

**MARYLAND STATE TREASURER'S OFFICE
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**QUESTIONS AND ANSWERS
FOR
REQUEST FOR PROPOSALS FOR
GLOBAL CUSTODY SERVICES FOR THE MARYLAND STATE RETIREMENT AGENCY,
RFP #GLOBAL-CUST-11142016**

December 8, 2016

Q-1. Section 1.10 (pg. 4) – Is it possible to provide the additional response on a USB Flash Drive instead of a compact disk?

A-1. Because of security restrictions a compact disk (CD) is preferred. If you are unable to provide a CD with copies of the proposals, a USB Flash Drive can be substituted.

Section 3.1 (pg. 12)

Q-2. Please provide list of markets in which Maryland will be trading.

A-2. The list below contains the current markets Maryland is trading, which could be expanded in the future.

Australia	Hungary	Poland
Austria	Indonesia	Portugal
Austria	Israel	Qatar
Belgium	Italy	Russia
Bermuda	Japan	Singapore
Brazil	JGB	South Africa
Canada	Kenya	Spain
China	Korea	Sri Lanka
Clear Stream	London	Sweden
Coratia	Malaysia	Switzerland
Czech Republic	Mauritis	Taiwan
Denmark	Mexico	Thailand
Egypt	Morocco	Turkey
Estonia	Netherlands	UK
Euro	New Zealand	Ukraine
Finland	Nigeria	United Arab Emirates
France	Norway	Uruguay
Germany	Pakistan	USA
Greece	Peru	Vietnam
Hong Kong	Phillippines	Zimbabwe

- Q-3. Please provide the annual volume of transactions by market.
- A-3. See Exhibit 5 of the RFP.
- Q-4. Please provide the products in which Maryland will be trading (EQ, FX, FI, TBAs, ETD, etc.).
- A-4. All of the standard products will be used, including but not limited to, EQ, FX, FI, TBA, ETD, Commodities, REITs, Private Funds (Equity, Credit, Energy, Timber, Infrastructure, Real Estate & Distressed and Mezz Debt), Hedge funds and Derivatives.
- Q-5. Please provide annual volume of cash wires.
- A-5. See Exhibit 9 of the RFP.
- Q-6. Please provide USD and Foreign Currency (USD equivalent) average daily cash balances for the prior 6 months (idle/on-balance sheet cash).
- A-6.

Average currency values April - Sept 2016

<u>Local Currency Name</u>	<u>USD Value</u>	<u>Local Currency Name</u>	<u>USD Value</u>
AUSTRALIAN DOLLAR	1,384,988	NEW ZEALAND DOLLAR	40,892
BRAZILIAN REAL	304,877	NORWEGIAN KRONE	168,032
CANADIAN DOLLAR	2,493,418	PHILIPPINE PESO	1,822
CZECH KORUNA	22,757	POLISH ZLOTY	200,291
DANISH KRONE	261,778	POUND STERLING	8,653,787
EGYPTIAN POUND	78,707	SINGAPORE DOLLAR	326,708
EURO CURRENCY	3,159,031	SOUTH AFRICAN RAND	362,560
HONG KONG DOLLAR	1,108,494	SOUTH KOREAN WON	486,356
HUNGARIAN FORINT	12,335	SWEDISH KRONA	229,633
INDONESIAN RUPIAH	745,902	SWISS FRANC	365,221
JAPANESE YEN	2,065,572	THAILAND BAHT	260,535
MALAYSIAN RINGGIT	126,983	TURKISH LIRA	117,136
MEXICAN PESO (NEW)	251,906	UAE DIRHAM	39,294
NEW ISRAELI SHEQEL	130,910	USD	632,052,982
NEW TAIWAN DOLLAR	5,207,397		

- Q-7. Section 3.3.2. (pg. 15) - Will the State of Maryland instruct transactions to the custodial provider via SWIFT or an automated SWIFT-like platform?
- A-7. Regarding internal trading transaction, direction will be provided via a paper fax order until we have a trade order management system in place. Initial trade volume is

anticipated to be small. External managers should, for the most part, have an automated SWIFT-like platform.

Q-8. Section 4.2.15 (pg. 42) - Please confirm which markets State Street currently has authority to lend in on behalf of Maryland.

A-8.

