accounting procedures for your multi-currency accounting system.
- 4.2.4.11. List the primary and supplementary sources of daily prices for all asset classes including the FX rate used to determine the USD cost basis on non-domestic security transactions. Please specify those asset classes which cannot be priced on a daily basis and their pricing frequency.
- 4.2.4.12. Describe your capability for using more than one primary pricing source within a given asset class (i.e. corporate bonds, mortgage securities, thinly traded stocks, private equity, emerging market stocks and bonds, etc.).
- 4.2.4.13. Describe your process for validating prices and your policy for handling price challenges.
- 4.2.4.14. What procedures are in place to ensure accurate pricing? What procedures do you have in effect to flag and investigate unusual or significant pricing changes from the previous day or month? Describe your procedures for reconciling prices with investment managers.
- 4.2.4.15. How do you price securities that are not available from your pricing services, such as private placements? Describe your process of pricing derivative (including OTC) securities and non-traditional fixed income securities (Bank Loans).

- 4.2.4.16. Do you maintain a record of the original face amount purchased with regard to pass-through investments, such as GNMA's, FHLMCs and FNMA's?
- 4.2.4.17. Please provide the following information:
- a) Do you have fully integrated multi-currency accounting?
 - b) Do standard reports break out impacts of taxes, brokerage and foreign exchange?
 - c) Do statements reflect pending transactions?
 - d) Do statements reflect amortized balance for fixed income?
 - e) Do statements reflect accrued interest, accrued dividends, in asset valuations?
- 4.2.4.18. List your sources of exchange rates, including forward rates. Describe your procedures for accessing and applying exchange rates for all types of activity and position valuations. Identify choices available to clients.
- 4.2.4.19. List the various inventory values (market vs. book/cost) that you compute and carry, describe the computation of each, and identify where each is reported?
- 4.2.4.20. Describe your procedures and available options for calculating base currency cost for non-US\$ denominated securities.
- 4.2.4.21. Describe your procedures for computing and reporting realized and unrealized gains and losses in total, from currency, and from the market for US\$ denominated and/or non-US\$ denominated securities.
- 4.2.4.22. For any "effective date posting" describe the controls in place to maintain integrity of data for prior periods for which the books are closed.
- 4.2.4.23. What levels of authorization are required for:
- a) Processing reversals?
 - b) Effective date posting?
 - c) "File maintenance" changes directly to elements of the database?
- 4.2.4.24. Describe the process and frequency of reconciliations performed with depositories, agents, and sub-custodian banks.
- 4.2.4.25. Identify and describe any other reconciliation performed.

- 4.2.4.26. Describe your tax lot accounting and reporting procedures including all purchase cost options (LIFO, FIFO, etc.) for US and non-US securities. Attach a sample page of tax lot positions from an actual report consolidating US and non-US positions.
- 4.2.4.27. What current accounting, holding, and transaction data is available on-line and for how long? What historical data is available on-line or through other electronic media?
- 4.2.4.28. Please confirm that your accounting system allows clients to generate transaction reports that exclude cancels and rebooks or other revision entries. Note any exceptions.
- 4.2.4.29. Describe your system of quality control to ensure reporting accuracy. Please confirm that reports are audited before they are delivered to clients and describe how reports are audited and corrected? Note any exceptions.
- 4.2.4.30. Describe your process of restating incorrect accounting statements and publishing new reports.
- 4.2.4.31. Please list and provide samples of the standard reports (audited and un-audited) provided by your system:
- a) For multi-currency reporting, does the report identify: the country, the industry, and security levels? Do you have the capacity to report in both the local currency and translate to the reporting currency?
 - b) Describe your process for providing customized reports to our specifications, both at the onset of the relationship and ongoing. Provide turn-around times for customized reporting requests. Is customization available to the end-user through ad hoc query tools?
 - c) Please provide samples of the following accounting and regulatory reports.
 - 1. Holdings of Investments at cost and market value
 - 2. Statement of Changes in Net Assets (Income Statement) at the plan, pool and portfolio levels
 - 3. Statement of Net Assets (Balance Sheet) at the plan, pool and portfolio levels
 - 4. Cash Flow Projection Reports
 - 5. GASB 25, 28, 40, 53, 67 & 72
 - 6. Federal Reserve SHC

- 4.2.4.32. Describe the capabilities of your on-line reporting system.
- 4.2.4.33. Describe the circumstances that would lead you to restate a client's monthly books. Describe processes relating to such restatements.
- 4.2.4.34. Describe the types of commission/transaction cost reports available. Please provide a sample report. Confirm that your system can identify both executing and clearing brokers? Confirm that your system can identify the exchange on which the transaction is executed? Confirm that you can generate ad hoc or client specific reports. Note any exceptions.
- 4.2.4.35. Confirm that you are able to provide statements on an accrual/trade date basis showing both realized and unrealized capital gains and including pending transactions. Note any exceptions.
- 4.2.4.36. Confirm that you offer daily accounting. Note any exceptions.
- 4.2.4.37. Describe your experience in unitizing DB plan investment accounts.
- 4.2.4.38. Describe your capability to provide accounting for leveraged buy-outs, venture capital, real estate, and various other private market investments.
- 4.2.4.39. Describe your capability to provide commingled fund accounting.
- 4.2.4.40. Provide a set of standard daily, monthly, quarterly, and annual accounting statements and reports. (NOTE: Include enough pages of each report to demonstrate its use and distinguishing features; total reports are not required.) Identify which of these reports are available on-line or via other electronic media.
- 4.2.4.41. Describe your capabilities to provide clients with the ability to customize reports.
- 4.2.4.42. Discuss the timeliness of delivery of statements and reports by hard copy and on-line.
- 4.2.4.43. Discuss the type, delivery method and timing of data available on-line. Include the following: ease of use; accuracy and completeness; ease of integration with standard desktop applications, and customization available.
- 4.2.4.44. Describe the process of validating the local currency information, processing it for US dollars reporting, and producing daily and

monthly reports for viewing on-line and for hard copy reports, for each international portfolio and consolidated, including into the total System fund.

- 4.2.4.45. Please describe the plan accounting that you offer and the timing of the availability.
- 4.2.4.46. Describe special procedures for the processing, valuing and reporting of Securities Held Elsewhere such as real estate, alternative investments, private equity, venture capital, and other non-traditional assets.
- 4.2.4.47. Describe your ability to capture an automated feed from a third party private vendor, at the detail transaction level or at the summary level, of the System's private fund activity.

4.2.5. Income and Capital Change Processing

- 4.2.5.1. Describe the process of accounting/collecting for tax claims from a prior custodial relationship.
- 4.2.5.2. Describe your procedures for establishing domestic and international entitlements and accruals for capital changes (stock splits, stock dividends, spin-offs, mergers/acquisitions, tenders, calls, warrants, maturities, etc.).
- 4.2.5.3. Describe in detail your process for providing notice to clients of capital changes requiring their decisions and notification from them prior to processing, including:
 - a) All sources of information on terms and elections, domestic and international
 - b) Methods of notifying clients
 - c) Methods of receipt of instruction from clients
 - d) Procedures for implementing client elections
 - e) Method and mode of relaying instructions to sub-custodians
 - f) Procedures for controlling sub-custodians' timely and appropriate action
 - g) Provide information on your procedures for posting income receipts and capital changes to client accounts
- 4.2.5.4. Describe your procedures for establishing entitlements/accruals for dividends, interest, and corporate actions for all asset types.
- 4.2.5.5. Describe how you validate the information for accruals/entitlements from your primary sources. List the alternate sources and procedures

used. Distinguish between automated, semi-automated, and manual steps.

4.2.5.6. Describe your procedures for payable date credit. Identify any exclusion in your response.

4.2.5.7. Describe the processing of tax on foreign income, including:

- a) Sources of information
- b) Procedures for maintaining information on current treaty provisions
- c) Responsibilities and processing steps for
 - Filing to establish status for exemptions and reclamation
 - Filing reclamation for tax refunds
 - Collecting refunds
- d) Procedures for accruing, reporting, aging, and posting of reclaimable tax
- e) Reporting detail to clients

4.2.5.8. Describe in detail your process for US\$ and non-US\$ capital changes, including:

- a) Sources of information on terms and elections
- b) Policy for posting capital change transactions
- c) Method and mode of relaying client instructions to sub-custodians
- d) Procedures for controlling sub-custodians' timely and appropriate action

4.2.5.9. Describe your process for notifying clients of corporate actions and receiving and implementing their instructions. What is the timing for notification and reply? Is it available through your on-line information system?

4.2.5.10. How do you prove accuracy and timeliness of receipts of income and capital changes reported by your depositories, agents, and sub-custodians?

4.2.5.11. Discuss your procedures for posting capital changes to client accounts.

4.2.6. Corporate Actions, Class Actions and Proxy Voting

4.2.6.1. Describe in detail the services provided with respect to proxy processing for both domestic and foreign holdings. Specifically

include any cut-off date requirements specified with respect to proxy processing, electronic feed requirements and capabilities to third parties such as timing and frequency, translation of foreign proxies, monitoring and reporting capabilities.

- 4.2.6.2. Described in detail the services provided with respect to class action processing. Specifically include any cut-off date requirements specified with respect to class action processing, notification, electronic feed requirements and capabilities to third parties such as timing and frequency, and reporting capabilities. Do you file both domestic and international claim documentation to recover from settlement proceeds? If claim documentation in international class actions settlements is filed, please explain the process.
- 4.2.6.3. Describe your on-line capabilities for processing corporate actions. Does this include a client interface?
- 4.2.6.4. How do you provide notification of corporate actions including bond puts, calls and other scheduled and non-scheduled redemptions to the System and/or its external investment managers in a timely manner?
- 4.2.6.5. Describe the process for recalling shares on loan for the purpose of proxy voting.
- 4.2.6.6. Confirm that you have the capability to transfer holding information on a daily, weekly or monthly basis to the Agency's proxy voting agent and the class action monitoring agent? Note any exceptions.

4.2.7. Sub-Custodian Network Management

- 4.2.7.1. Provide a list of all sub-custodians and the markets for which each is responsible.
- 4.2.7.2. Describe your network coverage and capabilities. What is their market share? How long has each one been affiliated with you?
- 4.2.7.3. Discuss your process for managing the sub-custodian network in terms of selection, oversight, problem resolution and termination.
- 4.2.7.4. Identify any of your sub-custodian banks that are minority-owned businesses.
- 4.2.7.5. Describe the process and frequency of reconciliations performed with your sub-custodian banks.

4.2.7.6. How many new sub-custodians and markets were added in the last two years? Please identify them.

4.2.7.7. How often do you review the performance of sub-custodians and visit their offices?

4.2.8. Trade and Foreign Exchange Processing

4.2.8.1. Discuss your procedures for processing trade instructions, including foreign exchange transactions, source of pricing and time of repatriation.

4.2.8.2. Provide the average daily trade volume processed by country for the last three years. Group them by asset class and major and emerging markets.

4.2.8.3. Describe your capability for providing custom links for communicating trade instructions electronically.

4.2.8.4. Identify the methods of communicating and processing trades from managers. Provide statistics on the volume of trades processed daily, weekly, and monthly.

4.2.8.5. Describe your process for verifying trade instructions and exception processing. Include the percentage of trades that require corrections or amendments.

4.2.8.6. Describe your foreign exchange (FX) operations and capabilities. Please include in your discussion the processing of third-party transactions; the physical location of the operations for the traders and execution facilities; the number of people involved; timing requirements and response time; and currencies exchanged.

4.2.8.7. Do you perform FX transactions on a principal or agency basis?

4.2.8.8. What is the markup/mark down you charge custody clients for the following types of transactions: security buys and sells, repatriations, tax reclaims, and interest postings? At what time is the markup/mark down applied?

4.2.8.9. When are FX transactions executed (i.e. throughout the day, at open, at close, etc.) and are orders traded in large blocks or do you typically trade in smaller blocks over a longer period of time?

4.2.8.10. Do you net all client activity prior to making a FX transaction? If so, please describe in detail how you net client activity and whether this

is net client by client or if you net across various clients when executing. Please differentiate between regulated and unregulated markets, if applicable.

- 4.2.8.11. How does your firm demonstrate the competitiveness of its foreign exchange? Describe the level of transparency provided to clients on all transactions.
- 4.2.8.12. Does your organization have the ability to provide the fraction of a second as part of your time- stamp?
- 4.2.8.13. Do clients have the ability to request FX executions at certain times and negotiate pricing?
- 4.2.8.14. Does your organization charge a penalty or administrative cost for currencies executed by a third party other than the custodian bank?
- 4.2.8.15. What percentage of your custody and trust clients utilized the firm for FX transactions versus a third party during 2015?
- 4.2.8.16. What if any, business risk does the firm assume as part of its exchange services?
- 4.2.8.17. Are security trades treated differently than repatriation of dividends, corporate actions, and other periodic receipts?
- 4.2.8.18. Describe your standing instructions process and program options.
- 4.2.8.19. Describe your compensation resulting from an exchange.
- 4.2.8.20. Is there a standard fixed spread?
- 4.2.8.21. Does the spread vary by currency type?
- 4.2.8.22. Can a client negotiate the spread based on volume?
- 4.2.8.23. Please explain the process for batching, netting, pricing and execution according to each different set of instructions currently in place across separate accounts/types of transactions.
- 4.2.8.24. What level of discretion does the custodian allow the plan or investment manager in election of foreign exchange brokerage services?
- 4.2.8.25. Is your organization willing to disclose both explicit and implicit costs of FX Trades? Provide details.

