



MARYLAND STATE TREASURER

Dereck E. Davis
State Treasurer

Jonathan D. Martin
Chief Deputy Treasurer

All Information should include Name of Brokerage and be submitted electronically to include this questionnaire. Please use the following email for all information and to submit information investmentdept@treasurer.state.md.us

Brokerage Name: _____

Applicant / Due Diligence Questionnaire

Date of the Submission: _____

General Information

Firm Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact Name: _____ Phone: _____

Title: _____ Fax: _____

Email: _____

Note: - If listed on the **GSIB** (Global Systemically Important Banks) list please provide responses to the questionnaire with enough detail to convey the type of activities you can provide to the State understanding the institutions are active across many markets. When it comes to personnel, please include names of personnel who may directly interact with the State on a regular basis their titles, length of time with the institution and current responsibilities. If not in **GSIB** category, please respond with the appropriate detail responses.

Organization/Team

• Ownership

- Is the firm Publicly Owned? _____
- If Publicly Owned which exchange(s) is the firm listed on? _____
- If Majority Owned, list who the owners are, name, relationship to firm and % of ownership

- Provide any significant information about the make up of the ownership and why that is intrinsic to the firm's nature and value add



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- Provide a brief history of your firm

- Provide any information about any historical relationship with the State of Maryland

- Describe any physical presence your firm has in the State of Maryland

- Describe the organizational structure of the firm and any recent changes.

- Describe any anticipated changes in ownership / leadership.

- Provide a chart of the firm’s legal structure and a chart of the organizational structure (include all senior management, all investment professionals, and all affiliated companies).

- Provide a list of all registrations (SEC, FINRA, FED, etc.). _____
- Provide a list of affiliations with other firms.

- Describe firms’ succession plan.

- Provide a copy of your most recent financial statements.
- Professional Staff - If listed on the **GSIB** (Global Systemically Important Banks) list please provide names of personnel who may directly interact with the State on a regular basis their titles, length of time with the institution and current responsibilities. If not in GSIB category, please respond with the appropriate people who will interact with the State.



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- Provide biographies of the key individuals in your firm and include the information listed below:
 - Name
 - Title/Position
 - Current Responsibilities
 - Prior Work History: Dates/ Names of Firms/ Positions Held/ Responsibilities
 - Colleges Attended/ Degrees Received
 - Professional Designations Awarded
- Provide new hire and departure information over the past five years (names, titles, roles, dates, reasons for departure if applicable).
- Describe the compensation structure in place and how key employees are retained.

- Provide the names of Research Analysts dedicated to FI their coverage, responsibilities and client access abilities.

- Do you provide an online data base accessible to clients encompassing research, economic data, trade ideas your firm puts out.

- Describe the transition plan to deal with departures of key investment professionals that deal with the State.

I. Financial Stability and transparency:

- **Financial Statements:** Please provide the firm’s most recent audited financial statements.
- **Insurance Coverage:** Provide details on insurance policies, including errors and omissions, fidelity bonds, and professional liability coverage.
- **Capitalization and Credit Rating:** Please share the firm’s credit rating and capital base



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- **SIPC membership:** please provide information on the firm’s memberships

- **Provide existing disclosures (if any)**

II. **Services and Capabilities:**

- **Investment Products Available:** Describe the range of products offered by the firm including but not limited to government securities, corporate bonds, municipal bonds, or structured products, repo and reverse repo, security lending. Also include non-fixed-income products (equity, alternatives, derivatives, etc.). Please refer to State’s Investment Policy on the Treasurer’s Website for details about what securities the portfolio may transact business in.

- **Does the firm use its own Balance Sheet to hold securities** _____
- **Is the firm involved in FI underwriting if so what products**

- **Trading Platforms:** Describe the technology and platforms you use for trade execution, risk management, and reporting.



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- **Order Execution:** Describe how orders are executed, including any potential for trade conflicts, routing processes, and pricing transparency.

- **Risk Management:** Describe the firm's approach to managing risk and any tools or practices you use for hedging, monitoring exposure, etc.

- **Innovation:** Are there any innovative tools (analysis / research), platforms, or services that the firm offers that differentiate you from other brokers?

- **What firms do you consider as significant competitors?** To what extent will competition effect the firm's performance?

III. **Client Service and Support**

- **Dedicated Account Manager:** Do you provide a dedicated point of contact? If so, provide details.

- **Customer Service:** Describe the firm's client support team, availability, and how you handle inquiries or disputes.