Market	Fixed	Equity	Market	Fixed	Equity
Australia	✓	✓	Mexico	✓	✓
Austria	✓	✓	The	✓	✓
Belgium	✓	✓	New	✓	✓
Canada	✓	✓	Norway	✓	✓
Czech	✓	✓	Poland	✓	✓
Denmark	✓	✓	Portugal	✓	✓
Euroclear	✓		Singapor		✓
Finland	✓	✓	South		✓
France	✓	✓	South		✓
Germany	✓	✓	Spain	✓	✓
Greece	✓	✓	Sweden	✓	✓
Hong		✓	Switzerla	✓	✓
Hungary	✓	✓	Taiwan		✓
Ireland	✓	✓	Thailand		✓
Italy	✓	✓	Turkey	✓	✓
Japan	✓	✓	United	✓	✓
Luxembo	✓		United	✓	✓
Malavsia		✓			

Q-9. Section 4.2.15 (pg. 42) – Please provide Third Party Lending Transaction volumes.

A-9. See Exhibit 12 of the RFP.

Q-10. Section 4.2.16 (pg. 43) – Please describe who currently performs derivatives services. Is it the State of Maryland or third party investment managers?

A-10. Currently its only external managers; however during the life of the Contract it should be anticipate that we will trade directly but volumes should not be high – external managers will still trade as they have been

Q-11. Is the portfolio management hedging strategy managed and executed by State of Maryland's investment office or their party managers?

A-11. Same answer at 10 above.

Price Proposal, Appendix A-2 (pg. 61)

Q-12. Is the fee requested in the Price Proposal – Appendix A-2 for collateral management associated with your derivatives or the requirement to post collateral for excess cash on deposit with the custodian?

A-12. Derivatives. If the custodian is proposing a fee for excess cash they should discuss how they will manage collateral to address the issue

Form of State Contract, Appendix E

Q-13. Is the Treasurer willing to negotiate the terms of the Form of Standard Contract provided in Appendix E, particularly those regarding the indemnification and liability provisions?

A-13. No.

Q-14. Is the Treasurer willing to incorporate terms from an Offeror's standard custody agreement into the final negotiated agreement between the parties?

A-14. Yes, however any terms and conditions that are unacceptable to the STO will be required to be withdrawn before contact award.

Q-15. Will the provider be considered to be a fiduciary with regard to indemnity requirements as stated in the Investment policy manual for the State Retirement and Pension System of Maryland?

A-15. We were unable to find a reference to indemnity in our Investment policy manual; however, the fiduciary standard is set forth in the Form of Standard Contract (Exhibit E).

Q-16. Exhibit 6, Market Value by Country – Can you provide a total of assets held for each country, perhaps by running a Pivot Table against your data?

A-16.

Market Value by Country:

USD Value	Local Value	Country Name
300,350,208	392,486,238	AUSTRALIAN DOLLAR
125,537,184	407,851,479	BRAZILIAN REAL
292,659,311	384,627,499	CANADIAN DOLLAR
5,640,740	135,632,714	CZECH KORUNA
91,338,877	605,206,829	DANISH KRONE
2,966,170	26,339,440	EGYPTIAN POUND
2,171,951,298	1,932,684,799	EURO CURRENCY
561,703,022	4,356,540,556	HONG KONG DOLLAR
2,406,441	661,814,023	HUNGARIAN FORINT
61,052,744	796,799,362,674	INDONESIAN RUPIAH
998,922,910	101,155,928,461	JAPANESE YEN
25,979,012	107,436,206	MALAYSIAN RINGGIT
68,512,407	1,325,954,870	MEXICAN PESO
11,804,075	44,290,069	NEW ISRAELI SHEQEL
67,409,019	2,112,969,402	NEW TAIWAN DOLLAR
5,145,222	7,075,390	NEW ZEALAND DOLLAR
34,893,592	278,880,059	NORWEGIAN KRONE
18,271,399	886,071,511	PHILIPPINE PESO
15,626,454	59,807,909	POLISH ZLOTY
1,126,616,769	867,295,501	POUND STERLING
1,624,084	5,914,912	QATARI RIAL
14,440,843	910,080,000	RUSSIAN RUBLE
(3)	(2,300)	RWANDA FRANC
55,544,928	75,732,732	SINGAPORE DOLLAR
77,429,274	1,064,749,301	SOUTH AFRICAN RAND
264,975,802	291,831,099,870	SOUTH KOREAN WON
118,565,362	1,015,796,882	SWEDISH KRONA
389,593,379	377,671,821	SWISS FRANC
53,845,146	1,865,734,300	THAILAND BAHT
25,632,301	76,914,847	TURKISH LIRA
15,009,203	55,128,802	UAE DIRHAM
40,096,343,298	40,096,343,298	US DOLLAR

Collateral Security Agreement, Appendix G

In response to questions received referencing the Collateral Security Agreement, Appendix G, please be advised that Appendix G is deleted in its entirety. See the attached First Amendment to the RFP.