- 4.2.8.26. Is interest paid on un-invested balances in foreign country accounts? Explain.
- 4.2.8.27. Describe your trade execution monitoring system.
- 4.2.8.28. What current transaction information is available on-line? What historical trade information is available on-line or other electronic media?
- 4.2.8.29. Please describe the following:
- a) Currencies exchanged
 - b) Daily volume per currency for past 12 months
 - c) Provide your current fee rate structure for all foreign currency transactions executed via standing instructions
 - d) Percentage of foreign exchange execution represented by current clients of the Business Unit
 - e) Capability to trade FX forwards and futures contracts
 - f) Provide an FX Platform to utilize multiple competitive foreign currency bids. Discuss any foreign exchange platforms that would allow for multiple foreign currency bid/ask quotes on a competitive basis

4.2.9. Cash Management

- 4.2.9.1. Identify the cash interest rates paid by country for major and emerging markets. How are these rates determined?
- 4.2.9.2. Discuss any interest that may be charged for overdrawing a local currency account or other DDA. How is the rate determined?
- 4.2.9.3. Discuss how the client is compensated for late payment of interest, dividends, maturities, tenders, etc. How is the rate determined?
- 4.2.9.4. Describe your program for providing fail float interest on sale proceeds.
- 4.2.9.5. Discuss your cash forecasting process. Is it available through your on-line information system?
- 4.2.9.6. Describe your cash management policies and procedures regarding the purchase and sale of securities and receipt of income.
- 4.2.9.7. What are your policies and procedures for investing daily surplus cash balances that are not used by investment managers?

- 4.2.9.8. Please include a description of all available cash management vehicles for qualified retirement plans (i.e., sweep vehicle, STIF, etc.). Include all fees, frequency of fund opening/valuation and investment results for the past three calendar years ending December 31, 2015. Describe the investment guidelines and policies (risk analysis, asset allocation, average duration, quality, term structure, diversification, etc.) of your short-term investment funds.
- 4.2.9.9. Have any of your short-term investment funds defaulted during the past three (3) years? If so, please explain the circumstances of the default, recovery of investment, allocation of loss, etc. Did any participants incur a loss? Were any adjustments made to your investment guidelines/policies to avoid a similar problem?
- 4.2.9.10. Who manages the short term investment funds?
- 4.2.9.11. What is the daily notification deadline for outgoing wire transfers? Also discuss domestic & international / US and non-US currencies.
- 4.2.9.12. What is the daily deadline for receiving incoming wire transfers in order to ensure same-day investment?
- 4.2.9.13. Describe how you work with clients who manage some or all cash themselves.

4.2.10. Performance Measurement and Analytics

- 4.2.10.1. What is the typical staff to client ratio? What is the average number of years of professional performance measurement and analytics experience? How many will be assigned to the System's account?
- 4.2.10.2. Describe the performance measurement and analytics organization. What are the different systems that feed data into your performance reporting system? How do the different systems interact? Identify it on the organization chart submitted in Section IV.
- 4.2.10.3. Discuss the policy of your organization regarding maintaining consistency between accounting system information and performance information versus improving the accuracy of performance-sensitive data for a given period.
- 4.2.10.4. Describe how the performance reports are reconciled with accounting statements for the same period. How is it audited? Indicate whether the system is internal or if you use an outside vendor's service. If you use outside vendors, please list them.

- 4.2.10.5. Can performance data remain unchanged when "effective date" postings are made to the accounting records? Can performance data be changed if accounting data remains unchanged?
- 4.2.10.6. Are you willing and/or able to backload data?
- 4.2.10.7. What internal procedures and controls exist to assure that the following information and data are reported correctly, accurately, and that transactions are authorized.
- a) Trade settlement receipts and disbursements
 - b) Interest and dividend receipts
 - c) Income accruals and reversals
 - d) Collateral/margin movements
- 4.2.10.8. Describe your domestic and international performance measurement system and its capabilities. Specifically, describe how information is loaded into the system (i.e. electronically, manually, etc.) by asset class, including alternatives; the timing for loading (i.e., daily, weekly, monthly)
- a) Are daily return calculations available? What time of day? Can your system provide net and gross returns?
 - b) Are returns available on a daily and monthly frequency at: 1) total portfolio level, 2) economic sector level, 3) industry level, and 4) FX level?
- 4.2.10.9. What procedures exist to verify the accuracy of rates of return? Describe your procedure to verify returns with investment managers? What percentage of the returns that you calculate is verified with investment managers?
- 4.2.10.10. Describe your process for restating incorrect accounting and performance reports.
- 4.2.10.11. Does your system have the capability to report returns both gross and net of investment management fees?
- 4.2.10.12. Confirm that the performance reports can be customized to meet the client's needs? Please provide an example of customization and note any exceptions.
- 4.2.10.13. Describe in detail the basic performance measurement and analytics services and reports currently available to institutional custody clients. How many clients use these services and reports?

- 4.2.10.14. What performance measurement and analytics data are available on-line? 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 other analytic items.) How much historical data is available on-line, and for what periods? Confirm that raw data can be downloaded into Excel via Excel formulas? Note any exceptions.
- 4.2.10.15. Describe the resources available to support the Agency in analyzing the data.
- 4.2.10.16. Provide a document describing the assumptions of the statistical calculations, their formulas, and their use in assessing investment performance. Include information on performance measurement, attribution and analytics for both domestic and international portfolios.
- 4.2.10.17. Explain how your performance system handles derivative securities such as futures and options, forward contracts, warrants and rights, convertibles with currency features, venture capital, limited partnerships, and real estate for US and non-US investments where applicable.
- 4.2.10.18. List all indices and universes/families available for comparisons, their source, and manner and timing in which you receive them.
- 4.2.10.19. Confirm that your firm provides holdings based and / or returns based attribution; note the time frames and any exceptions.
- 4.2.10.20. Confirm that your firm provides attribution analyses on fixed income portfolios. Note any exceptions.
- 4.2.10.21. How accurate would you expect your firm's fixed income attribution to be on a portfolio that is more than one-third comprised of derivatives?
- 4.2.10.22. Please discuss your performance measurement capabilities in the private equity and real estate areas. What systems do you use to calculate internal rate of returns for private equity portfolios?
- 4.2.10.23. What additional performance measurement and analytical databases would be made available to the System?
- 4.2.10.24. Confirm that clients access performance measurement and analytics through your online system. Note any exceptions for planned release date for this capability.

- 4.2.10.25. Confirm that you can meet any index available for comparison, their source, and the manner and timing in which you receive them and make them available. Note any exceptions.
- 4.2.10.26. For international portfolios, please explain what type of security, FX, and country level return information you provide. Please provide a sample report.
- 4.2.10.27. Confirm that, with respect to commingled funds, there are look-throughs available for all of the System's existing managers. Note any exceptions.
- 4.2.10.28. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire/TUCS), or both? Others?
- 4.2.10.29. Describe the performance attribution service(s) you offer including their respective methodology.
- 4.2.10.30. Identify and describe the services or products you offer to clients to help measure risks, such as VAR (Value at Risk) measurement.
- 4.2.10.31. Which of the following statistics can your firm calculate on a monthly basis: standard deviation, tracking error, information ratio, Sharpe ratio, alpha, beta, t-squared, Treynor ratio and Jensen alpha?
- 4.2.10.32. Please provide a separate book with samples of all the reports you provide for clients. This should include performance measurement, attribution analysis, manager style analysis, trade execution monitoring, brokerage reporting for:
- a) a domestic equity portfolio
 - b) a domestic fixed income portfolio
 - c) an international equity portfolio, and
 - d) a consolidation of all portfolios.
- 4.2.10.33. For each sample report, identify the portfolio characteristics that are tracked. How frequently are these produced, and what is the earliest date after the end of the reporting period each is available? Which of the reports are available on-line? Confirm that the reports can be customized to meet the client's needs. Please provide an example of customization.

- 4.2.10.34. On-Line Access/Customized Reporting:
- a. What information can be accessed via the on-line system?
 - b. What types of customized reporting capabilities do you provide in your on-line tool? What support do you provide staff in setting up their own custom reports using your on-line tools?
 - c. Please indicate how soon after a reporting period the System can access final information (i.e. rates of returns, market values, holdings information, etc.).
 - d. Describe any unique features of your performance system.
- 4.2.10.35. What plans do you have for enhancing your performance systems? Please provide a release schedule for enhancements.
- 4.2.10.36. How many pension clients are you providing daily performance reporting for? What challenges have you encountered in implementing daily performance reporting for those clients? Please give some examples of challenges encountered and how they were overcome.
- 4.2.10.37. Describe your ability to provide daily unitization. Are there any limits to the number of investment pools or holder groups? Please describe the level of report customization available.

4.2.11. Compliance Monitoring and Reporting

- 4.2.11.1. Do you offer an automated system to monitor a client's investment manager compliance with investment guidelines? If so, please describe it, and indicate if it offers the following:
- a. Portfolio holding tests: tests performed on the portfolio data by manager and for the portfolio as a whole (i.e., test the maximum total domestic equity as a percent of total assets)
 - b. External data tests: tests that require data available from external database sources (i.e., credit ratings of fixed income instruments)
 - c. Derivatives tests: tests that measure the exposure to derivative instruments
 - d. Risk management tests: tests that measure the risks associated with individual portfolios as well as the total fund (i.e., value-at-risk analysis)
 - e. Commingled fund investments: discuss whether the compliance monitoring system can incorporate information relating to commingled fund investments, to the extent that a "look-through" capability is available.

- 4.2.11.2. Is this compliance monitoring system a feature of your online system? If so, does it track changes made to the rule matrix by user, date and change? Does it have an audit trail for breaches and resolution of the breaches that occur? Does it provide reporting for historical time periods requested? Can you download information to PDF or Excel?
- 4.2.11.3. Is the compliance testing performed on all asset classes, daily, and on a post-trade, pre-settlement basis?
- 4.2.11.4. Please describe your rule programming process. Do you have a centrally managed compliance rule writing team or is it done by compliance staff assigned to each client relationship?
- 4.2.11.5. Comment on your ability to monitor an investment manager's trades for extreme positions that could indicate unauthorized or rogue trading. Can these trades be identified before settlement?
- 4.2.11.6. Do you offer compliance reporting on a service bureau basis?
- 4.2.11.7. Please describe the different levels of compliance monitoring services available (i.e. basic, intermediate, advanced) to your clients.
- 4.2.11.8. How do you work with new clients to adapt your system to their unique requirements for investment guideline compliance testing? How long does it usually take to implement compliance testing for a new client of similar size and scope to the System? How long does it usually take to implement investment guideline compliance testing for one new portfolio manager account?
- 4.2.11.9. Please provide an example of what a monthly summary compliance exception report would look like.
- 4.2.11.10. How many business days is monthly compliance reporting available after the last day of the month?
- 4.2.11.11. Can your compliance service conduct off-line manual tests if your on-line system is unable to conduct the test? Please provide examples of manual tests that are performed outside of the compliance monitoring system for other clients.
- 4.2.11.12. Please indicate which types of tests your system can do on-line versus manual.
- 4.2.11.13. What type of support, both initial and on-going, do you provide in relation to investment guideline compliance monitoring?

- 4.2.11.14. What are your escalation procedures and timing of such escalation when an issue with compliance monitoring arises?
- 4.2.11.15. Do you have the ability to identify new regulations in global markets? Can you conduct federal, SEC, global market compliance rule testing and foreign investment disclosure monitoring and assist in reporting to the relevant agencies, both foreign and domestic?

4.2.12. Other

- 4.2.12.1. Please describe your experience providing a **Daily Unitized Value**. If you charge additional fees for this service, please list those fees on Appendix A-1, Price Proposal – Optional Services.
- 4.2.12.2. Please describe any Trade Reporting Tools that you offer.
- 4.2.12.3. Provide any additional services that you provide in the tracking and reporting of Private Fund (i.e. tracking carried interest or management fees).
- 4.2.12.4. Please describe any additional services that you offer to assist with internal trading.