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- **Delivery & Clearing Services:** Describe your middle and back-office processes and whether you do your own clearing or outsource the process

- **Reporting:** What types of reports and statements do you provide? Please detail the frequency and types of reports (e.g., transaction reports, portfolio statements, performance reports).

- **Technology and Accessibility:** What online or digital services do you offer for tracking trades, managing accounts, and receiving real-time market data?

IV. Experience and References

- **Experience with Public Funds:** Describe firm’s experience working with public funds and working with State Treasuries, counties, or other municipal clients.

- **References:** If allowed by policy please provide a list of at least three state or local government entities, municipalities, or other public sector organizations that the firm currently serves or have served, including a brief description of services provided.



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- **Case Studies/Examples:** Provide examples of how the firm’s services have contributed to positive outcomes for clients with similar investment objectives to a state treasury.

Clients Engaged With

- Complete the following table as of the most recent quarter end – If GSIB please just indicate general numbers of activities with account types:

	Total # of Clients	Approximate Cust size?	Global Developed Fixed Income	U.S. Fixed Income
State Governments				
Local Governments				
State Pension Funds				
Other Governmental Entities				
Endowments				
Non-Profits				
Total				

Brokerage Philosophy and Process



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- Describe your firm’s fixed income brokerage philosophy and characterize your approach with clients.

- Describe any changes to your offerings and product priorities that have been implemented during the prior five-year period.

- What is your core competency / area of greatest expertise in fixed income markets? In which areas do you exhibit the greatest skill?

- What are the firm’s main sources of value adding?

- Please discuss the rationale for what you bring to the STO and its portfolio.

- Fixed income securities are typically utilized for defensive purposes, income generation and/or capital appreciation. Which of these purposes drives your brokerage effort?

- What is your competitive advantage? – add any commentary on why your firm is unique as compared to other fixed income brokerage firms.

Trading and Operations

- Describe your trading and back-office systems/resources, your trade allocation process across client accounts and your account reconciliation process.



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- Describe your firm's information technology infrastructure.

- Do you maintain a formal cyber security policy? Please provide a description of your policy, including the oversight of information security and the process for assessing compliance. How frequently are your cyber security policies and practices reviewed?

- Are any of your operations-related activities outsourced? If so, please indicate service providers and specific activities performed. How do you evaluate the quality of services provided by outside vendors?

- Provide an outline of your disaster recovery plan. Has this been tested, and if so, what was the outcome?

- Who is responsible for trading?

- Since fixed income trading is conducted within a negotiated marketplace that is not always readily transparent, how do traders/PMs add value in the process?

- Are MBS securities traded on a pool-specific basis or TBA?

- How do you measure the effectiveness of your trading activity? Do you use an outside evaluator? What are the results of your assessment of your trading effectiveness?

Compliance



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- Who is your Chief Compliance Officer? Do you outsource any of your compliance activities? If so, please provide details.

- Do you have a firm compliance manual in place for all employees? Do you have a Code of Ethics?

- What is your process for monitoring employee compliance with the standards of practice you have established?

- What is your policy on the use of soft dollars?

- What are your rules regarding employees trading in their personal accounts?

- Can you confirm that your internal controls are of an acceptable standard? Can you produce a written certificate from your company or your auditors that this is the case?

- Within the last 5 years, have you been audited by the SEC or another regulatory body? If so, provide dates of audits and indicate the outcome of each, including any significant deficiencies found and remedial actions.

- Is/has your firm or any key individual in your firm currently or within the last 5 years been involved in any investigations or litigation or subject to any disciplinary actions by any regulatory agency? If so, describe the issues involved and the outcome or current status.

- Are you receiving any fees or other compensation from any of the companies in our portfolio? If so, describe the nature of the compensation and services being performed.



Risk Management

- Describe your risk management process.

- What risk analytics/attribution system do you use?

- Describe any changes to the risk management team, systems, or process that have occurred over the past 5 years.

The State does not require an ESG / Diversity Policy But should you want to share that information please so.

- Does the firm maintain an ESG (environmental, social, and governance) policy? If so, please provide a copy of your ESG policy.

- Is the firm, parent or any affiliate a participant in the UNPRI or other responsible investment organization?

- Does the firm commit to any international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices?

- Which sources do you use to collect and track information on potential ESG-related risks and opportunities?



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- Please describe what policies and procedures your firm has in place to encourage diversity activities. Please provide a copy of any diversity policy your firm has in place.
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Other

- List the types of insurance coverage your firm maintains, including the carrier(s) and coverage amounts.

- Provide most recent audited annual financial report.
- Provide your most recent Form ADV, Parts 1 and 2.