4.2.13. Securities Lending – Third Party

- 4.2.13.1. Do you currently support third party lending activity? If so, for how many clients and for how long have you been supporting this activity?
- 4.2.13.2. Please list your current third party lending relationships.
- 4.2.13.3. Please describe your capabilities in supporting a third-party lending program in general – such as STP capabilities, links with major lenders, etc. Which third-party lenders are you electronically linked to?
- 4.2.13.4. Which third-party lenders have you had difficulty working with? Please provide a detailed explanation of the circumstances.
- 4.2.13.5. If you charge additional fees for third party lending services, please list those fees on Appendix A-1, Price Proposal – Optional Services. Do not give fee specific information outside the official fee proposal.
- 4.2.13.6. How do you account for events (i.e. income, sale, corporate actions) involving securities that are out on loan?

- 4.2.13.7. Do you have a dedicated team responsible for third party lending support?
- 4.2.13.8. Are you willing to provide contractual settlement for securities/portfolios being loaned by a third party agent or borrowed by a principal borrower? For Domestic securities? For International securities?
- 4.2.13.9. How do you ensure third party lending agents receive timely notification of corporate actions? How much time do you allow third party lenders to return securities from being on loan from time of notification?
- 4.2.13.10. Please list and provide samples of reports related to third party securities lending activities.

4.2.14. Derivative Servicing

- 4.2.14.1. Describe in detail the derivative services included in your proposal (e.g., collateral management, valuations, reconciliation, servicing, guideline monitoring, trade capture, etc.).
- 4.2.14.2. Do you have different levels of service available for each of the services described above? If so, please explain. Is the processing of derivative instruments such as futures, swaps, and options done within the main accounting system?
- 4.2.14.3. Is there a separate module or system dedicated to handling such securities?
- 4.2.14.4. Describe the structure of the team that supports derivative servicing, including biographies on the key individuals and locations.
- 4.2.14.5. When marking collateral with a dealer, do you rely on the dealer's price or are you using an independent, third-party valuation?
- 4.2.14.6. For reconciliation, do you follow the guidelines set by ISDA on which attributes should be reconciled for each type of derivative? If not, how do you determine which attributes to reconcile?
- 4.2.14.7. Describe the electronic tools you utilize to provide these services. Specify if they are proprietary, off-the-shelf, or a combination.
- 4.2.14.8. Provide a sample derivative reporting package that is provided to clients.

- 4.2.14.9. Do clients have access to information online? If so, describe.
- 4.2.14.10. If you are unable to process on a trade date basis, please explain.

4.3. Systems and Technology - Questionnaire

4.3.1. Organization

- 4.3.1.1. Describe your technology support organization and how it is subdivided (Network, Operations, Applications Development, IT Security, Support, Sales Support, etc.). Include in your description responsibilities, reporting lines and staffing. Please specifically include contractors in each unit and identify their specific assigned duties. Identify it on the organizational chart submitted in Section 4.1.4.2.
- 4.3.1.2. Describe your process for prioritizing projects and allocating resources.
- 4.3.1.3. Please discuss scheduled downtime. What are the processes relating to scheduled downtime, for example: client notification, parallel servers, period of time system unavailable per occurrence, etc? How much scheduled downtime has the system experienced in each of the past two years? How much unscheduled downtime has the system experienced in each of the past two years? What were the primary causes and how were the problems corrected?
- 4.3.1.4. How much has your organization dedicated to custody-related hardware and software enhancements/upgrades during each of the past two years in dollar terms and as a percentage of total custody operating expenses?

4.3.2. Systems Development

- 4.3.2.1. Provide a brief summary of the systems supporting the global custody service, including:
- a) Custody systems (securities movement and control, trust accounting, global custody, multicurrency accounting, derivative accounting)
 - b) Corporate Actions systems
 - c) Securities lending systems
 - d) Performance measurement systems (domestic and international)
 - e) Compliance Systems
 - f) Any recent or planned system developments

- 4.3.2.2. How integrated are the systems supporting the global custody service? Specifically, do you use the same platforms for your accounting, performance and compliance systems?
- 4.3.2.3. What are your IT plans for the next three years? Provide a development timeline and release schedule for each of your major systems supporting global custody operations, with specific focus on the on-line accounting, performance and compliance systems with which Staff would interact.
- 4.3.2.4. How do you work with clients in systems development? How are clients' requests prioritized for implementation?
- 4.3.2.5. Please describe what hardware/software requirements you would prefer the Agency use to connect to your systems? Please provide details on what software is required on client servers or workstations, and please also describe any required physical or virtual dedicated connections required between you and your clients.
- 4.3.2.6. Identify your system architecture's strengths and how it gives you a competitive advantage.

4.3.3. Security and Business Continuity

- 4.3.3.1. What are your security procedures to protect client information, especially with respect to unauthorized access to data, methods for authenticating users, and providing different access rights and permissions? Please describe in detail your security measures. Should it apply and should the Agency enter into a contract with the Offeror, the Agency may choose to pursue further information to consist of due-diligence reviews of additional detail on the Offeror's protection regime.
- 4.3.3.2. Describe your process for real-time file back-up and off-site storage for data and software, including back-up locations. If you transmit or store client data at any time within your computing environments, including data back-ups, please identify the locations where data reside or traverse, and whether client data are or are not encrypted both at rest and in transit.
- 4.3.3.3. Describe your emergency management/business continuation plan. In your description, please identify alternative operating sites and the maximum time required to resume business operations. Please provide the date of the last testing and a summary of results or lessons learned.

- 4.3.3.4. Do you currently carry cybersecurity insurance? If yes, provide an overview of the coverage.
- 4.3.3.5. Does the Offeror conduct periodic risk assessments to identify cybersecurity threats, vulnerabilities and potential business consequences?
- 4.3.3.6. Have you experienced any security breaches since January 2011? If so, explain, providing known information on number of records breached, how the breach was discovered, source of the compromise, duration, and how notice was made to those potentially impacted by the breach.
- 4.3.3.7. Confirm that you have regular independent IT security testing performed on your computing environment(s) and your client software applications. Please describe the testing program and note any exceptions.
- 4.3.3.8. Confirm that you offer the ability to monitor the access to System information including both staff and third party vendors. Note any exceptions.

4.3.4. Products

- 4.3.4.1. Identify and describe the range of products or services available to clients.
- 4.3.4.2. Describe what role the Internet plays in your overall development of the custody business.
- 4.3.4.3. Describe what role is played by mobile computing platforms and applications (smart phones, tablet computers, other devices).
- 4.3.4.4. Describe any new and innovative services that currently exist as part of your on-line system or that will be available in the near future.
- 4.3.4.5. What sets your products apart from your competitors?
- 4.3.4.6. Is there a formal “user group” or “client advisory plane” for any of your product offerings, and how is its input incorporated into product planning? If it exists, how is its membership established and how often / where does it meet?

4.3.5. Online System

- 4.3.5.1. Briefly describe your online system (design, inquiry features, reporting capabilities, flexibility).
- 4.3.5.2. What is the lag time between trade execution, availability of online transaction data to the client and the posting of the transactions to your accounting system?
- 4.3.5.3. Please provide the following information related to your online system:
- a) Name
 - b) Version and release date
 - c) Access (Toll dial/toll free dial/Internet)
 - d) Supports modem pool (yes/no)
 - e) Consultant access (yes/no)
 - f) On-site training for clients (yes/no)
 - g) Online delivery of accounting reports (yes/no)
 - h) Installation and annual fee
 - i) Frequency of data
 - j) Downloadable to Excel (yes/no)
 - k) Help desk staff (number of employees) and hours
 - l) Commingled fund "look through" to underlying holdings (yes/no)
 - m) Ad hoc report generator (yes/no)
 - n) Availability of "dashboard" functions online (graphical summary of current balances, trends, percentages, etc.) and disclosure of any additional configuration or costs associated with provision of such a feature
- 4.3.5.4. Is a demo site available that the Agency can access?
- 4.3.5.5. Please provide a copy of your form authorization for third-party access to the System's data for investment managers, vendors, etc. Note that any form is provided for informational purposes only and must be approved by the Agency prior to use.

4.3.6. Client Customization and Development

- 4.3.6.1. Describe your systems development capability for client specific requirements.
- 4.3.6.2. How do you set priorities and assign resources for client customization? What role does the Business Unit Manager play in setting the priorities?

- 4.3.6.3. Describe the services and resources available to assist clients resolve a range of technology issues.

4.4. Transition and Conversion – Questionnaire

4.4.1. Planning

- 4.4.1.1. What group will serve as the Transition Team in planning and implementing the Agency custody account? Identify the individuals and the roles each will serve in the transition. Also, describe their experience and how they are related to the Business Unit. Identify it on the organizational chart submitted in Section 4.1.4.2.
- 4.4.1.2. Describe your transition planning process. Provide a sample of documentation and a calendar for a normal transition. How might the transition of the Agency account differ from the normal transition?
- 4.4.1.3. What planning and training would be necessary for the Agency staff; the Agency's outside investment managers; the Agency's current master custodian, and your depositories, agents, and sub-custodians?
- 4.4.1.4. Provide a detailed description of your last comparable conversion. Include the details of specific problems that occurred and the solutions implemented.
- 4.4.1.5. What resources are required of the client during the transition period?
- 4.4.1.6. What is the disposition of transactions, claims, and accruals pending during the transition/conversion period?
- 4.4.1.7. 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.

4.4.2. Implementation

- 4.4.2.1. What lead-time is required for a normal transition and how long is required to complete a normal transition? How might the Agency's transition be different?
- 4.4.2.2. What is the role of the Transition Team during implementation?
- 4.4.2.3. How would you prepare your accounting and performance

measurement databases and systems for processing the System's investments? Discuss the following:

- a) What information would you load into your system in advance?
- b) How could you receive that data?
- c) For what period would you conduct parallel processing in order to develop history, test procedures, and establish entitlements/accruals?
- d) How far in advance would you begin processing of trades to prepare for live processing of settlements by the conversion date?
- e) What is your policy for treatment of accruals, which would have been earned before the conversion date?

4.4.2.4. How do you conduct the transfer of securities and cash from a prior custodian to control the risk of loss of assets and assure that all are received and accounted for properly?

4.4.2.5. What reconciliations do you perform to verify that all asset positions, including accruals, are accurately transferred into the accounting and performance measurement systems?

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4.5. Community Benefits

Provide information about the Offeror required to be considered under State Finance and Procurement Article, §6-203, Annotated Code of Maryland by the Treasurer in designating a financial institution for banking services, including, without limitation:

- 4.5.1. The Offeror's rating on its most recent examination under the Federal Community Reinvestment Act of 1977, P.L. Number 95-128. If the Offeror operates in a state other than Maryland, the Offeror shall provide Maryland-specific information within the assessment area section of its Community Reinvestment Act report.
- 4.5.2. A statement as to whether, during the previous 5 years, a court in the State of Maryland or in another state has found, in a final adjudication, that the Offeror, its affiliates or an entity acquired by the Offeror has violated any antidiscrimination statute or regulation.
- 4.5.3. Information demonstrating the extent of the Offeror's assistance to small and minority-owned businesses over the past 5 years through:
 - a) successfully making loans in Maryland through State or federal lending programs designed to assist small and minority-owned businesses;
 - b) having an active outreach program to assist small and minority-owned businesses through which the Offeror has made efforts in Maryland; and
 - c) establishing strategic partnerships in Maryland with entities whose mission is to provide technical assistance to small and minority-owned businesses.

4.6. Economic Benefit to the State of Maryland

Describe the benefits that will accrue to the Maryland economy as a direct result of the Offeror's performance of the contract resulting from the solicitation. Economic benefits include:

- 4.6.1. The Contract dollars to be recycled into Maryland's economy in support of the Contract, through the use of Maryland subcontractors, suppliers, and joint venture partners. Offerors should be as specific as possible and provide a breakdown of expenditures in this category. Do not provide actual dollars for each category. Include percent of the total budget requested.
- 4.6.2. The numbers and types of jobs for Maryland residents resulting from the contract. Indicate job classifications, number of employees in each classification, and the aggregate payroll to which the Contractor has committed at both prime, and if applicable, subcontract levels. Do not

provide actual dollars for each category. Include percent of the total budget requested.

- 4.6.3. Tax revenues to be generated for Maryland and its political subdivisions as a result of this Contract. Indicate the tax category (sales tax, payroll taxes, inventory taxes, and estimated personal income taxes for new employee). Provide a forecast of the total tax revenues resulting from the Contract. Do not provide actual dollars for each category. Include percent of the total budget requested.
- 4.6.4. Subcontract dollars committed to Maryland Small Business and Minority Business Enterprises. Do not provide actual dollars for each category. Include percent of the total budget requested.
- 4.6.5. In addition to the factors listed above, the Offeror should explain any other economic benefits to the State of Maryland that would result from the Offeror's proposal

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SECTION V. EVALUATION AND SELECTION PROCEDURE

5.1. Qualifying Proposals

The Procurement Officer first will review each proposal for completeness of response to requirements contained in Section IV, Proposal Format. Failure to respond to the appropriate questions or in the manner required may disqualify an Offeror's proposal from consideration by the Evaluation Committee.

5.2. Evaluation Committee and Evaluation Criteria

An Evaluation Committee appointed by the Treasurer or the Treasurer's designee will evaluate all qualifying proposals (those proposals that are reasonably susceptible to selection for Contract award) received by the submission deadline. The Evaluation Committee will rank the proposals and make a recommendation for award based on (1) technical merit (see Section 5.3 below), as demonstrated in the technical proposal and oral presentations, if any, and (2) price proposal, both as presented in the best and final offer, if any. Technical merit will be given more weight than price in determining the Evaluation Committee's final ranking.

5.3. Technical Evaluation

After the Procurement Officer identifies the qualifying proposals, the Evaluation Committee will conduct an initial evaluation of the technical merit of each qualifying proposal based on the information provided in the proposal in response to Section 4.03 Volume I - Technical Proposal above. The Evaluation Committee's final technical evaluation may include information obtained during oral presentations, if any.

For the technical evaluation, the Evaluation Committee will take into consideration the following factors listed in the order of relative importance (greatest first):

1. Offeror's Qualifications
2. Offeror's Capabilities
3. Prior Experience
4. Personnel
5. References
6. Community Benefits
7. Economic Benefits to Maryland

5.4. Evaluation of Costs/Fees

Following completion of the initial technical evaluation, the Evaluation Committee will conduct an initial evaluation of the pricing of each proposal and will establish a financial ranking of all proposals.

5.5. Best and Final Offer

When deemed in the best interest of the State, the Procurement Officer may permit qualified Offerors to revise their initial proposals by submitting best and final offers. The Procurement Officer shall notify each qualified Offeror of the scope of the requested best and final offer, and shall establish a date and time for the submission. The Procurement Officer may require more than one series of best and final offers and discussions, if determined that it is in the State's best interest to do so. If more than one best and final offer is requested, an Offeror's immediate previous offer shall be construed as its best and final offer unless the Offeror submits a timely notice of withdrawal or another best and final offer. The Procurement Officer may consult with and seek the recommendation of the Evaluation Committee during the best and final offer process.

5.6. Final Evaluation and Recommendation for Award

Following oral presentations, reference checks, and submissions of best and final offers, if any, the Evaluation Committee will perform its final evaluations and will make a recommendation to the Procurement Officer for award of the Contract to the responsible Offeror or Offerors whose proposal is determined to be the most advantageous to the State based on the results of the final technical and financial evaluations. Contract award, if any, is subject to the approval of the Treasurer or the Treasurer's designee upon the recommendation of the Procurement Officer.

5.7. Debriefing of Unsuccessful Offerors

The Office will conduct a debriefing for an unsuccessful Offeror provided the Procurement Officer receives a written request within a reasonable period of time after sending notice of award. The Office shall honor the requests for debriefings at the earliest feasible time after the request has been received. The Office shall hold debriefings shall be held in accordance with COMAR 21.05.03.06.

5.8. Responsibility

1. General

- (a) The procurement regulations in COMAR Title 21 define a "responsible" Offeror as one "...who has the capability in all respects to perform fully the Contract requirements, and the integrity and reliability that shall assure good faith performance."

(b) COMAR Title 21 also requires that the Procurement Officer determine before awarding a contract to an Offeror whether the Offeror is responsible. The determination of responsibility is based on the subjective judgment of the Procurement Officer about whether the Offeror meets the definition of a “responsible” Offeror.

(c) In addition, the unreasonable failure of an Offeror to supply information promptly in connection with the determination of responsibility shall be grounds for a determination that the Offeror is not responsible.

2. Discussions

The Office reserves the right to discuss and negotiate with qualified Offerors or potentially qualified Offerors, (i.e., which are reasonably susceptible of being selected for award). Discussions or negotiations will be conducted with all qualified Offerors. The Office, however, is not obligated to conduct any discussions or negotiations. Each Offeror should be aware that the Office can select a proposal without first discussing the matter with the selected Offeror.

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APPENDIX A - PRICE PROPOSAL INSTRUCTIONS

1. Offerors must submit the Price Proposal identified as Appendix A, in accordance with these instructions and as specified on the Price Proposal form.
2. The Price Proposal form must be separately sealed and labeled as directed in Section 1.10.
3. Payment for Global Custody Services will be based on a fixed annual amount for all services requested in Section III, Scope of Work, as follows:
4. In completing the Price Proposal, Offerors must consider the requirements described in this Solicitation in Section III, Scope of Work. Furthermore, Offerors should take into account the following:
 - Payment will be made in U.S. dollars only.
 - The contract for these services will be for an initial five (5) year term beginning on or about January 1, 2017, and ending on December 31, 2021. The contract for these services will also contain an option to renew, upon the same terms and conditions, for up to two (2) additional two (2) year periods. Exercise of the renewal options will be at the sole discretion of the Treasurer.
 - Submit your Financial Proposal using the format provided on the following page, which has been structured as a bundled price with a sliding scale based on the total number of managers. Manager is defined as a separate account identified with an account or cusip number including but not limited to: publicly traded, private, hedge, commodity, real estate - public and private, sub-managers, index and other commingled funds. As of 12/31/2015 the system had a total of 386 managers.
 - For pricing purposes, the number of managers will be based on the number of managers on the last day of the prior calendar year.
 - Offeror should assume that the total value of the System assets may grow over the term of the Contract.

**APPENDIX A
PRICE PROPOSAL**

RFP for Global Custody Services for the State Retirement Agency, RFP # _____2016

Firm Name: _____
 Address: _____

Submit your price for all services described in Section III, Scope of Work, as a fixed annual amount, for all services requested including **daily pricing of securities** (per Section 3.3.1.6). Please use the format provided below.

- A. Assumes less than 300 managers
- B. Assumes 300 to 500 managers
- C. Assumes over 500 manager

<u>Initial Term of Contract:</u>	<u>A</u>	<u>B</u>	<u>C</u>
Proposed Price Year 1	\$ _____	\$ _____	\$ _____
Proposed Price Year 2	\$ _____	\$ _____	\$ _____
Proposed Price Year 3	\$ _____	\$ _____	\$ _____
Proposed Price Year 4	\$ _____	\$ _____	\$ _____
Proposed Price Year 5	\$ _____	\$ _____	\$ _____
<u>Optional Extensions:</u>	<u>A</u>	<u>B</u>	<u>C</u>
Proposed Price Year 6	\$ _____	\$ _____	\$ _____
Proposed Price Year 7	\$ _____	\$ _____	\$ _____
Proposed Price Year 8	\$ _____	\$ _____	\$ _____
Proposed Price Year 9	\$ _____	\$ _____	\$ _____

In compliance with the RFP and with all terms and conditions set forth therein, the undersigned represents that he/she has full authority to submit the above Price Proposal.

Authorized Official: _____

Typed Name: _____

Title: _____

APPENDIX A-1

PRICE PROPOSAL – OPTIONAL SERVICE

RFP for Global Custody Services for the State Retirement Agency, RFP # _____2016

Firm Name: _____

1. Submit your annual fee for all services described in Section III, Scope of Services, as a fixed annual amount for all services requested included daily pricing of securities (per Section 3.3.1.6) and utilizing **Daily Accounting** in the format provided below.

- A. Assumes less than 300 managers
- B. Assumes 300 to 500 managers
- C. Assumes over 500 manager

<u>Initial Term of Contract:</u>	<u>A</u>	<u>B</u>	<u>C</u>
Proposed Price Year 1	\$ _____	\$ _____	\$ _____
Proposed Price Year 2	\$ _____	\$ _____	\$ _____
Proposed Price Year 3	\$ _____	\$ _____	\$ _____
Proposed Price Year 4	\$ _____	\$ _____	\$ _____
Proposed Price Year 5	\$ _____	\$ _____	\$ _____

<u>Optional Extensions:</u>	<u>A</u>	<u>B</u>	<u>C</u>
Proposed Price Year 6	\$ _____	\$ _____	\$ _____
Proposed Price Year 7	\$ _____	\$ _____	\$ _____
Proposed Price Year 8	\$ _____	\$ _____	\$ _____
Proposed Price Year 9	\$ _____	\$ _____	\$ _____

**APPENDIX A-1
PRICE PROPOSAL – OPTIONAL SERVICE (Continued)**

RFP for Global Custody Services for the State Retirement Agency, RFP # _____2016

Firm Name: _____

2. Submit your prices for the Optional Services identified below. The prices listed below represent specific items addressed in the questionnaire, which would **not be included in the bundled prices** provided in Appendix A.
- Daily unitized value (ref. 4.2.12.1)
 - Third Party Security Lending: (ref. 4.2.13.5)

In compliance with the RFP and with all terms and conditions set forth therein, the undersigned represents that he/she has full authority to submit the above Price Proposal.

Authorized Official: _____

Typed Name: _____

Title: _____

APPENDIX B
(To be submitted with Technical Proposal)
BID/PROPOSAL AFFIDAVIT

A. Authority

I HEREBY AFFIRM THAT:

I (print name)_____ possess the legal authority to make this Affidavit.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned bidder hereby certifies and agrees that the following information is correct: In preparing its bid on this project, the bidder has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid. As part of its bid or proposal, the bidder herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the bidder discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

B-1. Certification Regarding Minority Business Enterprises.

The undersigned bidder hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

(1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;

(2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;

(3) Fail to use the certified minority business enterprise in the performance of the contract;
or

(4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the bid submitted by the bidder on this project, and terminate any contract awarded based on the bid.

B-2. Certification Regarding Veteran-Owned Small Business Enterprises. The undersigned bidder hereby certifies and agrees that it has fully complied with the State veteran-owned small business enterprise law, State Finance and Procurement Article, §14-605, Annotated Code of Maryland, which provides that a person may not:

(1) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person in fraudulently obtaining or attempting to obtain public money, procurement contracts, or funds expended under a procurement contract to which the person is not entitled under this title;

(2) Knowingly and with intent to defraud, fraudulently represent participation of a veteran-owned small business enterprise in order to obtain or retain a bid preference or a procurement contract;

(3) Willfully and knowingly make or subscribe to any statement, declaration, or other document that is fraudulent or false as to any material matter, whether or not that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;

(4) Willfully and knowingly aid, assist in, procure, counsel, or advise the preparation or presentation of a declaration, statement, or other document that is fraudulent or false as to any material matter, regardless of whether that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;

(5) Willfully and knowingly fail to file any declaration or notice with the unit that is required by COMAR 21.11.12; or

(6) Establish, knowingly aid in the establishment of, or exercise control over a business found to have violated a provision of §B-2(1)—(5) of this regulation.

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

(1) Been convicted under state or federal statute of:

(a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or

(b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;

(2) Been convicted of any criminal violation of a state or federal antitrust statute;

(3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or

(9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

G. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

(1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;

(2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

I. CERTIFICATION OF TAX PAYMENT

I FURTHER AFFIRM THAT: Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of

Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

J. CONTINGENT FEES

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

K. CERTIFICATION REGARDING INVESTMENTS IN IRAN

(1) The undersigned certifies that, in accordance with State Finance and Procurement Article, §17-705, Annotated Code of Maryland:

(a) It is not identified on the list created by the Board of Public Works as a person engaging in investment activities in Iran as described in State Finance and Procurement Article, §17-702, Annotated Code of Maryland; and

(b) It is not engaging in investment activities in Iran as described in State Finance and Procurement Article, §17-702, Annotated Code of Maryland.

2. The undersigned is unable to make the above certification regarding its investment activities in Iran due to the following activities:

L. CONFLICT MINERALS ORIGINATED IN THE DEMOCRATIC REPUBLIC OF CONGO (FOR SUPPLIES AND SERVICES CONTRACTS)

I FURTHER AFFIRM THAT:

The business has complied with the provisions of State Finance and Procurement Article, §14-413, Annotated Code of Maryland governing proper disclosure of certain information regarding conflict minerals originating in the Democratic Republic of Congo or its neighboring countries as required by federal law.

M. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____ (print name of Authorized Representative and Affiant)

_____ (signature of Authorized Representative and Affiant)

APPENDIX C
Living Wage Requirements for Service Contracts

- A. This contract is subject to the Living Wage requirements under Title 18, State Finance and Procurement Article, Annotated Code of Maryland and the regulations proposed by the Commissioner of Labor and Industry. The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee's time during any work week on the State Contract.
- B. The Living Wage Law does not apply to:
- (1) A Contractor who:
 - (A) has a State contract for services valued at less than \$100,000, or
 - (B) employs 10 or fewer employees and has a State contract for services valued at less than \$500,000.
 - (2) A Subcontractor who:
 - (A) performs work on a State contract for services valued at less than \$100,000,
 - (B) employs 10 or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
 - (C) performs work for a contractor not covered by the Living Wage Law as defined in B(1)(B) above, or B (3) or C below.
 - (3) Service contracts for the following:
 - (A) services with a Public Service Company;
 - (B) services with a nonprofit organization;
 - (C) services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or
 - (D) services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent contractor or assign work to employees to avoid the imposition of any of the requirements of Title 18, State Finance and Procurement, Annotated Code of Maryland.

- E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.
- F. The Commissioner of Labor and Industry shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's Website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.
- G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in §18-103(c), State Finance and Procurement Article, Annotated Code of Maryland, shall not lower an employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner of Labor and Industry.
- H. A Contractor/Subcontractor may reduce the wage rates paid under §18-103(a), State Finance and Procurement, Annotated Code of Maryland, by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland.
- I. Under Title 18, State and Finance Procurement Article, Annotated Code of Maryland, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.
- J. Information pertaining to reporting obligations may be found by going to the DLLR Website <http://www.dllr.state.md.us/> and clicking on Living Wage.

APPENDIX D
(To be submitted with Technical Proposal)
Affidavit of Agreement
Maryland Living Wage Requirements-Service Contracts

Contract No. CUST-06102016

Name of Contractor _____

Address _____

City _____ State _____ Zip Code _____

If the Contract is Exempt from the Living Wage Law

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland's Living Wage Law for the following reasons: (check all that apply)

- Bidder/Offeror is a nonprofit organization
- Bidder/Offeror is a public service company
- Bidder/Offeror employs 10 or fewer employees and the proposed contract value is less than \$500,000
- Bidder/Offeror employs more than 10 employees and the proposed contract value is less than \$100,000

If the Contract is a Living Wage Contract

- A. The Undersigned, being an authorized representative of the above named Contractor, hereby affirms our commitment to comply with Title 18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living wage rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its Subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its Subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.

Attachment D (continued)
Affidavit of Agreement
Maryland Living Wage Requirements-Service Contracts

B. _____ (initial here if applicable) The Bidder/Offeror affirms it has no covered employees for the following reasons: (check all that apply)

- All employee(s) proposed to work on the State contract will spend less than one-half of the employee's time during every work week on the State contract;
- All employee(s) proposed to work on the State contract will be 17 years of age or younger during the duration of the State contract; or
- All employee(s) proposed to work on the State contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Name of Authorized Representative: _____

Signature of Authorized Representative

Title: _____

Date: _____

Witness Name (Typed or Printed)

Witness Signature

Date

APPENDIX E

**CONTRACT FOR
GLOBAL CUSTODY SERVICES FOR THE
-
MARYLAND STATE RETIREMENT AGENCY

BETWEEN

MARYLAND STATE TREASURER'S OFFICE

AND**

CONTRACT

THIS CONTRACT (the "Contract") is made as of the ___ day of _____, 2016, by and between [NAME AND ADDRESS] (the "Contractor"), and the **MARYLAND STATE TREASURER'S OFFICE**, 80 Calvert Street, Annapolis, Maryland 21401 (the "Office"), offices of the **STATE OF MARYLAND** (the "State") on behalf of the BOARD OF TRUSTEES FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM (the "Board") and the MARYLAND STATE RETIREMENT AGENCY (the "MSRA")(the MSRA, the Board, and the Maryland State Retirement and Pension System (the "System") are, collectively, the "Agency"). The State systems that comprise the Maryland State Retirement and Pension System are qualified under 401(a) of the Internal Revenue Code (the "Code") and exempt from Federal income taxes under 501(a) of the Code.

IN CONSIDERATION OF the premises and the covenants herein contained, the parties agree as follows:

ARTICLE I - SCOPE OF SERVICES

The Office hereby engages the Contractor to perform the services set forth below:

- 1.1. General Services. The Contractor is hereby appointed by the Treasurer to provide global custody services as described in this Contract to the Agency, which includes the following exhibits:

Exhibit	The Office's Request for Proposals ("RFP") for Global Custody Services for the Maryland State Retirement Agency, RFP #CUST-06102016 issued June 10, 2016;
Exhibit	Contractor's Technical Proposal dated ____;
Exhibit	Contractor's Price Proposal dated ____;
Exhibit	Contractor's Presentation dated ____;
Exhibit	Collateral Security Agreement dated ____;
Exhibit	Designation of Depository dated ____;
Exhibit	Bid/Proposal Affidavit, Living Wage Affidavit, Contract Affidavit;
Exhibit	Contractor's "Bank Operating Documents," dated ____; and
Exhibit	Annual Compliance Questionnaire and Certificate.

- 1.2. If there are any inconsistencies between this Contract and the Exhibits, the terms of this Contract shall control. If there is any conflict among the Exhibits, Exhibit A, shall control.
- 1.3. The Procurement Officer unilaterally may, at any time, make changes in the work within the general scope of the Contract by written order designated or indicated to be a change order. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an

equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must assert in writing its right to an adjustment under this section within thirty (30) days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a dispute under Section 4.9., Disputes. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

ARTICLE II – TERM

- 2.1. Unless sooner terminated in accordance with the provisions of this Contract, the initial term of this Contract shall be for the period beginning January 1, 2017 and December 31, 2021.
- 2.2. In addition there shall be two additional two-year renewal options, which may be exercised at the sole discretion of the Treasurer or the Treasurer's designee.
- 2.3. After the end of the Contract term, should a new contract be awarded to a contractor other than the incumbent, the Contract shall be deemed to be extended, Contractor shall continue to perform Contract services, and Contractor shall continue to receive the compensation specified in the Contract for such services, until such time as the transition to the new contractor is complete. Contractor shall cooperate and the Office during any transition period to a new contractor and provide all necessary information and data to any subsequent contractor. Contractor shall also transfer all securities, fund and other property held by it hereunder to the account of the successor custodian.
- 2.4. The provisions of Sections 4.1 (Standard of Care), 4.2 (Liability), 4.3 (Indemnification) 4.9 (Disputes), 4.10 (Maryland Law Prevails), 4.25 (Retention of Records/Audit), 4.29 (Ownership of Documents and Materials), 4.30 (Patents, Copyrights and Trade Secrets) and 4.31 (Confidentiality) of this Contract shall survive termination of this Contract for any reason.

ARTICLE III - CONSIDERATION, PAYMENT AND PERFORMANCE

- 3.1. Contractor shall charge only the fees as set forth in Contractor's Price Proposal [BAFO} as attached hereto as Exhibit __ and any Price Supplement as attached

hereto as Exhibit ____. These fees shall not be adjusted during the term of this Contract including any renewal option periods.

3.2. Payments to the Contractor may be withheld, without interest or penalty, when in the sole discretion of the State Treasurer, the Contractor's performance of any of the services under this Contract is unsatisfactory, or does not meet generally accepted industry standards. Notice of such withholding of payment and the reasons therefore shall be promptly provided to the Contractor, who shall be afforded an opportunity to cure any performance deficiencies.

3.3. All invoices for goods and services shall be submitted as follows:

3.3.1. To Maryland State Retirement and Pension System

Victor Adekoya
Maryland State Retirement and Pension System
120 E. Baltimore Street – 12th Floor
Baltimore, Maryland 21202]

3.3.2. Invoices must be submitted either:

- (a) For ongoing services, on a quarterly basis for goods or services rendered in the preceding quarter; or
- (b) For one-time or periodic services, with 30 days of delivery or completion of the goods or services.

3.3.3. Except as provided in Section 3.3.2 above, payments to the Contractor pursuant to this Contract will be made no later than 30 days after receipt by the Office of a proper invoice from the Contractor. Each invoice for services rendered must reflect the Contractor's federal tax identification number, which is _____, and shall clearly indicate the specific type of service provided. Charges for late payment of invoices, other than as prescribed by Title 15, Subtitle 1 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, are prohibited.

ARTICLE IV – GENERAL CONDITIONS

4.1. Standard of Care.

4.1.1. The Contractor accepts its appointment as custodian and shall exercise the standard of care, skill, diligence, prudence and good faith under the circumstances prevailing in the professional custodial industry and acting on behalf of a like enterprise with like aims would exercise in the performance

of its duties, obligations and responsibilities under this Contract. The Contractor shall be designated to serve as a fiduciary of the System pursuant to Section 21-204(b)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland with respect to the services to be provided and will comply with all applicable fiduciary standards in the performance of such services.

- 4.1.2. The Contractor acknowledges that it is a fiduciary (as that term is defined in Title 21, Subtitle 2 of the State Personnel and Pensions Article of the Annotated Code of Maryland (“SPP”) and as defined in section 3(21) of the Employees Retirement Income Security Act of 1974, as amended to date (“ERISA”)) when exercising discretionary authority or control over the management or disposition of assets of the System in regard to services which it will provide under this Contract. The Contractor specifically agrees to perform such duties with respect to the Agency with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Contractor agrees to discharge its duties with respect to the Agency (i) solely in the interest of the beneficiaries and participants of the System and (ii) otherwise in accordance with the terms of this Contract.

4.2. Liability

The Contractor agrees to assume full responsibility for any and all damage to the property of the Office, both real and personal, which results from or arises in connection with, the performance of this Contract.

The Contractor hereby agrees to indemnify and save harmless the State and the Agency against all claims, damages, costs, losses and liabilities whatsoever, for any and all injury to persons and property that may arise out of the performance of this Contract.

4.3. Indemnification

- 4.3.1. The Contractor shall hold harmless and indemnify the State and the Agency from and against any and all losses, damages, claims, suits, actions, liabilities, and/or expenses, including, without limitation, attorneys’ fees and disbursements of any character that arise from, are in connection with or are attributable to the performance or nonperformance of the Contractor or its subcontractors/sub-custodians under this Contract.
- 4.3.2. Neither the State nor the Agency has an obligation to provide legal counsel or defense to the Contractor or its agents or subcontractors/sub-custodians in the event that a suit, claim, or action of any character is brought by any

person not party to this Contract against the Contractor or its agents or subcontractors/sub-custodians as a result of or relating to the Contractor's performance under this Contract.

4.3.3. Neither the State nor the Agency has an obligation for the payment of any judgments or the settlement of any claims against the Contractor or its agents or subcontractors as a result of or relating to the Contractor's performance under this Contract.

4.3.4. The Contractor shall immediately notify the Agency of any claim or suit made or filed against the Contractor or its agents, subcontractors/sub-custodians regarding any matter resulting from, or relating to, the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State and the Agency in the defense or investigation of any claim, suit, or action made or filed against the State or the Agency as a result of, or relating to, the Contractor's performance under this Contract.

4.4. Insurance

During the term of this Contract, the Contractor shall maintain in full force and effect all insurance and bonds described in its Proposal in amounts no less than the amounts set forth in the Request for Proposals. Further, the Contractor shall provide the Contract Officers with a copy of its updated insurance and bonding coverage as of July 1 of each year. The Contractor shall promptly notify the Agency of any change or cancellation of the financial institution bond or other insurance coverage. If at any time during the term of this Contract, the Contractor's financial institutions bond is less than the amount set forth in the Proposal, the Treasurer may (i) obtain a bond providing coverage equal to minimum set forth in the Proposal, the cost of such coverage to be payable by the Contractor immediately, or (ii) terminate this Contract.

4.5. Contractor Representations.

In addition to the representations and warranties included in Section III of the RFP, the Scope of Work, all of which are incorporated herein by reference, the Contractor represents and warrants:

4.5.1. No gratuities in the form of gifts, entertainment or otherwise, have been or will be offered or given to any officer, fiduciary or employee of the MSRA, the Board, the System or the State of Maryland (the "State") with a view toward securing any favorable treatment concerning the performance or continuation of this Agreement. If the Agency finds that the Contractor has offered or given such gratuities, the Treasurer may terminate this Contract at any time upon written notice.

- 4.5.2. For purposes of Sections 4.5.2 through 4.5.6 of this Contract, it is assumed that the provisions of Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940 (the “Solicitations Rule”) and Rule 206(4)-5 promulgated under the Investment Advisers Act of 1940 (the “Political Contributions Rule”) apply to each of the Contractor and any affiliates even if such entity is not expressly required to comply with those rules.
- 4.5.3. Except for the compensation provided for in this Contract, the Contractor agrees that neither it nor any of its employees or agents shall receive any remuneration or take any action to receive any remuneration, of any type, nature or description whatsoever in connection with the investment of the assets of the account or any of the assets of the System or the State for the use of the Board of Trustees and the System. Contractor warrants that no person was paid a cash fee by or on behalf of the Contractor to solicit an investment or advisory business from the Agency in a manner which would result in a violation of Rule 206(4)-3 promulgated under the Advisers Act (the “Solicitations Rule”).
- 4.5.4. The Contractor agrees that the Agency will not be charged, allocated, or otherwise required to bear any cost, expense, or other liability, directly or indirectly, for any amount of marketing, placement or solicitation expenses incurred by the Contractor.
- 4.5.5. Contractor warrants that no actions have been taken by the Contractor or its “covered associates” (as that term is defined in Rule 206(4)-5 promulgated under the Advisers Act (the “Political Contributions Rule”)) that would violate the provisions of the Political Contributions Rule with respect to activities in Maryland.
- 4.5.6 The Contractor agrees to provide the Agency access, upon written request, to books and records maintained by the Contractor, as required by Rule 204-2 promulgated under the Advisers Act, that pertain to the Contractor’s compliance with the Solicitations Rule or the Political Contributions Rule with respect to activities in Maryland or otherwise relating to the Agency.
- 4.5.2. The Contractor warrants that it or any affiliate providing investment advisory services under the Contract is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and that it is registered or exempt from registration under Title 11 of the Corporation and Associations Article of the Annotated Code of Maryland, and that if that status changes it will notify the Agency in writing within ten (10) days of the change.

- 4.5.3. The Contractor shall not engage, directly or indirectly, in any financial or other transaction with any trustee, staff member, or employee of the Agency or the System which would violate standards in the Maryland Public Ethics Law, Title 5 of the General Provisions Article of the Annotated Code of Maryland, and any successor statute thereto.
- 4.5.4. The Contractor shall annually file with the Agency a compliance certificate, executed by a responsible officer of the Contractor, substantially in the form attached hereto as **Attachment 1**, within thirty (30) days after each June 30. As part of its annual compliance review, the Contractor acknowledges and agrees that it will complete the MSRA's Annual Compliance Questionnaire (a form of which is attached hereto as **Attachment 1**, and as amended from time to time, the "Questionnaire"), and provide the Agency with written responses to the Questionnaire as appropriate.
- 4.5.5. The Contractor does not and shall not knowingly employ in any capacity: (i) any employee of the State or a unit thereof, or a fiduciary of the System, who (1) could influence the award of this Contract or any competing assignment, or (2) does or will have any direct or indirect financial interest in this Contract, or (3) performs duties relating to or affecting the subject matter of this Contract ("Interested Person"), or (ii) any spouse or economic dependent of any Interested Person.

4.6. Tax Exemption

The State is generally exempt from Federal Excise Taxes, Maryland Sales and Use Taxes, District of Columbia Sales Tax and Transportation Taxes. Exemption certificates shall be completed upon request.

4.7. Subcontracting; Assignment

- 4.7.1. For international accounts only, the Contractor may appoint and remove agents and sub-custodians to carry out the provisions of this Contract as required by applicable laws of the foreign country; provided, however, that such appointment shall not relieve the Contractor of its responsibilities or liabilities under the Contract.
- 4.7.2. Except to the extent provided in Section 4.7.1 above, the Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State, nor may the Contractor sell, transfer, or otherwise assign its obligations under this Contract, or any portion thereof, or any of its rights or obligations hereunder, without the prior written approval of the State; provided, however, that the Contractor may subcontract services under or make an assignment of this Contract to an

affiliate of the Contractor that is fully capable of performing such services if the Contractor retains full responsibility for the Contract. Any such subcontract or assignment shall be subject to any terms and conditions that the Office deems necessary to protect the interest of the State. The Office shall not be responsible for the fulfillment of the Contractor's obligations to subcontractors.

4.8. Non-Hiring of Officials and Employees

No official or employee of the State of Maryland, as defined under State Government Article, §15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

4.9. Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2 of the State Finance and Procurement Article of the Annotated Code of Maryland (Dispute Resolution), and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision.

4.10. Maryland Law Prevails

The provisions of this Contract shall be governed by the Laws of Maryland.

4.11. Amendments

This Contract, including the exhibits hereto, constitutes the entire agreement between the parties and all other communications prior to its execution, whether written or oral, with reference to the subject matter of this Contract are superseded by this Contract. Any amendment to this Contract must first be approved in writing by the Procurement Officer, subject to any additional approvals required by State law. No amendment to this Contract shall be binding unless so approved and unless it is in writing and signed by the party to be charged.

4.12. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry or disability of a qualified individual with a disability; (b) to include a provision similar to that contained in subsection (a), above, in any subcontract

except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

4.13. Commercial Nondiscrimination Clause

4.13.1. As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

4.13.2. As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that is requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

4.14. Contingent Fee Prohibition

The Contractor, architect, or engineer (as applicable) warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for the Contractor, architect, or engineer, to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or any other consideration contingent on the making of this Contract.

4.15. Living Wage Requirements

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least \$13.59 per hour, if State contract services valued at 50% or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50% or more of the total Contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least \$10.21 per hour. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

This Contract has been deemed to be a Tier 1 contract.

4.16. Multi-Year Contracts Contingent upon Appropriations

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be cancelled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

4.17. Termination for Default

If the Contractor fails to fulfill its obligation under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State shall pay the Contractors fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

4.18. Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12A(2).

4.19. Delays and Extensions of Time

The Contractor agrees to prosecute the work continuously and diligently and no charges or claims for damages shall be made by it for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract.

Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a Contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

4.20. Variations in Estimated Quantities

No equitable adjustment shall be permitted in favor of either the State or the Contractor in the event that the quantity of any pay item in this Contract is an estimated quantity and the actual quantity of such pay item varies from the estimated quantity stated in the Contract.

4.21. Suspension of Work

The Procurement Officer unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

4.22. Pre-Existing Regulations

In accordance with the provisions of §11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR Title 21) in effect on the date of execution of this Contract are applicable to this Contract.

4.23. Financial Disclosure

The Contractor shall comply with the provisions of §13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

4.24. Political Contribution Disclosure

The Contractor shall comply with the provisions of Election Law Article, Title 14 of the Annotated Code of Maryland, which requires that every person that enters into a contract for a procurement with the State, a county, or a municipal corporation, or other political subdivision of the State, during a calendar year in which the person receives a contract with a governmental entity in the amount of \$200,000 or more, shall, file with the State Board of Elections statements disclosing: (a) any contributions made during the reporting period to a candidate for elective office in any primary or general election; and (b) the name of each candidate to whom one or more contributions in a cumulative amount of \$500 or more were made during the reporting period. The statement shall be filed with the State Board of Elections: (a) before execution of a contract by the State, a county, municipal corporation or other political subdivision of the State, and shall cover the 24 months prior to when a contract was awarded; and (b) if the contribution is made after the execution of a

contract, then twice a year, throughout the contract term, on: (i) February 5, to cover the six (6) month period ending January 31; and (ii) August 5, to cover the six (6) month period ending July 31. Additional information is available on the State Board of Elections website: http://www.elections.state.md.us/campaign_finance/index.html.

4.25. Retention of Records/Audit

The Contractor shall retain and maintain all records and documents relating to this Contract for ten years after final payment by the State hereunder or any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or his designee, at all reasonable times.

4.26. Compliance with Laws

The Contractor hereby represents and warrants that:

4.26.1. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time, hereafter may be necessary to remain so qualified;

4.26.2. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;

4.26.3. It shall comply with all federal, State and local laws, regulations and ordinances applicable to its activities and obligations under this Contract; and

4.26.4. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

4.27. Liability for Loss of Data

In the event of loss of any data or records necessary for the performance of this Contract where such loss is due to the error or negligence of the Contractor, the Contractor shall be responsible, irrespective of cost to the Contractor, for recreating such lost data or records.

4.28. Cost and Price Certification

4.28.1. The Contractor by submitting cost or price information certifies that, to the best of its knowledge, the information submitted is accurate, complete, and

current as a mutually determined specified date prior to the conclusion of any price discussions or negotiations for:

- (1) A negotiated contract, if the total contract price is expected to exceed \$100,000, or a smaller amount set by the procurement officer; or
- (2) A change order or contract modification, expected to exceed \$100,000, or a smaller amount set by the procurement officer.

4.28.2. The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon between the parties, was inaccurate, incomplete, or not current.

4.29. Ownership of Documents and Materials

The Contractor agrees that all documents and materials including, but not limited to, reports, drawings, studies, specifications, estimates, maps, photographs, designs, graphics, mechanical, artwork, and computations prepared by or for it under the terms of this Contract shall at anytime during the performance of the services be made available to the State upon request by the State and shall become and remain the exclusive property of the State upon termination or completion of the services. The State shall have the right to use same without restriction or limitation and without compensation to the Contractor other than that provided by this Contract. The State shall be the owner for purposes of copyright, patent or trademark registration.

4.30. Patents, Copyrights and Trade Secrets

4.30.1. If the Contractor furnishes any design, device, material, process or other item, which is covered by a patent, or copyright or which is proprietary to or a trade secret of another, Contractor shall obtain the necessary permission or license to use such item.

4.30.2. Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any such item furnished by Contractor infringes any patent, trademark, copyright, or trade secret. Contractor also will pay all damages and costs that by final judgment may be assessed against the State due to such infringement and all attorney fees and litigation expenses reasonably incurred by the State to defend against such a claim or suit. The obligations of this paragraph are in addition to those stated in paragraph 4.26.3. below.

4.30.3. If any product(s) furnished by Contractor become, or in Contractor's opinion are likely to become, the subject of a claim of infringement, Contractor will, at

its option: (1) procure for the State the right to continue using the applicable item; (2) replace the product with a non-infringing product substantially complying with the item's specifications; or (3) modify the item so it becomes non-infringing and performs in a substantially similar manner to the original item.

4.31. Confidentiality

To the extent permitted by Maryland law, including the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor's computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law and the confidentiality provisions of the RFP. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

ARTICLE V - NOTICES

5.1. All notices required to be given by one party to the other hereunder shall be in writing and shall be addressed as follows:

If to the Office: Procurement Officer
Maryland State Treasurer's Office
Louis L. Goldstein Treasury Building
80 Calvert Street
Annapolis, Maryland 21401

If to the Agency: Robert M. Burd &
Patricia A. Wild
120 E. Baltimore Street – 12th Floor
Baltimore, Maryland 21202

If to the Contractor: [Name and Address]

5.2. All invoices and all correspondence and inquiries relating to invoices or payments shall be addressed to the Agency identified above in Section 5.1.

ARTICLE VI - ADMINISTRATION

6.1. The work to be accomplished under this Contract shall be performed under the direction of the Contract Officers, Robert M. Burd & Patricia A. Wild. All matters relating to the administration of this Contract shall be referred to the Procurement Officer for determination.

ARTICLE VII - REPRESENTATIONS

7.1. Each party to this Contract represents and warrants to the other that it has full right, power, and authority to execute this Contract.

IN WITNESS WHEREOF, the parties have executed this Contract as of the date hereinabove set forth.

ATTEST:

[CONTRACTOR'S LEGAL NAME]

By: _____
[Signatory]
[Title]

WITNESS:

MARYLAND STATE TREASURER'S OFFICE

By: _____
Nancy K. Kopp
State Treasurer

WITNESS:

By: _____
Bernadette T. Benik
Chief Deputy Treasurer

Approved for form and legal sufficiency
for the Maryland State Treasurer's Office:

David P. Chaisson
Assistant Attorney General

APPENDIX F
(To be submitted with the Contract)
CONTRACT AFFIDAVIT

A. AUTHORIZED REPRESENTATIVE

I HEREBY AFFIRM THAT:

I, _____ (print name), possess the legal authority to make this Affidavit.

**B. CERTIFICATION OF REGISTRATION OR QUALIFICATION WITH THE STATE
DEPARTMENT OF ASSESSMENTS AND TAXATION**

I FURTHER AFFIRM THAT:

The business named above is a (check applicable box):

- (1) Corporation — domestic or foreign;
- (2) Limited Liability Company — domestic or foreign;
- (3) Partnership — domestic or foreign;
- (4) Statutory Trust — domestic or foreign;
- (5) Sole Proprietorship.

and is registered or qualified as required under Maryland Law. I further affirm that the above business is in good standing both in Maryland and (IF APPLICABLE) in the jurisdiction where it is presently organized, and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation. The name and address of its resident agent (IF APPLICABLE) filed with the State Department of Assessments and Taxation is:

Name and Department ID
Number: _____ Address: _____

and that if it does business under a trade name, it has filed a certificate with the State Department of Assessments and Taxation that correctly identifies that true name and address of the principal or owner as:

Name and Department ID Number: _____
Address: _____.

C. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13-221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14-101 — 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate \$100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of \$500 made during the reporting period to a candidate for elective office in any primary or general election.

E. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

(1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

(b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;

(c) Prohibit its employees from working under the influence of drugs or alcohol;

(d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

(e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;

(f) Establish drug and alcohol abuse awareness programs to inform its employees about:

- (i) The dangers of drug and alcohol abuse in the workplace;
- (ii) The business's policy of maintaining a drug and alcohol free workplace;
- (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
- (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;

(h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:

- (i) Abide by the terms of the statement; and
- (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;

(i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;

(j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

(i) Take appropriate personnel action against an employee, up to and including termination; or

(ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §E(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

(a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated _____, 2016, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____ (printed name of Authorized Representative and Affiant)

_____ (signature of Authorized Representative and Affiant)

COLLATERAL SECURITY AGREEMENT

THIS COLLATERAL SECURITY AGREEMENT (the “Agreement”) is made and entered into as of _____ by and between the Maryland State Treasurer’s Office, on behalf of the _____ (the “_____”) hereinafter called the “Depositor”, and _____ [a national banking association, organized under the laws of the United States] or [organized under the laws of Maryland] and authorized by law to do banking business in the State of Maryland, hereinafter called the “bank.”

Background

The Depositor, in accordance with Maryland State law, has designated the Bank as a depository for public funds of the Depositor under the Global Custody Services for the Maryland State Retirement Agency Contract dated _____, 2016. During the term of this Agreement, the Depositor will designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the Depositor in any and all matters of every kind arising under this Agreement. This Agreement incorporates the terms of the Contract by reference for all purposes; however, to the extent that any provision in the Contract conflicts with any provision in this Agreement, this Agreement will control. All funds on deposit with the Bank to the credit of the Depositor are required to be secured by collateral of the kind and character permitted by §6-202 of the State Finance and Procurement Article of the Annotated Code of Maryland, as may be amended from time to time (“SFP §6-202”).

Under §6-209 of the State Finance and Procurement Article of the Annotated Code of Maryland, as may be amended from time to time (“SFP §6-209”), only certain collateral pledged by the Bank is required to be held by a custodian. For purposes of this Agreement, permissible collateral under SFP §6-202 shall be referred to as “Collateral” and any Collateral that is required to be held by a custodian under SFP §6-209 shall be referred to as “Securities Collateral.”

To perfect the security interest of the Depositor in Securities Collateral pledged by the Bank, a Federal Reserve Bank or a third party financial institution, acceptable to the Depositor, will hold the Securities Collateral in a custody account for the benefit of the Depositor. For purposes of this Agreement, such Federal Reserve Bank or third party financial institution shall be referred to as the “Trustee.”

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, it is agreed as follows:

1. Under the terms of this Agreement, the Bank pledges to the Depositor, and grants to the Depositor a security interest in, the Securities Collateral owned by

the Bank and held by the Trustee for the benefit of the Depositor, to secure the deposits held by the Bank for the Depositor as provided in SFP §6-209.

2. The total market value of the Securities Collateral held by the Trustee (which includes accrued interest or income to the extent it is not included in the market price) will be in an amount at least equal to such amount as is required under SFP §6-209, taking into account any other acceptable Collateral properly delivered to the Depositor. The market value of any security held as Securities Collateral will be obtained from a primary dealer. The Bank will provide a monthly collateral report to the Depositor at no charge. The report includes the market value and description of each item of Collateral pledged as of the last business day of the month.
3. The Bank has previously or will immediately deliver to the Trustee Securities Collateral of the kind and character permitted by SFP §6-202 of sufficient amount and market value to provide adequate collateral under SFP §6-209, taking into consideration any other acceptable Collateral properly delivered to the Depositor, for the funds of the Depositor deposited with the Bank. For so long as the depository relationship between the Depositor and the Bank shall exist hereunder, the Securities Collateral or substitute Securities Collateral, as provided for below, in an amount and market value sufficient to provide adequate Collateral, taking into consideration any other acceptable Collateral properly delivered to the Depositor, shall be kept and retained by the Trustee in trust.
4. The Bank shall cause the Trustee to accept the Securities Collateral and hold the same in trust for the purpose stated in this Agreement.
5. Except in the case where Bank is deemed to be insolvent or in receivership, should the Bank fail at any time to pay and satisfy, when due, any check, draft, voucher or electronic fund transfer lawfully drawn against any deposit, or in any manner breaches its contract with the Depositor, Depositor shall give written notice of such failure or breach to the Bank, and the Bank shall have forty-eight (48) hours to cure such failure or breach. In the event the Bank shall fail to cure such failure or breach within forty-eight (48) hours, it shall be the duty of the Trustee, upon demand of the Depositor (supported by proper evidence of any of the above-listed circumstances), to surrender the Securities Collateral to the Depositor. In the event that bank is deemed insolvent or is in receivership, , it shall be the duty of the Trustee, upon demand of the Depositor to surrender the Securities Collateral to the Depositor. The Depositor may sell all or any part of the Securities Collateral and out of the proceeds of such sale pay the Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale.

Following any sale, the Depositor shall provide an accounting to the Bank for the remainder, if any, of the proceeds or Collateral remaining unsold.

6. Any sale of all or part of the Securities Collateral, made by the Depositor under this Agreement may be either at public or private sale.
7. If the Bank shall desire to sell or otherwise dispose of all or part of the Securities Collateral deposited with the Trustee, it may substitute other Securities Collateral of at least the same market value. Alternatively, the Bank may substitute other acceptable Collateral properly delivered to the Depositor in an amount equal to the market value of the Securities Collateral to be sold or otherwise disposed of. Such rights of substitution shall remain in full force and may be exercised by the Bank as often as it may desire; provided, however, that the aggregate market value of all Collateral pledged to the Depositor, shall be at least equal to the amount of Collateral required under SFP §6-209. If at any time, the aggregate market value of Securities Collateral deposited with the Trustee, taken together with any other acceptable Collateral properly delivered to the Depositor, is less than the total amount required under SFP §6-209, the Bank shall, upon request of the Depositor, deposit with the Trustee such additional Securities Collateral as may be necessary to cause the market value of such Securities Collateral, taken together with any other acceptable Collateral properly delivered to the Depositor, to equal the total amount of required Collateral. The Bank shall be entitled to income on securities held by the Trustee, and the Trustee may dispose of such income as directed by the Bank without approval of the Depositor.
8. The Bank shall cause the Trustee promptly to forward to the Depositor copies of safekeeping or trust receipts and/or activity reports covering all of the Collateral, including substitute Collateral as provided for herein.
9. If at any time the Securities Collateral in the hands of the Trustee shall have a market value, taking into account any other acceptable Collateral properly delivered to the Depositor, that exceeds the required amount of Securities Collateral, the Depositor shall authorize the withdrawal of a specified amount of Securities Collateral, and the Trustee may deliver this amount of Securities Collateral (and no more) to the Bank. Once the Bank receives the redelivered Securities Collateral, the Trustee shall have no further liability for such Securities Collateral.
10. The Depositor shall have the right to terminate this Agreement by advance written notice to the Bank of its election to do so. Termination of this Agreement shall be effective sixty days after the receipt of such notice, provided all provisions of this Agreement have been fulfilled, or upon the date of the last act required by this Agreement, whichever is later.

11. When the depositor-bank relationship ceases to exist between the Depositor and the Bank, and when the Bank has properly paid out all deposits of the Depositor, the Depositor shall give the Trustee written notice to that effect and the Trustee shall, with the approval of the Depositor, redeliver to the Bank all Securities Collateral then in its possession belonging to the Bank.
12. A. Any notice required to be given to the Bank in writing shall be sufficient if delivered to the following address:

The Bank may change the above address by notifying the Depositor by facsimile or by such other means as is consistent with the Bank's usual means of notification to the Depositor.

- B. Any notice to be given to the Depositor shall be sufficient if delivered to the following address:

Maryland State Treasurer's Office
Attn: Director of Treasury Management
80 Calvert Street
Annapolis, Maryland 21401
Tel: (410)260-7129 – Fax: (410)974-2076

The Depositor may change the above address by notifying the Bank by facsimile or by such other means as is consistent with the Depositor's usual means of notification to the Bank.

13. This Agreement shall be binding upon, and shall insure to the benefit of, the parties hereto and their respective corporate successors.
14. No amendments or modification of this Agreement or waiver of any right under this Agreement shall be binding on any party unless it is in writing and is signed by all of the parties.

[Signatures Appear on the Following Page]

Executed by the undersigned duly authorized officers of the parties as of the date of this Agreement.

ATTEST

[BANK NAME]

By: _____
[Signatory]
[Title]

WITNESS:

**MARYLAND STATE TREASURER'S
OFFICE**

By: _____
Nancy K. Kopp
State Treasurer

WITNESS:

By: _____
Bernadette T. Benik
Chief Deputy Treasurer

Approved as to form and legal sufficiency
for the Maryland State Treasurer's Office:

David P. Chaisson
Assistant Attorney General

**APPENDIX H
DESIGNATION OF DEPOSITORY**

I, THE UNDERSIGNED, TREASURER OF THE STATE OF MARYLAND, DO HEREBY CERTIFY that, by my action duly taken, the following Designation has been duly made, has not been amended or modified, is not inconsistent with the Constitution and laws of the State of Maryland (the "State"), and is now in full force and effect:

IN ACCORDANCE with §6-205 of the State Finance and Procurement Article of the Annotated Code of Maryland, _____, (the "Bank") is hereby designated as a depository for funds of the State for the term of the Contract for Global Custody Services for the Maryland State Retirement Agency by and between the State and _____, dated _____, as it may be amended, and that deposit accounts, whether demand, time, savings, disbursement, or like accounts may be opened and/or maintained from time to time in the name of the State with the Bank. The Bank, as a designated depository for funds of the State, is hereby authorized and directed to honor checks, drafts, or other orders for the payment of money drawn in the name of the State or its agencies, when bearing or purporting to bear the facsimile signature of one of the following: the Treasurer or the Chief Deputy Treasurer; and the countersignature of one of the following: the Comptroller or Deputy Comptroller, or the actual signatures of the certified officers or employees of each agency approved by the Treasurer and the Comptroller to establish an account with the Bank, as indicated on the Bank's standard account signature cards; and the Bank shall be entitled to honor and charge the State for all such checks, drafts and other orders, regardless of by whom or by what means the facsimile signatures thereon may have been affixed thereto from time to time by the Treasurer or other duly authorized officer of the State; and it is

FURTHER CERTIFIED, that the Treasurer or duly authorized agency representative shall certify to the Bank the names of the officers or employees of the State authorized to act with respect to each and every account, and shall from time to time hereafter as changes in such personnel may be made, immediately certify such changes to the Bank, and the Bank shall be fully protected in relying on such certifications of the Treasurer or duly authorized agency representative, and to the extent permitted by Maryland law and subject to appropriation shall be indemnified for any claims, losses, or damages resulting from, or growing out of honoring the signature of an officer or employee so certified or refusing to honor any signature not so certified; and it is

FURTHER CERTIFIED, that the foregoing Designation shall remain in full force and effect until written notice of its amendment or rescission shall have been received by the Bank, and that receipt of such notice shall not affect any action taken by the Bank prior thereto.

I HEREBY CERTIFY that the following is the title, name, and official signature of the officer, in addition to me, authorized herein to act on behalf of the State:

<u>Title</u>	<u>Name</u>	<u>Official Signature</u>
Chief Deputy Treasurer	Bernadette T. Benik	_____

IN WITNESS WHEREOF, I have executed this Designation as of this ____ day of _____, 2016.

STATE OF MARYLAND

By: _____
Nancy K. Kopp
Treasurer

Appendix I

Annual Compliance Questionnaire and Certificate

June 30, 20__

As the duly authorized officer of _____ (the "Contractor"), I hereby certify that (a) I am familiar with the Contract for Global Custody Services or similar agreement dated _____, ____ (the "Contract") between the Maryland State Treasurer's Office on behalf of the Maryland State Retirement Agency (the "Agency") for the use of the Board of Trustees for the Maryland State Retirement and Pension System (the "System") and the Contractor relating to the custody of the System's assets "Account", and (b) I have reviewed the bank's responses to the attached Annual Compliance Questionnaire (the "Questionnaire").

Except as disclosed in the responses to the Questionnaire and to the best of my knowledge after diligent inquiry, I hereby certify that:

- (a) All of the attached responses to the Questionnaire are true and correct as of June 30, 20__;
- (b) The Contractor is in compliance with all representations, warranties, covenants and acknowledgments in the Contract which apply to the Contractor, including, but not limited to, compliance with the provisions relating to (1) conflicts of interest and (2) political contributions and payments for solicitation of advisory business; and
- (c) The insurance coverage currently held by the Contractor is at least equal in scope and amount to the coverage as specified in the Contract.

Dated: _____

By: _____

Name: _____

Title: _____

Regulatory Oversight

1. Has your bank or any present or former employee of your bank been investigated, fined or censured by any federal, state or industry regulatory body (a “regulatory body”)? If so, please provide an explanation.
2. Is your bank or any present or former employee of your bank a party to any pending litigation, investigation, or other proceeding by a regulatory body? If so, please provide an explanation.
3. When was your bank last inspected by any regulatory body? Please provide a summary of the inspection reports and your responses to the reports.
4. Have you compensated any clients upon, or in connection with, the termination of an agreement or custody relationship with your bank over the last three years? If so, please provide an explanation.

Conflicts of Interest

5. Are there any potential conflicts of interest between your bank and members of the Board of Trustees or key staff of the Agency? If so, please provide an explanation.
6. During the State’s fiscal year, the Agency utilized the services of the following consultant firms: Albourne America LLC, Altius Associates Limited, Meketa Investment Group, and Pension Consulting Alliance, Inc.. Does your bank have any business relationships with any of the Agency’s pension consultants? Has your bank paid any fees to any of the Agency’s pension consultants? If so, please provide an explanation.
7. Are there any other material conflicts of interest that have not been disclosed?

Organizational Changes

8. Are there any significant matters about your bank that should be brought to our attention, such as organizational changes or ownership of your bank, that you have not previously told us? If so, please provide an explanation.

Sub-custodians

9. Please provide a list of sub-custodians performing services with respect to the Account. Did your approved list of sub-custodians or the policies and procedures for the selection and monitoring of sub-custodians change during the State’s fiscal year ending June 30, 20__? If so, please provide an explanation.

Other

10. Please provide details regarding any material developments relating to the topics covered in this questionnaire that have occurred from June 30, 20__ to the date on which you completed the questionnaire.
11. Are there other material issues not discussed above that should be brought to our attention? If so, please provide an explanation.
12. Please provide updated copies of the following documents. Mark if each document is included. If the document is not included or not applicable, please state the reason.
- Audited financial statement for bank's last two fiscal years
Reason Not Included:
 - Corporate governance policy
Reason Not Included:
 - Employee code of ethics policy
Reason Not Included:
 - Business disaster recovery plan
Reason Not Included:
 - Current Type 2, SSAE 16 report – internal controls review (if applicable)
Reason Not Included:

 - Internal Revenue Service Form W-9, W-8BEN or other documentation of classification under FATCA
Reason Not Included:
13. Please complete the enclosed Insurance Coverage Schedule (last page) and attach insurance certificates.
14. Please describe below any exceptions to the certifications set forth in paragraphs (a) – (e) of the chief compliance officer's certificate which accompanies this questionnaire. Please also disclose (i) any payments made to solicit advisory business from the System in a manner which would result in a violation of Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940, even if the bank is not expressly subject to that rule, or (ii) actions taken by the bank or its "covered associates," as that term is defined in Rule 206(4)-5 promulgated under the Investment Advisers Act of 1940, that would violate the provisions of such rule, even if the bank is not expressly subject to that rule:

Schedule of Insurance Coverage

(Please attach copies of Insurance Certificates)

Type of Insurance Coverage	Insurer's Name & Policy Number	Expiration Date of Coverage	Contractual Amount of Coverage Required	Actual Amount of Coverage

EXHIBIT 1

State Finance and Procurement Article

§6-201.

(a) In this subtitle the following words have the meanings indicated.

(b) "Banking institution" means an institution that is incorporated under the laws of the State as a State bank, trust company, or savings bank.

(c) "Collateral" means collateral that is listed under § 6-202 of this subtitle.

(d) "Deposit insurance" means insurance by:

(1) the Federal Deposit Insurance Corporation; or

(2) the Resolution Trust Corporation created under § 21A of the Federal Home Loan Bank Act (12 U.S.C. § 1441a.).

(e) "Financial institution" means:

(1) any banking institution;

(2) any national banking association;

(3) an institution that is incorporated under the laws of any other state as a bank;

and

(4) an institution that is incorporated under the laws of this State or of the United States as a savings and loan association.

(f) "National banking association" means an institution that is incorporated under federal law as a bank.

(g) "State money" for purposes of §§ 6-209 and 6-210 of this subtitle includes moneys in a bank account maintained under the control of an employee or official of the clerk of the court or register of wills.

EXHIBIT 2

State Finance and Procurement Article

§6-202.

Collateral that may be used under this subtitle shall be:

- (1) an obligation of the United States or any of its agencies;
- (2) an obligation guaranteed by the United States or by any of its agencies;
- (3) an obligation insured by the United States;
- (4) an obligation of the State or any of its units or instrumentalities;
- (5) an obligation of a county of the State or any of its agencies;
- (6) an obligation of a municipal corporation in the State or any of its agencies;
- (7) an obligation of any other governmental authority in the State;
- (8) an obligation of the Inter-America Development Bank;
- (9) an obligation of the World Bank;
- (10) an obligation of the following government-sponsored enterprises:
 - (i) the Federal Home Loan Banks;
 - (ii) the Federal Home Loan Mortgage Corporation;
 - (iii) the Federal National Mortgage Association;
 - (iv) the Farm Credit System;
 - (v) the Federal Agricultural Mortgage Corporation; and
 - (vi) the Student Loan Marketing Association;
- (11) a surety bond if:
 - (i) subject to the terms and conditions of the bond, it is irrevocable and absolute;
 - (ii) the surety bond is issued by an insurance company authorized to do business in this State;
 - (iii) the issuer of the surety bonds does not provide surety bonds for any one financial institution in an amount that exceeds 10% of the surety bond insurer's policyholders' surplus and contingency reserve, net of reinsurance; and
 - (iv) the claims-paying ability of the authorized insurance company is rated, at all relevant times, in the highest category by at least two nationally recognized rating agencies acceptable to the Treasurer;
- (12) an obligation or security of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., if:
 - (i) the portfolio of the open-end or closed-end management type investment company or investment trust is limited to direct obligations of the United States government and to repurchase agreements fully collateralized by United States government obligations; and
 - (ii) the open-end or closed-end management type investment company or investment trust takes delivery of that collateral, either directly or through an authorized custodian; or
- (13) a letter of credit issued by a Federal Home Loan Bank if the letter of credit meets the conditions under the guidelines issued by the State Treasurer's office.

EXHIBIT 3

State Finance and Procurement Article

§6-209.

- (a) State money on deposit with a financial institution shall be secured by:
 - (1) deposit insurance; or
 - (2) collateral as required by this section.
- (b) (1) The collateral for State money on deposit with a financial institution:
 - (i) must have, at all times, a market value that equals or exceeds the State money that is on deposit with the financial institution and is not covered by deposit insurance; and
 - (ii) must be approved by the Treasurer.
- (2) If the collateral is a surety bond under § 6-202 of this subtitle:
 - (i) the surety bond shall be in a form and amount acceptable to the Treasurer as determined by the Treasurer from time to time; and
 - (ii) the financial institution that provides the surety bond as collateral shall immediately notify the Treasurer if the rating assigned to the issuing insurance company by any rating agency, found acceptable to the Treasurer under § 6-202 of this subtitle, is withdrawn or downgraded, in which event the financial institution shall immediately provide the Treasurer with substitute collateral permitted under § 6-202 of this subtitle.
- (3) Subject to the requirements of this subsection, a financial institution may change its collateral from time to time.
- (c) (1) A custodian shall hold the collateral under this section for the benefit of the State.
- (2) A financial institution may use as a custodian:
 - (i) any banking institution that is approved by the Commissioner of Financial Regulation to conduct commercial banking business in the State;
 - (ii) a federal reserve bank; or
 - (iii) any national banking association that is approved by the Comptroller of the Currency to conduct banking business in the State.
- (3) A financial institution may not be approved as custodian for the collateral of a depository unless the assets of the financial institution equal or exceed 200% of the value of the collateral to be held for the depository.

EXHIBIT 4

State Finance and Procurement Article

6-222.

(a) The Treasurer may invest or reinvest unexpended or surplus money over which the Treasurer has custody in:

(1) an obligation for which the United States has pledged its faith and credit for the payment of the principal and interest;

(2) an obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress;

(3) a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer;

(4) bankers' acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States Securities and Exchange Commission or the Treasurer;

(5) with respect to amounts treated by the Internal Revenue Service as bond sale proceeds only, bonds, notes, or other obligations of investment grade in the highest quality letter and numerical rating by at least one nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission issued by or on behalf of this or any other state or any agency, department, county, municipal or public corporation, special district, authority, or political subdivision thereof, or in any fund or trust that invests only in securities of the type described in this paragraph;

(6) commercial paper that has received the highest letter and numerical rating by at least two nationally recognized statistical rating organizations as designated by the United States Securities and Exchange Commission, provided that such commercial paper may not exceed 10% of the total investments made by the Treasurer under this subsection;

(7) money market mutual funds that:

(i) are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended;

(ii) are operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

(iii) have received the highest possible rating from at least one nationally recognized statistical rating organization as designated by the United States Securities and Exchange Commission; and

(8) any investment portfolio created under the Maryland Local Government Investment Pool defined under Article 95, § 22G of the Code that is administered by the Office of the State Treasurer.

(b) The Treasurer may sell, redeem, or exchange an investment or reinvestment made under this section in accordance with the limitations of this section.

(c) Subject to § 2-1246 of the State Government Article, the Treasurer shall report by January 3 of each year to the General Assembly on investment activities for unexpended or surplus money over which the Treasurer has custody which have been conducted during the previous fiscal year. At a minimum, the report shall specify for General Fund investments and all other investments:

(1) the inventory of investments with maturity dates and the book and market value as of June 30;

- (2) the net income earned;
- (3) the percentage share of each category of investment in the portfolio; and
- (4) any sale of investments prior to the maturity date.

(d) An investment made pursuant to this section shall be made:

(1) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(2) in a manner designed to reasonably match the anticipated cash flow of the State so that sufficient funds are available to pay obligations upon proper presentation for payment;

(3) so that a reasonable amount of cash or cash equivalents is available for unanticipated cash needs;

(4) with due regard for minimizing risk while maximizing return;

(5) using competitive purchasing practices except when impractical;

(6) in accordance with a written investment policy;

(7) so that the securities and collateral may continue to be priced on a market to market basis; and

(8) to avoid the enhancement of the personal financial position of the Treasurer or any employee of the Treasurer who has responsibilities for such investments.

(e) (1) (i) Consistent with minority business purchasing standards applicable to units of State government under this article and consistent with the fiduciary duties of the Treasurer, the Treasurer shall attempt to use to the greatest extent feasible minority business enterprises for brokerage and investment management services under this section.

(ii) For purposes of this subsection, brokerage and investment management services shall include services relating to all allocated asset classes as described in subsection (a) of this section.

(2) (i) To assist the Treasurer in achieving the goal described under paragraph (1) of this subsection, the Treasurer shall undertake measures to remove any barriers that limit full participation by minority business enterprises in brokerage and investment management services opportunities afforded under this section.

(ii) The measures undertaken by the Treasurer shall include the use of a wide variety of media, including the Treasurer's website, to provide notice to a broad and varied range of potential providers about the brokerage and investment management services opportunities afforded by the Treasurer.

(3) In conjunction with the Governor's Office of Minority Affairs, the Treasurer shall develop guidelines to assist in identifying and evaluating qualified minority business enterprises in order to help the Treasurer achieve the objective for greater use of minority business enterprises for brokerage and investment management services under this section.

(4) On or before September 1 each year, the Treasurer shall submit a report to the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State Government Article, the General Assembly on:

(i) the identity of the minority business enterprise brokerage and investment management services firms used by the Treasurer in the immediately preceding fiscal year;

(ii) the percentage and dollar value of the assets under the custody of the Treasurer that are under the investment control of minority business enterprise brokerage and investment management services firms for each allocated asset class; and

(iii) the measures the Treasurer undertook in the immediately preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

EXHIBIT 5

State Finance and Procurement Article

§6-203.

(a) The Treasurer shall give 15% of the weight of the decision to the standards established in this section in deciding whether to:

(1) designate a financial institution as a depository for State money under § 6-205 of this subtitle; and

(2) make an agreement with a financial institution for a banking service under § 6-229 of this subtitle.

(b) (1) The Treasurer shall consider whether the financial institution received a rating of “needs improvement” or “substantial noncompliance” in its most recent examination under the federal Community Reinvestment Act of 1977, P.L. Number 95-128.

(2) If a financial institution operates in a state other than Maryland, the Treasurer shall consider Maryland-specific information that is provided within the assessment area section of the Community Reinvestment Act report.

(c) (1) The Treasurer shall consider whether, during the previous 5 years, a court in Maryland has found, in a final adjudication, that a financial institution has violated any antidiscrimination statute or regulation.

(2) The Treasurer may consider whether, during the previous 5 years, a court outside Maryland has found, in a final adjudication, that a financial institution has violated any antidiscrimination statute or regulation.

(3) The Treasurer may determine how to assess a violation under paragraph (1) or (2) of this subsection if the violation was committed by:

(i) an affiliate of the financial institution; or

(ii) an entity acquired by the financial institution.

(d) The Treasurer shall consider whether the financial institution has demonstrated that during the previous 5 years, the financial institution has:

(1) successfully made loans in Maryland through State or federal lending programs designed to assist small and minority-owned businesses;

(2) had an active outreach program to assist small and minority-owned businesses through which the financial institution has made efforts in Maryland; and

(3) established strategic partnerships in Maryland with entities whose mission is to provide technical assistance to small and minority-owned businesses.